



OTTAWA COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2022

**OTTAWA COUNTY
DECEMBER 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

Ottawa County
315 Madison Street, Suite 103
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To the Board of County Commissioners:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Ottawa County, Ohio (the County) as of and for the year ended December 31, 2022, 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 cash-basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2022, and the respective changes in cash-basis financial position thereof and the respective budgetary comparison for the General, Road and Bridge, Board of Developmental Disabilities, and American Rescue Plan Act (ARPA) funds for the year then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 - Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our 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 the cash-basis of accounting described in Note 2, and for determining that the cash-basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Supplementary Information

Our audit was conducted to opine on the financial statements as a whole 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 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 to 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, this schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

We applied no procedures to management's discussion and analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2023, 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

September 25, 2023

OTTAWA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

The management's discussion and analysis of Ottawa County's (the County) financial performance provides an overall review of the County's financial activities for the year ended December 31, 2022. The intent of the management's discussion and analysis is to look at the County's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2022 are as follows:

- In total, net cash position increased \$8,354,089, which represents a 11.53% increase from the 2021 net position of \$72,443,366.
- The 2022 General Fund cash receipts and other financing sources of \$24,597,710 exceeded cash disbursements and other financing uses of \$22,389,270 by \$2,208,440, which represents a 19.02% increase from the 2021 cash balance. Of the \$22,389,270 in General Fund cash disbursements, \$3,543,719 represents transfers to other funds. The 2021 ending General Fund cash balance was \$11,613,984, whereas the ending cash balance for 2022 was \$13,822,424.
- The County's major governmental funds include the General Fund, the Road and Bridge Fund, the Board of Developmental Disabilities Fund and the American Rescue Plan Act (APRA) Fund. The County's major business-type funds include the Riverview Nursing Home Fund, the Regional Water Operations Fund, and the Danbury Sewer Operations Fund.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the County's cash basis of accounting.

The annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the County as a financial whole, or, as an entire operating entity.

Report Components

The Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis 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 a greater 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 a single column. For the County, the General fund is the most significant fund. The County's major governmental funds are the General, Road and Bridge, Board of Developmental Disabilities and American Rescue Plan Act (ARPA).

Basis of Accounting

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

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

OTTAWA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

Reporting the County as a Whole

Statement of Net Position and Statement of Activities

The Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis answer the question, "How did we do financially during 2022?" These statements include only net cash position using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year receipts and disbursements if the cash is actually received or paid.

These two statements report the County's net cash position and changes on a cash basis. This change in net cash position is important because it tells the reader that, for the County as a whole, the cash basis 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, sales tax receipts, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

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

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

Governmental Activities - Most of the County's programs and services are reported here, which include legislative and executive and judicial general government, human services, health, public safety, and public works. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the cash disbursements for the goods or services provided. The Riverview Nursing Home, Danbury Sewer Operations, and Regional Water Operations are reported as major enterprise funds and are reported as business activities.

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, Road and Bridge, Board of Developmental Disabilities, and American Rescue Plan Act (ARPA) funds.

OTTAWA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

Governmental Funds

Most of the County's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various County programs. Since the County is reporting on the cash basis of accounting, the only item resulting in a difference between the amount of net cash position and fund cash balances or changes in net cash position and changes in fund cash balances is the consolidation of the County's internal service fund with governmental activities. As such, reconciliations are presented between such financial statements. However, differences will be apparent when comparing gross revenues and expenses on the Fund Financial Statements to the Statement of Activities - Cash Basis due to transfers between governmental funds being eliminated for reporting in the Statement of Activities - Cash Basis.

The County's budgetary process accounts for certain transactions on a cash basis. The budgetary statements for the General fund and all annually budgeted major special revenue funds are presented to demonstrate the County's compliance with annually adopted budgets.

Proprietary Funds

The County maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Riverview Nursing Home, Danbury Sewer Operations, Regional Water Operations, Catawba Portage Sewer, Portage Catawba Water, Sewer District #13 Reserve, Erie Township Sewer Planning, Salem Reserve, Phase II Erie Township Water, Phase III Erie Township Sewer and Water, South Bass Island - Future Water and Sewer Extensions, the Allen & Jerusalem Unsewered, the PLAT 6 - North Starboard Bond, BRLE Program Evaluation, Moores Dock Road San OPWC Loan, and the Erie Township Sanitary Sewer OPWC Loan. 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 a health insurance program for employees of the County.

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 statements because the resources of those funds are not available to support the County's own programs. Custodial funds are the County's only fiduciary fund type.

Notes to the Basic Financial Statements

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

OTTAWA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Government-Wide Financial Analysis

The table below provides a summary of the County's net cash position for 2022 and 2021.

	Net Cash Position				2022 Total	2021 Total
	Governmental Activities 2022	Business-Type Activities 2022	Governmental Activities 2021	Business-Type Activities 2021		
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 58,642,093	\$ 17,378,896	\$ 49,691,415	\$ 18,094,237	\$ 76,020,989	\$ 67,785,652
Cash in segregated accounts	262,661	11,550	228,113	38,323	274,211	266,436
Restricted equity in pooled cash and cash equivalents	68,590	4,433,665	68,000	4,323,278	4,502,255	4,391,278
Total assets	58,973,344	21,824,111	49,987,528	22,455,838	80,797,455	72,443,366
<u>Net Cash Position</u>						
Restricted	35,579,037	4,433,665	30,486,144	4,323,278	40,012,702	34,809,422
Unrestricted	23,394,307	17,390,446	19,501,384	18,132,560	40,784,753	37,633,944
Total net cash position	\$ 58,973,344	\$ 21,824,111	\$ 49,987,528	\$ 22,455,838	\$ 80,797,455	\$ 72,443,366

The total net cash position of the County increased \$8,354,089. Net cash position of governmental activities increased \$8,985,816, which represents a 17.98% increase from the 2021 balance. Net cash position of business-type activities decreased \$631,727 or 2.81% from the 2021 balance.

A portion of the County's governmental activities net cash position, \$35,579,037, represents resources that are subject to external restrictions on how they may be used. The remaining balance of governmental activities unrestricted net cash position of \$23,394,307 may be used to meet the County's ongoing obligations to citizens and creditors.

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OTTAWA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

The table below shows the changes in net cash position for 2021 and 2022.

	Change in Net Cash Position					
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities	2022 Total	2021 Total
	2022	2022	2021	2021		
Cash Receipts:						
Program receipts:						
Charges for services and sales	\$ 9,364,503	\$ 18,933,113	\$ 9,337,751	\$ 19,269,281	\$ 28,297,616	\$ 28,607,032
Operating grants and contributions	19,656,579	262,887	18,144,365	665,516	19,919,466	18,809,881
Capital grants and contributions	795,221	332,419	267,303	-	1,127,640	267,303
Total program receipts	29,816,303	19,528,419	27,749,419	19,934,797	49,344,722	47,684,216
General receipts:						
Property taxes	9,681,170	853,173	9,140,222	846,413	10,534,343	9,986,635
Sales taxes	11,282,728	-	10,493,637	-	11,282,728	10,493,637
Other local taxes	938,969	-	963,424	-	938,969	963,424
Unrestricted grants	1,978,615	-	1,804,330	-	1,978,615	1,804,330
Proceeds of loans	-	203,617	-	270,808	203,617	270,808
Proceeds of capital lease transaction	-	-	32,719	-	-	32,719
Investment receipts	1,268,839	-	353,092	-	1,268,839	353,092
Miscellaneous	2,973,877	240,571	2,843,533	209,707	3,214,448	3,053,240
Total general receipts	28,124,198	1,297,361	25,630,957	1,326,928	29,421,559	26,957,885
Total receipts	57,940,501	20,825,780	53,380,376	21,261,725	78,766,281	74,642,101

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OTTAWA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Change in Net Cash Position - Continued

	Governmental Activities 2022	Business-Type Activities 2022	Governmental Activities 2021	Business-Type Activities 2021	2022 Total	2021 Total
Cash Disbursements:						
General government:						
Legislative and executive	6,767,630	-	5,871,195	-	6,767,630	5,871,195
Judicial	3,700,715	-	3,452,645	-	3,700,715	3,452,645
Public safety	9,825,409	-	9,233,856	-	9,825,409	9,233,856
Public works	7,897,737	-	8,024,290	-	7,897,737	8,024,290
Health	383,914	-	236,872	-	383,914	236,872
Human services	16,567,390	-	14,356,626	-	16,567,390	14,356,626
Economic development	1	-	1,792	-	1	1,792
Other	440,965	-	434,872	-	440,965	434,872
Capital outlay	2,675,429	-	1,596,057	-	2,675,429	1,596,057
Debt service:						
Principal retirement	637,820	-	537,834	-	637,820	537,834
Interest and fiscal charges	64,550	-	73,118	-	64,550	73,118
Riverview nursing home	-	8,859,110	-	9,806,575	8,859,110	9,806,575
Regional water operations	-	5,819,012	-	4,926,304	5,819,012	4,926,304
Danbury sewer operations	-	3,409,764	-	-	3,409,764	-
Nonmajor enterprise	-	3,362,746	-	5,120,247	3,362,746	5,120,247
Total cash disbursements	<u>48,961,560</u>	<u>21,450,632</u>	<u>43,819,157</u>	<u>19,853,126</u>	<u>70,412,192</u>	<u>63,672,283</u>
Advances	6,875	(6,875)	550	(550)	-	-
Transfers	-	-	(58,784)	58,784	-	-
Change in net cash position	8,985,816	(631,727)	9,502,985	1,466,833	8,354,089	10,969,818
Net cash position						
at beginning of year	<u>49,987,528</u>	<u>22,455,838</u>	<u>40,484,543</u>	<u>20,989,005</u>	<u>72,443,366</u>	<u>61,473,548</u>
Net cash position at end of year	<u>\$ 58,973,344</u>	<u>\$ 21,824,111</u>	<u>\$ 49,987,528</u>	<u>\$ 22,455,838</u>	<u>\$ 80,797,455</u>	<u>\$ 72,443,366</u>

Governmental Activities

Governmental net cash position increased by \$8,985,816 in 2022 from the 2021 balance. This increase is largely attributed to an increase in operating grants and contributions, sales tax and investment receipts.

General government represents activities related to the governing body as well as activities that directly support County programs. In 2022, general government cash disbursements totaled \$10,468,345, or 21.38%, of total governmental activities cash disbursements. General government programs were supported by \$3,844,939 in direct charges to users and \$588,886 in operating grants and contributions.

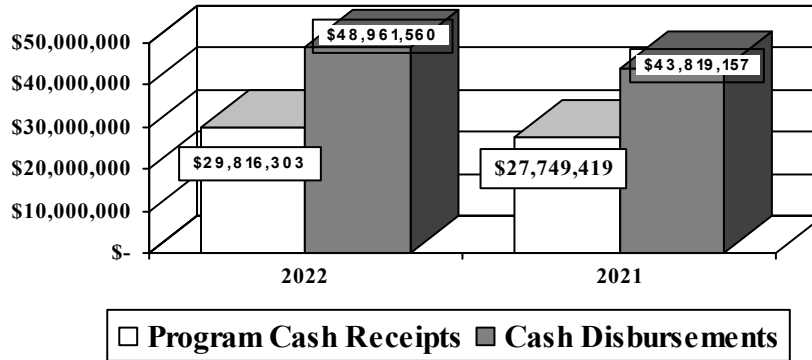
The County's human services programs accounted for \$16,567,390, or 33.84%, of total governmental activities cash disbursements. Human service programs include Public Assistance, Board of Developmental Disabilities, Child Support Enforcement, and Children Services. Human service programs are supported by \$1,102,182 in direct charges to users and \$8,754,028 in operating grants and contributions.

OTTAWA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

The Statement of Activities - Cash Basis 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 2022 and 2021. That is, it identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

Governmental Activities - Program Cash Receipts vs. Total Cash Disbursements



The table below shows the changes in net cost of services for 2022 and 2021.

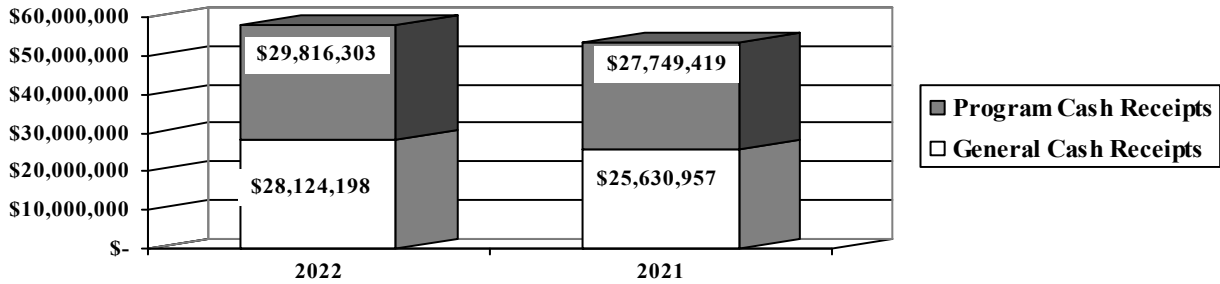
	Governmental Activities			
	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2021
Cash disbursements:				
General government:				
Legislative and executive	\$ 6,767,630	\$ 4,067,150	\$ 5,871,195	\$ 2,987,591
Judicial	3,700,715	1,967,370	3,452,645	1,847,477
Public safety	9,825,409	6,493,041	9,233,856	5,966,155
Public works	7,897,737	987,678	8,024,290	1,145,483
Health	383,914	145,471	236,872	(64,842)
Human services	16,567,390	6,711,180	14,356,626	6,213,237
Economic development	1	(1,539)	1,792	1
Other	440,965	344,886	434,872	305,072
Capital outlay	2,675,429	(2,272,257)	1,596,057	(2,941,388)
Debt service:				
Principal retirement	637,820	637,820	537,834	537,834
Interest and fiscal charges	64,550	64,457	73,118	73,118
Total	<u>\$ 48,961,560</u>	<u>\$ 19,145,257</u>	<u>\$ 43,819,157</u>	<u>\$ 16,069,738</u>

The dependence upon general cash receipts for governmental activities is apparent, with 39.10% of cash disbursements supported through taxes and other general cash receipts during 2022.

OTTAWA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Governmental Activities - General and Program Cash Receipts



Business-Type Activities

The Riverview Nursing Home, Danbury Sewer Operations, Regional Water Operations, Catawba Portage Sewer, Portage Catawba Water, Sewer District #13 Reserve, Erie Township Sewer Planning, Salem Reserve, Phase II Erie Township Water, Phase III Erie Township Sewer and Water, South Bass Island - Future Water and Sewer Extensions, the Allen & Jerusalem Unsewered, the PLAT 6 - North Starboard Bond, BRLE Program Evaluation, Moores Dock Road San OPWC Loan, and the Erie Township Sanitary Sewer OPWC Loan funds are the County's enterprise funds.

These programs had cash receipts (both operating and non-operating) of \$20,825,780, cash disbursements (both operating and non-operating) of \$21,450,632, advances out of \$6,875, transfers in of \$171,986 and transfers out of \$171,986 for 2022. The net cash position of the programs decreased \$631,727 from the 2021 net position.

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 County's governmental funds are accounted for using the cash basis of accounting.

The County's governmental funds reported a combined fund cash balance of \$54,646,823, which is \$8,953,380 above last year's balance of \$45,693,443.

The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2022 and December 31, 2021 for all major and nonmajor governmental funds.

	<u>Fund Cash Balance December 31, 2022</u>	<u>Fund Cash Balance December 31, 2021</u>	<u>Increase (Decrease)</u>
Major Funds:			
General	\$ 13,822,424	\$ 11,613,984	\$ 2,208,440
Road and Bridge	7,299,226	5,826,435	1,472,791
Board of Developmental Disabilities	7,616,125	7,645,530	(29,405)
American Rescue Plan Act (ARPA)	7,605,949	3,883,083	3,722,866
Other Nonmajor Governmental Funds	<u>18,303,099</u>	<u>16,724,411</u>	<u>1,578,688</u>
Total	<u>\$ 54,646,823</u>	<u>\$ 45,693,443</u>	<u>\$ 8,953,380</u>

OTTAWA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

General Fund

The General Fund, the County's largest major fund, had cash receipts and other financing sources of \$24,597,710 in 2022. The cash disbursements and other financing uses of the General Fund totaled \$22,389,270 in 2022. Of the \$22,389,270 in General Fund cash disbursements, \$3,543,719 represents transfers to other funds. The General Fund's cash balance increased \$2,208,440 from the 2021 balance.

The table that follows assists in illustrating the cash receipts of the General Fund.

	2022 <u>Amount</u>	2021 <u>Amount</u>	Percentage <u>Change</u>
<u>Cash Receipts:</u>			
Taxes	\$ 15,580,139	\$ 14,291,727	9.02 %
Charges for services	3,405,579	3,492,143	(2.48) %
Licenses and permits	347,970	327,013	6.41 %
Fines and forfeitures	602,170	557,254	8.06 %
Intergovernmental	1,978,615	1,804,330	9.66 %
Investment income	1,268,839	353,092	259.35 %
Rental income	27,396	28,270	(3.09) %
Reimbursements	567,811	528,855	7.37 %
Other	482,016	624,926	(22.87) %
Total	<u>\$ 24,260,535</u>	<u>\$ 22,007,610</u>	10.24 %

Tax receipts increased during 2022 due to an increase in the collection of sales taxes. Intergovernmental receipts increased due to an increase in revenues from the state. Investment income increased due to an increase in the amount earned on investments. Other receipts decreased during 2022 due to a decrease in miscellaneous refunds and reimbursements. All other receipts remained comparable to the prior year.

The table that follows assists in illustrating the cash disbursements of the General fund.

	2022 <u>Amount</u>	2021 <u>Amount</u>	Percentage <u>Change</u>
<u>Cash Disbursements</u>			
General government:			
Legislative and executive	\$ 5,039,176	\$ 4,643,002	8.53 %
Judicial	3,232,732	3,111,202	3.91 %
Public safety	7,931,720	7,631,272	3.94 %
Public works	553,126	507,138	9.07 %
Health	74,871	47,646	57.14 %
Human services	895,601	790,147	13.35 %
Other	431,870	429,968	0.44 %
Capital outlay	-	31,599	(100.00) %
Debt service	-	6,915	(100.00) %
Total	<u>\$ 18,159,096</u>	<u>\$ 17,198,889</u>	5.58 %

Legislative and executive disbursements increased due to increase in the costs related to prosecutor's office. Public works disbursements increased due to increase in the costs related to maintenance department. Public safety disbursements increased due to an increase in the costs related to the sheriff's department. Human services disbursements increased due to an increase in costs related to public assistance. Capital outlay and debt service disbursements fluctuated due to a new debt in the prior year. All other disbursements remained comparable to the prior year.

OTTAWA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

Road and Bridge Fund

The Road and Bridge Fund, a major fund, had cash receipts and other financing sources of \$8,505,559 in 2022. The Road and Bridge Fund had cash disbursements and other financing uses of \$7,032,768 in 2022. The Road and Bridge Fund cash balance increased \$1,472,791 from 2021 to 2022. This increase was due to an increase in receipts related to advances in and a decrease in public works disbursements.

Board of Developmental Disabilities Fund

The Board of Developmental Disabilities Fund, a major fund, had cash receipts of \$6,014,780 in 2022. The fund had cash disbursements and other financing uses of \$6,044,185 in 2022. The fund cash balance decreased \$29,405 from 2021 to 2022. This decrease was due to an increase in disbursements related to human services.

American Rescue Plan Act (ARPA) fund

The American Rescue Plan Act (ARPA) Fund, a major fund, had cash receipts of \$3,722,866 in 2022. The fund cash balance increased \$3,722,866 from 2021 to 2022. This increase was due to an increase in intergovernmental receipts.

Budgeting Highlights - General Fund

The County's appropriations are prepared according to Ohio law and are based on accounting for transactions on the basis of cash receipts, disbursements and encumbrances. The General Fund is the most significant budgeted fund.

During each year the General Fund budget is revised as needs arise. Records of the revisions are found in the Commissioners' Journals.

Original estimated receipts and other financing sources of \$19,509,860 remained the same in the final budget. Actual revenues and other financing sources of \$24,186,291 were \$4,676,431 higher than final budgeted estimates. The budgetary receipt variances can be attributed to an increase in budgeted property taxes, sales taxes, charges for services, and advances in, which are not budgeted. Final Budget appropriations and other financing uses of \$23,176,406 increased from original budget by \$3,493,892. Actual disbursements and other financing uses of \$23,363,336 were \$186,930 more than the final budget. The County variances can be attributed to under budgeting for disbursements and due to not having to budget for advances between funds since they are to be repaid.

Capital Assets and Debt Administration

Capital Assets

The County does not report capital assets in the accompanying basic financial statements, but records payments for capital assets as cash disbursements. The County had capital outlay disbursements of \$2,675,429 for governmental activities and \$2,044,086 for business-type activities during 2022.

Debt Administration

At December 31, 2022, the County had \$1,755,000 in general obligation bonds, \$161,411 in Ohio Public Works Commission (OPWC) loans and \$354,996 in loans payable outstanding related to governmental activities. For business-type activities, there was \$13,720,000 in general obligation bonds, \$89,000 in special assessment bonds, \$7,918,091 in OWDA loans, \$1,375,452 in OPWC loans and \$1,100,341 in Ohio Water & Sewer Loans outstanding at year end.

For further information, regarding the County's debt, refer to Notes 8 to the basic financial statements.

OTTAWA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

Economic Factors and Next Year's Budgets and Rates

The County's current population as of the 2020 census is 40,364.

The County's unemployment rate as of December 31, 2022 is 5.10%, compared to the 4.2% State average and the 3.5% national average.

These economic factors were considered in preparing the County's budgets for 2023. With the continuation of conservative budgeting practices, the County's financial position should remain strong in future years.

The County's investment portfolio in which the County participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the County's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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 Jennifer Widmer, Ottawa County Auditor, 315 Madison Street, Suite 202, Port Clinton, Ohio 43452.

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OTTAWA COUNTY, OHIO

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2022

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in pooled cash, cash equivalents, and investments	\$ 58,642,093	\$ 17,378,896	\$ 76,020,989
Cash in segregated accounts	262,661	11,550	274,211
Restricted assets:			
Equity in pooled cash, cash equivalents, and investments	68,590	4,433,665	4,502,255
Total assets	58,973,344	21,824,111	80,797,455
Net position:			
Restricted for:			
Capital projects	416,502	-	416,502
Debt service	23,834	-	23,834
Public safety programs	2,206,015	-	2,206,015
Public works projects	8,408,488	-	8,408,488
Health services	194,920	-	194,920
Human services programs	13,649,184	-	13,649,184
Economic development	2,888	-	2,888
Repairs and replacements	-	4,213,210	4,213,210
Revenue bond future debt service	-	220,455	220,455
Other purposes	10,677,206	-	10,677,206
Unrestricted	23,394,307	17,390,446	40,784,753
Total net position	\$ 58,973,344	\$ 21,824,111	\$ 80,797,455

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Cash Disbursements	Program Cash Receipts		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government:				
Legislative and executive	\$ 6,767,630	\$ 2,481,980	\$ 218,500	\$ -
Judicial	3,700,715	1,362,959	370,386	-
Public safety	9,825,409	2,242,997	1,089,371	-
Public works	7,897,737	1,426,131	5,483,928	-
Health	383,914	220,943	17,500	-
Human services	16,567,390	1,102,182	8,754,028	-
Economic development and assistance	1	1,540	-	-
Other	440,965	96,079	-	-
Capital outlay	2,675,429	429,599	3,722,866	795,221
Debt service:				
Principal retirement	637,820	-	-	-
Interest and fiscal charges	64,550	93	-	-
Total governmental activities	<u>48,961,560</u>	<u>9,364,503</u>	<u>19,656,579</u>	<u>795,221</u>
Business-type activities:				
Riverview nursing home	8,859,110	7,330,177	-	90,472
Regional water operations	5,819,012	5,852,940	262,887	-
Danbury sewer operations	3,409,764	2,852,871	-	-
Nonmajor enterprise funds	3,362,746	2,897,125	-	241,947
Total business-type activities	<u>21,450,632</u>	<u>18,933,113</u>	<u>262,887</u>	<u>332,419</u>
Total primary government	<u>\$ 70,412,192</u>	<u>\$ 28,297,616</u>	<u>\$ 19,919,466</u>	<u>\$ 1,127,640</u>

General cash receipts, advances and transfers:

Property taxes levied for:
 General purposes
 Developmental disabilities human services
 Senior program human services
 Riverview nursing home
Sales taxes
Other local taxes
Grants and entitlements not restricted to specific programs
Proceeds of loans
Investment receipts
Miscellaneous

Total general cash receipts

Advances

Total general cash receipts, advances and transfers

Change in net position

Net position at beginning of year

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

	Governmental Activities	Business-Type Activities	Total
\$	(4,067,150)	\$ -	\$ (4,067,150)
	(1,967,370)	-	(1,967,370)
	(6,493,041)	-	(6,493,041)
	(987,678)	-	(987,678)
	(145,471)	-	(145,471)
	(6,711,180)	-	(6,711,180)
	1,539	-	1,539
	(344,886)	-	(344,886)
	2,272,257	-	2,272,257
	(637,820)	-	(637,820)
	(64,457)	-	(64,457)
	<u>(19,145,257)</u>	<u>-</u>	<u>(19,145,257)</u>
	-	(1,438,461)	(1,438,461)
	-	296,815	296,815
	-	(556,893)	(556,893)
	-	(223,674)	(223,674)
	-	<u>(1,922,213)</u>	<u>(1,922,213)</u>
	<u>(19,145,257)</u>	<u>(1,922,213)</u>	<u>(21,067,470)</u>
	4,297,411	-	4,297,411
	4,559,927	-	4,559,927
	823,832	-	823,832
	-	853,173	853,173
	11,282,728	-	11,282,728
	938,969	-	938,969
	1,978,615	-	1,978,615
	-	203,617	203,617
	1,268,839	-	1,268,839
	2,973,877	240,571	3,214,448
	28,124,198	1,297,361	29,421,559
	6,875	(6,875)	-
	28,131,073	1,290,486	29,421,559
	8,985,816	(631,727)	8,354,089
	49,987,528	22,455,838	72,443,366
\$	<u>58,973,344</u>	<u>\$ 21,824,111</u>	<u>\$ 80,797,455</u>

OTTAWA COUNTY, OHIO

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	<u>General</u>	<u>Road and Bridge</u>	<u>Board of Developmental Disabilities</u>	<u>American Rescue Plan Act (ARPA)</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:						
Equity in pooled cash and cash equivalents	\$ 13,522,574	\$ 7,299,226	\$ 7,616,125	\$ 7,605,949	\$ 18,271,698	\$ 54,315,572
Cash in segregated accounts	231,260	-	-	-	31,401	262,661
Restricted assets:						
Equity in pooled cash and cash equivalents	<u>68,590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,590</u>
Total assets	<u>\$ 13,822,424</u>	<u>\$ 7,299,226</u>	<u>\$ 7,616,125</u>	<u>\$ 7,605,949</u>	<u>\$ 18,303,099</u>	<u>\$ 54,646,823</u>
Fund cash balances:						
Nonspendable	\$ 68,590	\$ -	\$ -	\$ -	\$ -	\$ 68,590
Restricted	-	7,299,226	7,616,125	7,605,949	13,057,737	35,579,037
Committed	1,184,825	-	-	-	5,245,362	6,430,187
Assigned	1,156,409	-	-	-	-	1,156,409
Unassigned	<u>11,412,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,412,600</u>
Total fund cash balances	<u>\$ 13,822,424</u>	<u>\$ 7,299,226</u>	<u>\$ 7,616,125</u>	<u>\$ 7,605,949</u>	<u>\$ 18,303,099</u>	<u>\$ 54,646,823</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES - CASH BASIS
DECEMBER 31, 2022

Total governmental fund balances \$ 54,646,823

*Amounts reported for governmental activities on the statement
of net position - cash basis are different because:*

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

4,326,521

Net position of governmental activities \$ 58,973,344

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	General	Road and Bridge	Board of Developmental Disabilities	American Rescue Plan Act (ARPA)	Other Governmental Funds	Total Governmental Funds
Cash receipts:						
Property taxes	\$ 4,297,411	\$ -	\$ 4,559,927	\$ -	\$ 823,832	\$ 9,681,170
Sales taxes	11,282,728	-	-	-	-	11,282,728
Other local taxes	-	931,567	-	-	7,402	938,969
Charges for services	3,405,579	894,701	86,721	-	2,279,506	6,666,507
Licenses and permits	347,970	18,250	-	-	223,582	589,802
Fines and forfeitures	602,170	27,340	-	-	116,207	745,717
Intergovernmental	1,978,615	5,001,582	1,338,220	3,722,866	10,389,132	22,430,415
Special assessments	-	-	-	-	387,887	387,887
Investment income	1,268,839	-	-	-	-	1,268,839
Rental income	27,396	-	-	-	79,568	106,964
Reimbursements	567,811	-	-	-	299,815	867,626
Davis Besse Lease Agreement	-	-	-	-	183,764	183,764
First Energy Public Radio Agreement	-	-	-	-	158,457	158,457
Other	482,016	102,876	29,912	-	1,897,418	2,512,222
Total cash receipts	<u>24,260,535</u>	<u>6,976,316</u>	<u>6,014,780</u>	<u>3,722,866</u>	<u>16,846,570</u>	<u>57,821,067</u>
Cash disbursements:						
Current:						
General government:						
Legislative and executive	5,039,176	-	-	-	1,733,288	6,772,464
Judicial	3,232,732	-	-	-	472,228	3,704,960
Public safety	7,931,720	-	-	-	1,902,653	9,834,373
Public works	553,126	6,600,983	-	-	744,737	7,898,846
Health	74,871	-	-	-	309,169	384,040
Human services	895,601	-	5,839,710	-	9,842,678	16,577,989
Economic development and assistance	-	-	-	-	1	1
Other	431,870	-	-	-	7,560	439,430
Capital outlay	-	-	-	-	2,679,522	2,679,522
Debt service:						
Principal retirement	-	272,820	-	-	365,000	637,820
Interest and fiscal charges	-	-	-	-	64,550	64,550
Total cash disbursements	<u>18,159,096</u>	<u>6,873,803</u>	<u>5,839,710</u>	<u>-</u>	<u>18,121,386</u>	<u>48,993,995</u>
Excess of cash receipts over (under) cash disbursements	<u>6,101,439</u>	<u>102,513</u>	<u>175,070</u>	<u>3,722,866</u>	<u>(1,274,816)</u>	<u>8,827,072</u>
Other financing sources (uses):						
Sale of capital assets	9,436	45,140	-	-	-	54,576
Other financing sources	-	-	-	-	64,857	64,857
Advances in	327,739	1,426,655	-	-	1,075,986	2,830,380
Advances out	(686,455)	(158,965)	-	-	(1,978,085)	(2,823,505)
Transfers in	-	57,448	-	-	3,690,746	3,748,194
Transfers out	(3,543,719)	-	(204,475)	-	-	(3,748,194)
Total other financing sources (uses)	<u>(3,892,999)</u>	<u>1,370,278</u>	<u>(204,475)</u>	<u>-</u>	<u>2,853,504</u>	<u>126,308</u>
Net change in fund balance - cash basis	2,208,440	1,472,791	(29,405)	3,722,866	1,578,688	8,953,380
Fund balance - cash basis, January 1	<u>11,613,984</u>	<u>5,826,435</u>	<u>7,645,530</u>	<u>3,883,083</u>	<u>16,724,411</u>	<u>45,693,443</u>
Fund balance - cash basis, December 31	<u>\$ 13,822,424</u>	<u>\$ 7,299,226</u>	<u>\$ 7,616,125</u>	<u>\$ 7,605,949</u>	<u>\$ 18,303,099</u>	<u>\$ 54,646,823</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS - CASH BASIS
TO THE STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Net change in fund balance - cash basis - total governmental funds \$ 8,953,380

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

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 - cash basis. Governmental fund disbursements
and the related internal service fund receipts are eliminated. The total
change in net position of the internal service fund is allocated among
the governmental activities.

32,436

Change in net position of governmental activities

\$ 8,985,816

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE
GOVERNMENTAL FUNDS - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Budgetary basis receipts:				
Property taxes	\$ 4,138,000	\$ 4,138,000	\$ 4,297,411	\$ 159,411
Sales taxes	8,750,000	8,750,000	11,282,728	2,532,728
Charges for services	2,576,746	2,576,746	2,962,845	386,099
Licenses and permits	232,850	232,850	347,970	115,120
Fines and forfeitures	497,000	497,000	602,170	105,170
Intergovernmental	1,764,651	1,764,651	1,978,615	213,964
Investment income	350,000	350,000	1,268,839	918,839
Rental income	30,000	30,000	27,396	(2,604)
Reimbursements	574,829	574,829	567,811	(7,018)
Other	407,500	407,500	442,962	35,462
Total budgetary basis receipts	<u>19,321,576</u>	<u>19,321,576</u>	<u>23,778,747</u>	<u>4,457,171</u>
Budgetary basis disbursements:				
General government:				
Legislative and executive	5,011,990	5,444,625	5,284,290	160,335
Judicial	2,610,422	3,229,462	3,096,386	133,076
Public safety	6,838,228	8,182,785	8,097,763	85,022
Public works	486,428	581,532	579,478	2,054
Health	90,943	118,823	87,538	31,285
Human services	877,561	1,088,024	1,045,432	42,592
Other	346,808	413,150	411,615	1,535
Total budgetary basis disbursements	<u>16,262,380</u>	<u>19,058,401</u>	<u>18,602,502</u>	<u>455,899</u>
Excess of budgetary basis receipts over budgetary basis disbursements	<u>3,059,196</u>	<u>263,175</u>	<u>5,176,245</u>	<u>4,913,070</u>
Other financing sources (uses):				
Transfers in	187,284	187,284	69,812	(117,472)
Transfers out	(3,420,134)	(4,118,005)	(4,074,379)	43,626
Advances in	-	-	328,296	328,296
Advances out	-	-	(686,455)	(686,455)
Sale of capital assets	1,000	1,000	9,436	8,436
Total other financing sources (uses)	<u>(3,231,850)</u>	<u>(3,929,721)</u>	<u>(4,353,290)</u>	<u>(423,569)</u>
Net change in fund balance - budgetary basis	(172,654)	(3,666,546)	822,955	4,489,501
Fund balance, January 1	9,829,999	9,829,999	9,829,999	-
Prior year encumbrances appropriated	<u>464,432</u>	<u>464,432</u>	<u>464,432</u>	<u>-</u>
Fund balance, December 31	<u>\$ 10,121,777</u>	<u>\$ 6,627,885</u>	<u>\$ 11,117,386</u>	<u>\$ 4,489,501</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE
GOVERNMENTAL FUNDS - BUDGETARY BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Other local taxes	\$ 825,000	\$ 825,000	\$ 931,567	\$ 106,567
Charges for services	1,598,053	1,598,053	894,701	(703,352)
Licenses and permits	18,750	18,750	18,250	(500)
Fines and forfeitures	20,000	20,000	27,340	7,340
Intergovernmental	5,003,000	5,003,000	5,001,582	(1,418)
Other	5,000	5,000	102,876	97,876
Total budgetary basis receipts	<u>7,469,803</u>	<u>7,469,803</u>	<u>6,976,316</u>	<u>(493,487)</u>
Budgetary basis disbursements:				
Current:				
Public works	10,965,173	10,965,173	7,223,049	3,742,124
Debt service:				
Principal retirement	272,820	272,820	272,820	-
Total budgetary basis disbursements	<u>11,237,993</u>	<u>11,237,993</u>	<u>7,495,869</u>	<u>3,742,124</u>
Excess of budgetary basis disbursements over budgetary basis receipts	<u>(3,768,190)</u>	<u>(3,768,190)</u>	<u>(519,553)</u>	<u>3,248,637</u>
Other financing sources (uses):				
Sale of capital assets	-	-	45,140	45,140
Transfers in	10,000	10,000	57,448	47,448
Advances in	-	-	1,426,655	1,426,655
Advances out	-	-	(158,965)	(158,965)
Total other financing sources (uses)	<u>10,000</u>	<u>10,000</u>	<u>1,370,278</u>	<u>1,360,278</u>
Net change in fund balance - budgetary basis	(3,758,190)	(3,758,190)	850,725	4,608,915
Fund balance, January 1	4,583,730	4,583,730	4,583,730	-
Prior year encumbrances appropriated	<u>1,242,705</u>	<u>1,242,705</u>	<u>1,242,705</u>	<u>-</u>
Fund balance, December 31	<u>\$ 2,068,245</u>	<u>\$ 2,068,245</u>	<u>\$ 6,677,160</u>	<u>\$ 4,608,915</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE
GOVERNMENTAL FUNDS - BUDGETARY BASIS
BOARD OF DEVELOPMENTAL DISABILITIES FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Property taxes	\$ 4,540,000	\$ 4,540,000	\$ 4,559,927	\$ 19,927
Charges for services	85,000	85,000	86,721	1,721
Intergovernmental	550,500	550,500	1,338,220	787,720
Other	12,600	12,600	29,912	17,312
Total budgetary basis receipts	<u>5,188,100</u>	<u>5,188,100</u>	<u>6,014,780</u>	<u>826,680</u>
Budgetary basis disbursements:				
Current:				
Human services	<u>6,702,951</u>	<u>6,920,345</u>	<u>6,083,546</u>	<u>836,799</u>
Excess of budgetary basis disbursements over budgetary basis receipts	<u>(1,514,851)</u>	<u>(1,732,245)</u>	<u>(68,766)</u>	<u>1,663,479</u>
Other financing sources (uses):				
Transfers in	-	17,394	-	(17,394)
Transfers out	<u>(200,000)</u>	<u>-</u>	<u>(204,475)</u>	<u>(204,475)</u>
Total other financing (uses)	<u>(200,000)</u>	<u>17,394</u>	<u>(204,475)</u>	<u>(221,869)</u>
Net change in fund balance - budgetary basis	(1,714,851)	(1,714,851)	(273,241)	1,441,610
Fund balance, January 1	7,405,228	7,405,228	7,405,228	-
Prior year encumbrances appropriated	<u>240,302</u>	<u>240,302</u>	<u>240,302</u>	<u>-</u>
Fund balance, December 31	<u>\$ 5,930,679</u>	<u>\$ 5,930,679</u>	<u>\$ 7,372,289</u>	<u>\$ 1,441,610</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE
 GOVERNMENTAL FUNDS - BUDGETARY BASIS
 AMERICAN RESCUE PLAN ACT (ARPA) FUND
 FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Intergovernmental	\$ 3,935,753	\$ 3,935,753	\$ 3,722,866	\$ (212,887)
Budgetary basis disbursements:				
Current:				
Health	500,000	500,000	-	500,000
Excess of budgetary basis receipts over budgetary basis disbursements.	3,435,753	3,435,753	3,722,866	287,113
Other financing uses:				
Transfers out	(6,871,000)	(6,871,000)	-	6,871,000
Net change in fund balance - budgetary basis . . .	(3,435,247)	(3,435,247)	3,722,866	7,158,113
Fund balance, January 1	<u>3,883,083</u>	<u>3,883,083</u>	<u>3,883,083</u>	<u>-</u>
Fund balance, December 31	<u>\$ 447,836</u>	<u>\$ 447,836</u>	<u>\$ 7,605,949</u>	<u>\$ 7,158,113</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF NET POSITION - CASH BASIS
 PROPRIETARY FUNDS
 DECEMBER 31, 2022

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Fund
	Riverview Nursing Home	Regional Water Operations	Danbury Sewer Operations	Nonmajor Enterprise Funds		
Assets:						
Equity in pooled cash and cash equivalents	\$ 650,455	\$ 10,542,173	\$ 3,800,102	\$ 2,386,166	\$ 17,378,896	\$ 4,326,521
Cash in segregated accounts	2,388	-	-	9,162	11,550	-
Restricted assets:						
Equity in pooled cash and cash equivalents	-	-	2,993,537	1,440,128	4,433,665	-
Total assets	<u>652,843</u>	<u>10,542,173</u>	<u>6,793,639</u>	<u>3,835,456</u>	<u>21,824,111</u>	<u>4,326,521</u>
Net position:						
Restricted for:						
Repairs and replacements	-	-	2,993,537	1,219,673	4,213,210	-
Revenue bond future debt service	-	-	-	220,455	220,455	-
Unrestricted	<u>652,843</u>	<u>10,542,173</u>	<u>3,800,102</u>	<u>2,395,328</u>	<u>17,390,446</u>	<u>4,326,521</u>
Total net position	<u>\$ 652,843</u>	<u>\$ 10,542,173</u>	<u>\$ 6,793,639</u>	<u>\$ 3,835,456</u>	<u>\$ 21,824,111</u>	<u>\$ 4,326,521</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN NET POSITION - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Business-Type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Fund
	Riverview Nursing Home	Regional Water Operations	Danbury Sewer Operations	Nonmajor Enterprise Funds		
Operating receipts:						
Charges for services	\$ 7,330,177	\$ 5,837,163	\$ 2,852,871	\$ 2,701,829	\$ 18,722,040	\$ 6,761,465
Other	10,597	144,986	26,662	58,326	240,571	13,600
Total operating receipts	7,340,774	5,982,149	2,879,533	2,760,155	18,962,611	6,775,065
Operating disbursements:						
Personal services	5,286,130	2,022,185	1,107,048	938,529	9,353,892	-
Contract services	2,061,220	844,108	402,429	506,660	3,814,417	708,779
Materials and supplies	631,743	640,274	193,557	198,977	1,664,551	-
Capital outlay	243,062	199,514	1,092,546	508,964	2,044,086	-
Claims	-	-	-	-	-	6,033,850
Other	75,649	199,000	141,712	485,246	901,607	-
Total operating disbursements	8,297,804	3,905,081	2,937,292	2,638,376	17,778,553	6,742,629
Operating income (loss)	(957,030)	2,077,068	(57,759)	121,779	1,184,058	32,436
Nonoperating receipts (disbursements):						
Debt service:						
Principal retirement	(220,000)	(1,697,951)	(421,768)	(582,544)	(2,922,263)	-
Interest and fiscal charges	(341,306)	(215,980)	(50,704)	(141,826)	(749,816)	-
Loan proceeds	-	203,617	-	-	203,617	-
Intergovernmental receipts	90,472	262,887	-	241,947	595,306	-
Property tax receipts	853,173	-	-	-	853,173	-
Special assessment receipts	-	15,777	-	195,296	211,073	-
Total nonoperating receipts (disbursements)	382,339	(1,431,650)	(472,472)	(287,127)	(1,808,910)	-
Income (loss) before transfers and advances	(574,691)	645,418	(530,231)	(165,348)	(624,852)	32,436
Transfers in	-	-	123,075	48,911	171,986	-
Transfers out	-	(135,000)	-	(36,986)	(171,986)	-
Advances out	-	-	(6,875)	-	(6,875)	-
Change in net position	(574,691)	510,418	(414,031)	(153,423)	(631,727)	32,436
Net position at beginning of year	<u>1,227,534</u>	<u>10,031,755</u>	<u>7,207,670</u>	<u>3,988,879</u>	<u>22,455,838</u>	<u>4,294,085</u>
Net position at end of year	<u>\$ 652,843</u>	<u>\$ 10,542,173</u>	<u>\$ 6,793,639</u>	<u>\$ 3,835,456</u>	<u>\$ 21,824,111</u>	<u>\$ 4,326,521</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF FIUCIARY NET POSITION - CASH BASIS
CUSTODIAL FUNDS
DECEMBER 31, 2022

	<u>Custodial</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 9,384,920
Cash in segregated accounts	<u>1,423,425</u>
Total assets	<u>10,808,345</u>
Net position:	
Restricted for individuals, organizations and other governments. .	<u>\$ 10,808,345</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Custodial
Additions:	
Intergovernmental	\$ 6,423,220
Amounts received as fiscal agent	4,160,097
Amounts held for employees	75,602
Licenses, permits and fees for other governments	309,481
Property tax collection for other governments	85,363,683
Sheriff collections for others	1,334,510
Earnings on investments	227
Amounts received through court fines, forfeitures, and fees	7,675,855
Other custodial fund collections	215,053
Total additions	105,557,728
Deductions:	
Distributions of state funds to other governments	6,166,752
Distributions as fiscal agent	3,434,815
Distributions on behalf of employees	74,883
Licenses, permits and fees distributions to other governments	336,947
Property tax distributions to other governments	85,163,911
Sheriff distributions to others	1,071,056
Distribution of court fines, forfeitures, and fees to others	7,538,386
Other custodial fund disbursements	157,643
Total deductions	103,944,393
Net change in fiduciary net position	1,613,335
Net position beginning of year	9,195,010
Net position end of year	\$ 10,808,345

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 - DESCRIPTION OF THE COUNTY

Ottawa County, Ohio (the County), was created in 1840. 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 Municipal Court Judge, and a Probate/Juvenile Court Judge.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the County are presented on a cash basis of accounting, as discussed further in section D. Basis of Accounting in this note disclosure. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

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

A. Reporting Entity

The County's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the basic financial statements are not misleading. The primary government includes all funds, agencies, boards, commissions, and component units for which the County and the County Commissioners are "accountable". Accountability was evaluated based on financial accountability, and 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 the 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.

Based on the foregoing criteria, the financial activities of the following PCU's have been reflected in the accompanying basic financial statements as follows:

POTENTIAL COMPONENT UNIT NOT REPORTED

Riverview Industries, Inc. - Riverview Industries is a legally separate, not-for-profit corporation served by a self appointing board of trustees. Riverview Industries, under a contractual agreement with the Ottawa County Department of Development Disabilities (DD), Ottawa, Erie, Sandusky, Wood, and Lucas Counties, provides adult day services, vocational habilitation, employment, and supportive living for adults with intellectual/developmental disabilities in Ottawa and surrounding counties. It has been determined that excluding Riverview Industries as a component unit would not have a significant impact on the County's financials. Riverview Industries operates on a fiscal year ending December 31. Financial information for Riverview Industries can be obtained from Mark Yost, 8380 West State Route 163, Oak Harbor, Ohio 43449.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

POTENTIAL COMPONENT UNITS REPORTED AS CUSTODIAL FUNDS

The County Treasurer, as the custodian of public funds, invests all public monies held on deposit in the County treasury. In the case of the separate organizations listed below, the County serves as fiscal agent but is not financially accountable for their operations. Accordingly, the following entities are presented as custodial funds within the financial statements:

Ottawa County Soil and Water Conservation District
Ottawa County District Board of Health
Ottawa County Family and Children First Council
Ottawa County Park District

The County participates in several joint ventures, two jointly governed organizations, and an insurance pool as follows:

JOINT VENTURES

Joint Solid Waste District

The Joint Solid Waste District (the District) is a joint venture between Ottawa, Sandusky, and Seneca Counties. The joint venture was formed to make disposal of waste in the three-county area more comprehensive in terms of recycling, incinerating, and waste disposal.

The District is governed and operated by the three counties. Each of the counties has contractual obligations with the District and shares in the equity of the District based on the percentages of population within the three counties. In the event of dissolution of the District, all members will share in net obligations or asset liquidations in a ratio proportionate to their percentages of population within the member counties at the time of dissolution. The District does not have any outstanding debt.

The District consists of a nine-member board of directors, comprised of the three commissioners from each county, who are responsible for the District's financial matters. Each county's degree of control over the District is limited to its representation on the board of directors. The District operates autonomously from the County, the County has no financial responsibility from the operations of the District, and the County does not subsidize the District in any way. The District has not accumulated significant financial resources nor is it experiencing fiscal stress that may cause an additional financial benefit to or burden on the County in the future.

The District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste. A twenty-one member policy committee, consisting of seven members from each county and one at large member appointed by the board of directors, is responsible for preparing the solid waste management plan of the District in conjunction with a sixteen-member Technical Advisory Council (members appointed by the policy committee). As of December 31, 2022, the County's equity interest in the Joint Solid Waste District was \$359,318. Financial information can be obtained from Jerri Miller, Sandusky County Auditor, 100 North Park Avenue, Fremont, Ohio, 43420.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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

Mental Health and Recovery Services Board

Mental Health and Recovery Services Board of Seneca, Ottawa, Sandusky, and Wyandot Counties (MHRSB) is a joint district board between Seneca, Ottawa, Sandusky, and Wyandot Counties. The joint district was created to serve as the community addiction and mental health planning agency and to establish a community-based continuum of care that includes prevention, treatment, and recovery support services. A seventeen-member Board is the governing body. Nine members of the Board are appointed by the Board of County Commissioners from the respective counties of which members are residents, and eight members are appointed by the State of Ohio, Department of Mental Health and Addiction Services. The Board provides alcohol, drug addiction and mental health services and programs to citizens of the Board. Private and public agencies are the primary service providers, through Board contracts.

The Ohio Department of Mental Health and Addiction Services as well as the County Commissioners in Seneca, Sandusky, and Wyandot Counties approved Ottawa County to join the Board effective October 1, 2021. Therefore, the Board moved from a three-county board to a four-county board. The Board's official name changed to the Mental Health and Recovery Services Board of Seneca, Ottawa, Sandusky, and Wyandot Counties. During 2022, the County did not make any contributions to the MHRSB. Additional financial pertaining to the MHRB of Seneca, Ottawa, Sandusky and Wyandot Counties can be obtained from Mircea Handru, Executive Director, 1200 North State Route 53, Tiffin, Ohio, 44883.

Regional Airport Authority

Erie-Ottawa Regional Airport Authority (the Airport Authority) is a joint venture between Ottawa and Erie Counties. The Airport Authority was formed to provide maintenance of runways and taxiways at the Airport facility. The Airport Authority operates under the direction of a nine-member board of trustees. Four members are appointed by the County Commissioners in each county. The ninth member is appointed at large by the other eight. The members serve without compensation as outlined in Section 308.04 of the Ohio Revised Code. The continued existence of the Airport Authority is dependent upon Ottawa County's participation. The Airport Authority has not accumulated significant financial resources nor is the Airport Authority experiencing fiscal stress that may cause an additional financial benefit to or burden on the County in the future. During 2022, the County provided \$45,000 for airport operations. Financial information for the Airport Authority can be obtained from Beverly Shenkel, Office Manager, 3255 East State Road, Port Clinton, Ohio, 43452.

JOINTLY GOVERNED ORGANIZATIONS

Ottawa County Regional Planning Commission

The County participates in Ottawa County Regional Planning Commission (the Commission), which is a statutorily created political subdivision of the State. The Commission is jointly governed among Ottawa County, the City of Port Clinton, six villages, and twelve townships within the County. Each member's control over the operation of the Commission is limited to its representation on 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. In 2022, the County contributed \$97,224 to the Regional Planning Commission.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Clearwater Council of Governments

The Clearwater Council of Governments (Clearwater) is a regional council of governments comprised of the Boards of Developmental Disabilities (DD) of Crawford, Erie, Huron, Lucas, Marion, Morrow, Ottawa, Richland, and Seneca Counties. The Board of Directors is made up of the superintendents from each of these DD Boards. Clearwater is the administrator of various grant monies for each these Boards of DD. The degree of control exercised by any participating government is limited to its representation of the Board. Financial information can be obtained from the Clearwater Council of Governments, 235 North Toussaint South Road, Oak Harbor, Ohio, 43449. In 2022, the Ottawa County Board of Developmental Disabilities paid \$237,530 to Clearwater for services provided.

INSURANCE POOL

County Risk Sharing Authority, Inc. (CORSA)

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

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

The County's payment to CORSA for insurance in 2022 was \$320,071, which included a credit given to the County for its proportional share of a distribution from member equity. CORSA's net position as of fiscal year ended April 30, 2022 was \$83,921,560. CORSA's audited financial statements may be obtained by contacting the County Commissioners' Association of Ohio in Columbus, Ohio.

B. Basis of Presentation

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

Government-Wide Financial Statements - The statement of net position – cash basis and the statement of activities – cash basis display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” receipts and disbursements. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

Fund Financial Statements - Fund financial statements report detailed information about the County. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The financial statements for governmental funds are a statement of assets and fund balances - cash basis, and a statement of receipts, disbursements and changes in fund balances - cash basis which reports on the sources (i.e., receipts and other financing sources) and uses (i.e., disbursements and other financing uses) of current financial resources.

The financial statements for proprietary funds are a statement of net position - cash basis, and a statement of receipts, disbursements and changes in net position - cash basis which presents increases (i.e., receipts) and decreases (i.e., disbursements) in net position.

Proprietary funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating receipts of the County's proprietary funds are charges for services. Operating disbursements for the proprietary funds include personnel and other disbursements related to the operations of the proprietary fund's activity. All receipts and disbursements not meeting these definitions are reported as nonoperating receipts and disbursements.

The financial statements for the custodial funds are a statement of fiduciary net position-cash basis, and a statement of changes in fiduciary net position-cash basis.

C. Fund Accounting

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

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The following are the County's major governmental funds:

General Fund - The General Fund is used to account for all activities of the County not required to be included in another fund. The General Fund cash balance is available to the County for any purpose provided it is disbursed or transferred according to the general laws of Ohio.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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

Road and Bridge Fund - This fund accounts for monies derived from gasoline taxes and the sale of motor vehicle licenses. Disbursements are restricted by State law to county road and bridge repair/improvement programs.

Board of Developmental Disabilities Fund - This fund accounts for a county-wide tax levy and federal and state grants that are used for developing and implementing programs for developmentally disabled citizens.

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

Other governmental funds of the County are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (b) for the accumulation of resources for, and the repayment of, general long-term debt principal, interest and related costs; and, (c) for grants and other resources, the use of which is restricted or committed to a particular purpose.

PROPRIETARY FUNDS

Proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - The enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises. The intent of the County is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The County has presented the following major enterprise funds:

Riverview Nursing Home Fund - This fund accounts for the daily operations of the County nursing home. Receipts are generated from resident fees and charges for services and are used to pay other agencies for services, to fund the daily costs of operations, and to provide services to the residents such as laundry, transportation, personal care items, and incidental medical supplies.

Regional Water Operations Fund - This fund accounts for water services provided to individuals and commercial users in Bay, Catawba, Danbury, Erie, Harris, Portage, and Salem Townships, the City of Port Clinton, and the Village of Oak Harbor.

Danbury Sewer Operations Fund - This fund accounts for sanitary sewer services provided to individuals and commercial users in Danbury Township and the Village of Marblehead.

Internal Service Fund - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The County's internal service fund accounts for monies received for the activities of the self-insurance program for employee health benefits.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on cash basis assets, net cash position, and changes in net cash position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent 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 only fiduciary funds are custodial funds that account for assets held by the County for political subdivisions for which the County acts as fiscal agent, amounts held for employees, Sheriff collections for others, and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. The County's basic financial statements are prepared using the cash basis of accounting. Receipts are recorded in the County's financial records and reported in the basic financial statements when cash is received, rather than when earned. Disbursements are recorded in the County's financial records and reported in the basic financial statements when cash is paid, rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as receivables and revenues for goods and services provided and billed but not yet collected) and certain liabilities and their related expenses/expenditures (such as payables and expenses/expenditures for goods and services received but not yet paid, and accrued liabilities and expenses/expenditures) are not reported in these basic financial statements.

E. Budgetary Data

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the alternate tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The alternate tax budget indicates the projected receipts and disbursements for those funds receiving tax monies. 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 disbursements plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund, department, and object levels for all funds.

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

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

F. Cash and Investments

To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the County's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

The County has segregated bank accounts for monies held separately from the County's central bank account. These interest-bearing depository accounts are presented on the financial statements as "cash in segregated accounts" since they are not required to be deposited into the County treasury.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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

During 2022, investments were limited to federal agency securities, negotiable certificates of deposit, US Treasury Notes and the State Treasury Asset Reserve of Ohio (STAR Ohio). On the cash basis of accounting, investments are reported at cost.

During 2022, the County invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The County measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest receipts credited to the general fund during 2022 amounted to \$1,268,839, which includes \$1,082,441 assigned from other County funds.

For presentation on the basic financial statements, investments of the cash management pool of the County are considered to be cash equivalents.

G. Inventories of Materials and Supplies

On the cash basis of accounting, inventories of materials and supplies are recorded as disbursements when purchased. These items are not reported as assets in the basic financial statements.

H. Capital Assets

On the cash basis of accounting, acquisitions of capital assets are recorded as disbursements when paid. These items are not reported as assets in the basic financial statements.

I. Prepaid Items

On the cash basis of accounting, payments made to vendors for services that will benefit periods beyond December 31, 2022 are recorded as disbursements when paid. These items are not reported as assets in the basic financial statements.

J. Loss on Advance Refunding

On the cash basis of accounting, for advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is recorded as a reduction of disbursement when the transaction occurs. This amount is not reported as a reduction of a liability in the basic financial statements.

K. Compensated Absences

On the cash basis of accounting, compensated absences consisting of vacation leave and sick leave are not accrued as a liability and are recorded as disbursements when paid. These amounts are not reported as liabilities in the basic financial statements.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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

L. Fund Balance

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

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

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

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

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

M. Long-Term Obligations

The County’s cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset (including the intangible right to use) when entering into a lease or financed purchase transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments and financed purchase payments are reported when paid.

N. Leases

For 2022, GASB Statement No. 87, Leases was effective. This GASB pronouncement had no effect on beginning net position/fund balance.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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

The County is the lessor/lessee in various leases related to buildings, vehicles, and other equipment under noncancelable leases. Lease receivables/payables are not reflected under the County's cash basis of accounting. Lease revenue/disbursements are recognized when they are received/paid.

O. Interfund Transactions

During the normal course of operations, the County has numerous transactions between funds. Transfers represent the movement of resources from the fund receiving those resources to the fund through which those resources will be disbursed and are recorded as other financing sources and uses in governmental funds and as transfers in proprietary funds. Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

On the cash basis of accounting, advances are reported as other financing sources and uses in governmental funds and as nonoperating receipts and disbursements in proprietary funds. Exchange transactions between funds are recorded as receipts in the fund providing the goods or services and as disbursements in the fund receiving the goods or services. Interfund loans (advances in / out) are not reflected as assets/liabilities in the accompanying financial statements.

P. Operating Receipts and Disbursements

Operating receipts are those receipts that are generated directly from the primary activities of the proprietary funds. For the County, these receipts are charges for services for the County nursing home, water and sewer services, and charges for health care premiums in the internal service fund. Operating disbursements are necessary costs incurred to provide the goods or services that are the primary activities of the proprietary funds. All receipts and disbursements not meeting these definitions are reported as nonoperating.

Q. Net Position

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. As of December 31, 2022, there was no net position restricted by enabling legislation.

The County applies restricted resources first when a disbursement is incurred for purposes for which both restricted and unrestricted net position are available.

R. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Restricted assets in the enterprise funds represent certain resources which are segregated from other resources of the County to comply with various covenants established by bond financing agreements. These assets are generally held in separate accounts of the County or by a trustee. The various covenants place restrictions on the use of these resources, require minimum balances to be maintained in certain accounts, and establish annual amounts to be accumulated for specific purposes.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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

S. Pensions/Other Postemployment Benefits (OPEB)

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

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County administration and that are either unusual in nature or infrequent in occurrence. The County had no extraordinary or special items during 2022.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2022, the County has implemented GASB Statement No. 87, "Leases", GASB Implementation Guide 2019-3, "Leases", GASB Implementation Guide 2020-1, "Implementation Guide Update - 2020", GASB Statement No. 91, "Conduit Debt Obligations", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 93, "Replacement of Interbank Offered Rates", GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Since the County does not prepare financial statements using generally accepted accounting principles, the implementation of GASB Statement No. 87 did not have an effect on the financial statements or notes to the basic financial statements of the County, as the County does not have any material leases. The notes to the basic financial statements include the disclosure requirements under the Statement.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the County.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the County.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the County.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the County.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the County.

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

B. Compliance

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal 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 items (1) or (2) above, 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);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange securities, or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following:
 - a. Commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed 10 percent of the value of the outstanding commercial paper of the issuing corporation and which mature within two hundred seventy days after purchase;
 - b. Bankers acceptances eligible for purchase by the federal reserve system and which mature within one hundred eighty days after purchase;
10. Up to 15 percent of the County's average portfolio in notes issued by United States corporations or by depository institutions that are doing business under authority granted by the United States provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper; and,
12. Up to 1 percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the County Treasurer by the financial institution, or by participation in the Ohio Pooled Collateral System to secure the repayment of all public monies deposited with the institution.

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

A. Cash on Hand

At year-end, the County had \$7,918 in undeposited cash on hand, which is included on the financial statements of the County as part of "equity in pooled cash and cash equivalents".

B. Cash in Segregated Accounts

At year-end, the County deposited \$1,697,636 in accounts separate from the County's internal investment pool. The balances in these depository accounts are included in "deposits with financial institutions" below.

C. Deposits with Financial Institutions

At December 31, 2022, the carrying amount of all County deposits was \$42,324,646. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2022, \$14,663,397 of the County's bank balance of \$43,390,093 was covered by the FDIC, while \$28,726,696 was exposed to custodial risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the County and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For fiscal year 2022, several of the County's financial institutions were approved for a reduced collateral rate below 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the County to a successful claim by the FDIC.

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OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

As of December 31, 2022, the County had the following investments and maturities:

Investment type	Amount	Investment Maturities				
		6 months or less	7 - 12 months	13 - 18 months	19 - 24 months	More than 24 months
FFCB	\$ 999,865	\$ -	\$ -	\$ -	\$ -	\$ 999,865
FHLB	3,442,808	-	1,264,143	-	229,332	1,949,333
FNMA	1,725,887	-	974,089	-	-	751,798
Negotiable CD's	5,388,971	722,302	2,715,436	1,472,727	-	478,506
U.S. Treasury notes	6,673,140	3,959,888	2,713,252	-	-	-
STAR Ohio	31,042,565	31,042,565	-	-	-	-
Total	\$ 49,273,236	\$ 35,724,755	\$ 7,666,920	\$ 1,472,727	\$ 229,332	\$ 4,179,502

The weighted average maturity of investments at December 31, 2022 is 0.44 years. The County's investments in federal agency securities and negotiable certificates of deposit are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs). The County's investments in STAR Ohio are valued at the daily redemption value as reported by the underlying fund (Level 1 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the County's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The County's investments were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The negotiable CDs are covered by FDIC. Standard & Poor's has assigned STAR Ohio an AAAm money market rating. STAR Ohio must maintain the highest letter or numerical rating provided by at least one nationally recognized standard rating service.

The County has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the County's name. The County has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

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OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The County places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the County at December 31, 2022:

<u>Investment type</u>	<u>Amount</u>	<u>Percent of Total</u>
FFCB	\$ 999,865	2.03
FHLB	3,442,808	6.99
FNMA	1,725,887	3.50
Negotiable CD's	5,388,971	10.94
U.S. Treasury notes	6,673,140	13.54
STAR Ohio	31,042,565	63.00
Total	<u>\$ 49,273,236</u>	<u>100.00</u>

E. Reconciliation of Cash and Investments to the Statement of Net Position - Cash Basis

The following is a reconciliation of cash and investments as reported in the note disclosure above to cash and investments as reported on the statement of net position - cash basis as of December 31, 2022:

Cash and investments per note disclosure

Carrying amount of deposits	\$ 42,324,646
Investments	49,273,236
Cash on hand	7,918
Total	<u>\$ 91,605,800</u>

Cash and investments per statement of net position - cash basis

Governmental activities	\$ 58,973,344
Business-type activities	21,824,111
Custodial funds	10,808,345
Total	<u>\$ 91,605,800</u>

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OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 5 - INTERFUND TRANSACTIONS

- A. Transfers for the year ended December 31, 2022 consisted of the following, as reported in the fund financial statements:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds:</u>		
General	\$ -	\$ 3,543,719
Road and Bridge	57,448	-
Board of Developmental Disabilities	-	204,475
Nonmajor Governmental Funds	3,690,746	-
Total Governmental Funds	<u>3,748,194</u>	<u>3,748,194</u>
<u>Enterprise funds:</u>		
Regional Water Operations	-	135,000
Danbury Sewer Operations	123,075	-
Nonmajor Enterprise Funds	48,911	36,986
Total Enterprise Funds	<u>171,986</u>	<u>171,986</u>
Total	<u>\$ 3,920,180</u>	<u>\$ 3,920,180</u>

Transfers are used to (1) move receipts from the fund that statute or budget required to collect them to the fund that statute or budget requires to disburse them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due (nonroutine transfers out above from non-General Fund funds), and (3) use unrestricted receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers between governmental funds and between enterprise funds are eliminated for reporting on the government-wide statement of net position - cash basis.

- B. Advances for the year ended December 31, 2022 consisted of the following, as reported in the fund financial statements:

<u>Fund</u>	<u>Advances In</u>	<u>Advances Out</u>
<u>Governmental funds:</u>		
General	\$ 327,739	\$ 686,455
Road and Bridge	1,426,655	158,965
Nonmajor Governmental Funds	1,075,986	1,978,085
Total Governmental Funds	<u>2,830,380</u>	<u>2,823,505</u>
<u>Enterprise Funds:</u>		
Nonmajor enterprise funds	-	6,875
Total	<u>\$ 2,830,380</u>	<u>\$ 2,830,380</u>

These advances will be repaid in the next year as resources become available. Advances between governmental funds are eliminated for reporting on the government-wide statement of net position - cash basis.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2022 for real and public utility property taxes represents collections of 2021 taxes.

2022 real property taxes are levied after October 1, 2022, on the assessed value as of January 1, 2022, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2022 real property taxes are collected in and intended to finance 2023.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2022 public utility property taxes which became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2022, was \$8.40 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2022 property tax receipts were based are as follows:

Real Property

Residential/Agricultural	\$ 1,939,608,480
Commercial/Industrial/Mineral	277,485,450

Public Utility

Real	552,580
Personal	<u>178,475,620</u>
Total Assessed Value	<u><u>\$ 2,396,122,130</u></u>

NOTE 7 - PERMISSIVE SALES AND USE TAX

The County Commissioners, by resolution, imposed a 1% percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles 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 Ohio Department of Taxation certifies payment amounts to the Ohio Department of Budget and Management (OBM) so that OBM can issue the amount of the tax to be returned to the County. The Ohio Department of Taxation's certification must be made within forty-five days after the end of each month. On July 1, 2013, the County added an additional 0.25% permanent sales tax.

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OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 8 - LONG-TERM OBLIGATIONS

Long-term obligation activity for the year ended December 31, 2022 was as follows:

Governmental Activities:	Interest Rate	Restated Balance 12/31/21	Additions	Reductions	Balance 12/31/22	Amount Due In One Year
General Obligation Bonds:						
2013 Various Purpose Refunding Bonds						
(original amount \$3,140,000)	1.00-4.00	\$ 1,020,000	\$ -	\$ (190,000)	\$ 830,000	\$ 155,000
2016 Board of DD Facility Refunding Bonds						
(original amount \$1,205,000)	2.00-3.00	750,000	-	(120,000)	630,000	120,000
2016 Riverview Industries Building Refunding Bonds						
(original amount \$565,000)	2.00-3.00	350,000	-	(55,000)	295,000	55,000
Total General Obligation Bonds		2,120,000	-	(365,000)	1,755,000	330,000
OPWC Loans (Direct Borrowings / Direct Placements):						
2007 Port Clinton Eastern Road						
(original amount \$157,431)	0.00	51,164	-	(51,164)	-	-
2007 Port Clinton Eastern Road						
(original amount \$382,692)	0.00	124,375	-	(124,375)	-	-
2009 Lemon Road Bridge Replacement						
(original amount \$152,891)	0.00	35,674	-	(35,674)	-	-
2016 Portage River South Road CR #18 Reconstruction						
(original amount \$63,620)	0.00	39,761	-	(5,302)	34,459	5,302
2016 Replacement of Bridge						
(original amount \$255,115)	0.00	114,802	-	(25,511)	89,291	25,511
2018 Gypsum Road Pavement & Drainage						
(original amount \$57,940)	0.00	43,455	-	(5,794)	37,661	5,794
Total OPWC Loans		409,231	-	(247,820)	161,411	36,607
Loan Payable:	0.00	379,996	-	(25,000)	354,996	25,000
Total Governmental Activities		\$ 2,909,227	\$ -	\$ (637,820)	\$ 2,271,407	\$ 391,607

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OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

Business-Type Activities:	Interest Rate	Restated Balance 12/31/21	Additions	Reductions	Balance 12/31/22	Amount Due In One Year
General Obligation Bonds:						
2016 Catawba Portage Sewer Refunding (original amount \$4,450,000)	1.00-3.50	\$ 3,700,000	\$ -	\$ (200,000)	\$ 3,500,000	\$ 345,000
2017 Riverview Home Improvement Project (original amount \$10,040,000)	3.12-4.0	9,425,000	-	(220,000)	9,205,000	225,000
2017 Water System Refunding (original amount \$1,325,000)	3.12-4.0	1,080,000	-	(65,000)	1,015,000	70,000
2017 Sewer System Refunding (original amount \$1,325,000)	3.25%	155,000	-	(155,000)	-	-
Total General Obligation Bonds		14,360,000	-	(640,000)	13,720,000	640,000
Special Assessment Bonds:						
2005 Sanitary Sewer Improvements (original amount \$815,000)	5.00	116,000	-	(27,000)	89,000	29,000
Total Special Assessment Bonds		116,000	-	(27,000)	89,000	29,000
OWDA Loans (Direct Borrowings / Direct Placements):						
1997 Regional Water (original amount \$29,991,085)	2.00	4,430,455	-	(1,447,534)	2,982,921	1,476,485
2001 Camp Perry Western Road (original amount \$17,145)	5.74	706	-	(706)	-	-
2004 Danbury Township Wastewater (original amount \$4,632,743)	3.76	1,002,235	-	(321,714)	680,521	333,924
2004 Golf Lane Waterline (original amount \$69,018)	4.56	16,958	-	(4,575)	12,383	4,787
2004 Water Plant Expansion (original amount \$3,065,360)	4.51%	1,960,502	-	(113,810)	1,846,692	119,000
2006 South Bass Island Waterline (original amount \$968,848)	2.00	354,015	-	(51,528)	302,487	52,564
2007 Sewer Construction (original amount \$245,936)	3.82	87,050	-	(14,511)	72,539	15,069
2008 Ductile Iron Cathode Protection (original amount \$1,216,200)	3.36	494,103	-	(63,730)	430,373	65,889
2009 Phase III Water Main Corrosion (original amount \$434,264)	3.52	151,853	-	(16,746)	135,107	17,340
2009 Phase II Erie Twp. Water & Sewer (original amount \$223,761)	4.79	109,264	-	(12,427)	96,837	13,029
2009 Sand Road Waterline Replacement (original amount \$420,319)	4.79	205,245	-	(23,343)	181,902	24,475
2016 North Starboard Water & Sewer Replacement (original amount \$420,319)	2.92	191,666	-	(9,938)	181,728	10,230
2018 WWTP & Collection System Improvement (original amount \$632,977)	3.50	1,053,055	-	(58,454)	994,601	58,659
Total OWDA Loans		10,057,107	-	(2,139,016)	7,918,091	2,191,451

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

Business-Type Activities (continued):	Interest Rate	Restated Balance 12/31/21	Additions	Reductions	Balance 12/31/22	Amount Due In One Year
OPWC Loans (Direct Borrowings / Direct Placements):						
2003 Gypsum Water Replacements (original amount \$83,933)	0.00	10,491	-	(4,196)	6,295	4,197
2003 Clay Center Sanitary Sewer (original amount \$222,352)	0.00	38,912	-	(11,118)	27,794	11,117
2004 Regional Water System Repair (original amount \$174,000)	0.00	34,800	-	(8,700)	26,100	8,700
2004 State Road Sanitary Sewer (original amount \$133,798)	0.00	30,105	-	(6,690)	23,415	6,690
2006 S.R. 269 Sanitary Sewer Main (original amount \$143,018)	0.00	39,331	-	(7,151)	32,180	7,151
2009 Phase III Erie Twp. Sewer Improvements (original amount \$238,440)	0.00	113,259	-	(11,922)	101,337	11,922
2013 SBI Langram Rd Waterline Extension (original amount \$294,755)	0.00	184,220	-	(14,738)	169,482	14,738
2014 Barnum Road Sanitary Sewer Extension (original amount \$128,075)	0.00	83,248	-	(6,404)	76,844	6,404
2015 Erie Township Sanitary Sewer Extension (original amount \$323,180)	0.00	282,782	-	(16,159)	266,623	16,159
2018 Elevated Water Tower Tank Repairs (original amount \$138,142)	0.00	124,084	-	(6,894)	117,190	6,894
2019 RWTP Clarifier Mechanism Recoating (original amount \$76,922)	0.00	71,153	-	(3,846)	67,307	3,846
2021 PCI - Moores Dock Road Sanitary Sewer Rehabilitation/Replacement (original amount \$270,808)	0.00	270,808	-	(13,540)	257,268	13,540
2022 - RWTP - Filter Media Replacement (original amount \$203,617)	0.00	-	203,617	-	203,617	9,754
Total OPWC Loans		1,283,193	203,617	(111,358)	1,375,452	121,112
Ohio Water & Sewer Loans (Direct Borrowings / Direct Placements):						
1991 Portage Catawba Water (original amount \$185,855)	0.00	63,775	-	-	63,775	-
1992 Danbury Sewer (original amount \$216,741)	0.00	73,807	-	-	73,807	-
1992 Catawba Portage Sewer (original amount \$28,662)	0.00	3,457	-	(280)	3,177	-
1999 Regional Water (original amount \$1,108,668)	0.00	880,147	-	(4,609)	875,538	-
2001 Camp Perry Western Road (original amount \$37,929)	0.00	25,859	-	-	25,859	-
2004 Clay Center (original amount \$13,128)	0.00	12,066	-	-	12,066	-
2005 State Road Sewer (original amount \$28,990)	0.00	19,672	-	-	19,672	-
2008 Allen/Clay Phase IV (original amount \$21,207)	0.00	18,026	-	-	18,026	-
2008 SBI Waterline (original amount \$8,421)	0.00	8,421	-	-	8,421	-
Total Ohio Water & Sewer Loans		1,105,230	-	(4,889)	1,100,341	-
Total Business-Type Activities		\$ 26,921,530	\$ 203,617	\$ (2,922,263)	\$ 24,202,884	\$ 2,981,563

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

General Obligation Bonds

General obligation bonds are supported by the full faith and credit of Ottawa County. General obligation bonds will be paid from property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

2016 Various Purpose Refunding Bonds

On June 16, 2016, the County issued \$6,220,000 in general obligation bonds with interest rates from 4.0 percent to 4.75 percent. The proceeds of the bonds were used to refund \$1,310,000 of the County's 2006 Board of DD Facility Bonds, \$615,000 of the 2006 Riverview Industries Building Bonds and \$4,375,000 of the 2008 Catawaba Portage Sewer Refunding Bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position - cash basis. The balance of the refunded bonds outstanding at December 31, 2022 was \$4,425,000.

The refunding bonds are comprised of current interest bonds, par value \$6,220,000. Interest payments on the bonds are due on March 1 and September 1 each year. The final maturity stated in the issues range from September 1, 2027 to September 1, 2031. Payments of principal and interest are recorded as disbursements of the DD building bond fund (a nonmajor governmental fund) in the governmental funds and as disbursements of the Catawba Portage sewer fund in the business-type funds.

The refunding resulted in \$682,558 in gross debt service savings.

2013 Various Improvement Refunding Bonds

On September 18, 2013, the County issued \$3,140,000 in general obligation refunding bonds - Series 2013 for the purpose of refunding a portion (\$2,995,000) of the 2003 various improvement bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position - cash basis.

The refunding bonds are comprised of serial bonds, par value \$2,465,000 and term bonds, par value \$675,000. The bonds bear interest rates ranging from 1.00% - 4.00%. Principal and interest payments are due on December 1 and June 1 of each year. The bonds mature on December 1, 2027.

The refunding resulted in \$236,148 in gross debt service savings.

The bonds maturing on December 1, 2025, are subject to mandatory sinking fund redemption in part on December 1, 2014, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 160,000

The remaining principal, in the amount of \$165,000, is payable at stated maturity.

The bonds maturing on December 1, 2027, are subject to mandatory sinking fund redemption in part on December 1, 2026, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

<u>Year</u>	<u>Amount</u>
2026	\$ 170,000

The remaining principal, in the amount of \$180,000, is payable at stated maturity.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

Special Assessment Bonds

The special assessment bonds will be paid from the proceeds of the special assessments levied against those property owners who primarily benefited from the project. In the event that property owners fail to make their special assessment payments, the County is responsible for providing the resources to meet annual principal and interest payments. Special assessment debt is supported by the full faith and credit of Ottawa County.

General Obligation Revenue Bonds

The general obligation revenue bonds are liabilities of the various enterprise funds and pledge their respective receipts for repayment. The bonds also pledge the full faith and credit and taxing ability of the County in the event that the enterprise funds' receipts are not sufficient to meet the principal and interest requirements.

Catawba Portage Sanitary Sewer Revenue Refunding Bonds

The bonds maturing on December 1, 2022, are subject to mandatory sinking fund redemption on each December 1, commencing December 1, 2022, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 120,000
2017	130,000
2018	145,000
2019	145,000
2020	160,000
2021	150,000

The remaining principal, in the amount of \$195,000, is payable at stated maturity.

2011 Catawaba Portage Sanitary Sewer Refunding Bonds

On June 5, 2011, the County issued \$1,400,000 in refunded general obligation bonds with interest rates from 1.3 percent to 3.7 percent. The proceeds of the bonds were used to refund \$1,655,000 of the County's outstanding 1998 Catawaba Portage Sanitary Sewer bonds. During 2017, these bonds were refunded with the 2017 Sewer System Refunding Bonds.

2017 Sewer System Refunding Bonds

On December 18, 2017, the County issued \$655,000 in general obligation bonds with an interest rate of 3.253 percent. The proceeds of the bonds were used to refund \$660,000 of the County's 2011 Catawaba Portage Sanitary Sewer Refunding Bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position - cash basis.

The refunding bonds are comprised of serial bonds, par value \$655,000. Interest payments on the bonds are due on June 1 and December 1 each year. The final stated maturity was December 1, 2022. Payments of principal and interest are recorded as disbursements of the Catawaba Portage Sewer fund in the business-type funds.

2011 Regional Water System Improvement Bonds

On March 9, 2011, the County issued \$1,730,000 in general obligation bonds with interest rates from 2.5 percent to 4.875 percent. The proceeds of the bonds were used to pay \$1,673,100 of the County's outstanding 1999 Regional Water Development bonds. During 2017, these bonds were refunded with the 2017 Water System Refunding Bonds.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

2017 Water System Refunding Bonds

On December 18, 2017, the County issued \$1,325,000 in general obligation bonds with interest rates from 3.125 percent to 4.00 percent. The proceeds of the bonds were used to refund \$1,355,000 of the County's 2011 Regional Water System Improvement Bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position - cash basis.

The refunding bonds are comprised of serial and term bonds, par value \$1,325,000. Interest payments on the bonds are due on June 1 and December 1 each year. The final stated maturity is December 1, 2034. Payments of principal and interest are recorded as disbursements of the Regional Water Operations fund in the business-type funds.

The refunding resulted in \$157,782 in gross debt service savings.

2017 Riverview Home Improvement Project Bonds

On December 18, 2017, the County issued \$10,040,000 in general obligation bonds with interest rates from 3.125 percent to 4.00 percent. The proceeds of the bonds were used for improvement projects.

The bonds are comprised of serial and term bonds, par value \$10,040,000. Interest payments on the bonds are due June 1 and December 1 each year. The final stated maturity is December 1, 2047. Payments of principal and interest are recorded as disbursements of the Riverview Nursing Home fund in the business-type funds.

Ohio Water and Sewer Loans

The Ohio Water and Sewer Loans were provided to the County for the deferral of special assessment collections on agricultural land. The loan principal is being deferred as long as the land is used for agriculture purposes. If the land is ever used for other than agriculture purposes, the loan is due and payable, the special assessments are then due and collectible by the County, and the monies collected are to be remitted to the Ohio Water and Sewer Rotary Commission (OWSRC) within one year of collection.

The loans are non-interest bearing as long as the land is used for agriculture purposes. If the land is ever used for other than agriculture purposes and the required special assessments are not remitted to OWSRC, the loans become interest bearing at an interest rate to be determined by OWSRC. Several of these loans were used for purposes outside the loan and were required to submit monies to OWSRC.

OWDA Loans

OWDA loans consist of monies owed to the Ohio Water Development Authority for various water and sewer projects. OWDA loans are payable solely from special assessments and the gross receipts of the enterprise funds. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the County to pay any fines, penalties, interest, or late charges associated with the default.

At December 31, 2022, the County had OWDA loans related to business-type activities. The County has pledged future water and sewer receipts to repay these OWDA loans. The loans are payable solely from water and sewer fund receipts and are payable through 2037. Annual principal and interest payments on the loans are expected to require 108.32 percent of net receipts and 19.91 percent of total receipts. The total principal and interest remaining to be paid on the loans is \$8,749,803. Principal and interest paid for the current year were \$2,383,423, total net receipts revenues were \$2,128,715 and total revenues were \$11,579,984.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

OPWC Loans

OPWC loans consist of monies owed to the Ohio Public Works Commission for various water and sewer projects. OPWC loans are payable solely from the gross receipts of the enterprise funds.

In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the County for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the County is located to pay the amount of the default from funds that would otherwise be appropriated to the County from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

Loan Payable

In 2015, the County entered into a loan agreement with the State of Ohio's Development Services Agency to borrow up to \$500,000 for highway garage renovations. At December 31, 2022, the outstanding loan amount was \$354,996. The loan shall mature in ten years and carry interest at 0 % interest rate.

Legal Debt Margins

The Ohio Revised Code provides that net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors, should not exceed 1 percent of the total assessed valuation of the County. The Ohio Revised 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 3 percent of the first \$100,000,000 of assessed valuation, plus 1.5 percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus 2.5 percent of such valuation in excess of \$300,000,000.

The assessed valuation used in determining the County's legal debt margins has been modified by House Bill 530, which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the County's legal debt margin calculations excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

The effects of these debt limitations at December 31, 2022 are a legal voted debt margin of \$52,933,530 (including available funds of \$23,834) and a legal unvoted debt margin of \$21,773,412.

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OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the County's future annual debt service requirements for governmental activities.

Year Ended	General Obligation Bonds		Loan Payable	
	Principal	Interest	Principal	Interest
2023	\$ 330,000	\$ 55,349	\$ 25,000	\$ -
2024	340,000	46,324	25,000	-
2025	345,000	36,544	25,000	-
2026	360,000	25,700	25,000	-
2027	380,000	13,200	25,000	-
2028 - 2032	-	-	125,000	-
2033 - 2037	-	-	104,996	-
Total	<u>\$ 1,755,000</u>	<u>\$ 177,117</u>	<u>\$ 354,996</u>	<u>\$ -</u>

Year Ended	OPWC Loans	
	Principal	Interest
2023	\$ 36,607	\$ -
2024	36,607	-
2025	36,607	-
2026	23,854	-
2027	11,096	-
2028 - 2029	16,640	-
Total	<u>\$ 161,411</u>	<u>\$ -</u>

The following is a summary of the County's future annual debt service requirements for business-type activities.

Year Ended	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 640,000	\$ 478,056	\$ 29,000	\$ 4,284
2024	670,000	457,631	30,000	2,904
2025	690,000	436,306	30,000	1,476
2026	705,000	412,406	-	-
2027	730,000	387,956	-	-
2028 - 2032	3,595,000	1,530,981	-	-
2033 - 2037	2,005,000	999,338	-	-
2038 - 2042	2,150,000	647,381	-	-
2043 - 2047	2,535,000	262,238	-	-
Total	<u>\$ 13,720,000</u>	<u>\$ 5,612,293</u>	<u>\$ 89,000</u>	<u>\$ 8,664</u>

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

Year Ended	OWDA Loans		OPWC Loans	
	Principal	Interest	Principal	Interest
2023	\$ 2,191,451	\$ 199,298	\$ 121,112	\$ -
2024	2,246,536	147,390	119,202	-
2025	403,808	98,547	111,545	-
2026	414,452	84,926	93,941	-
2027	419,360	71,870	87,021	-
2028 - 2032	1,398,802	200,736	399,342	-
2033 - 2037	750,875	28,620	286,815	-
2038 - 2042	92,807	325	151,507	-
2043	-	-	4,967	-
Total	\$ 7,918,091	\$ 831,712	\$ 1,375,452	\$ -

NOTE 9 - RISK MANAGEMENT

A. General Insurance

The County is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2022, the County contracted with County Risk Sharing Authority (CORSA) for liability, property and crime insurance. The CORSA program has a \$2,500 deductible. Coverages provided by CORSA are as follows:

<u>Type of Coverage</u>	<u>Amount</u>
General Liability	\$ 1,000,000
Excess Liability	10,000,000
Law Enforcement Professional Liability	1,000,000
Automobile Liability and Physical Damage:	
Liability	1,000,000
Uninsured Motorist	250,000
Public Officials Errors and Omissions	1,000,000
Ohio Stop Gap (Additional	
Workers' Compensation Coverage)	1,000,000
Building and Contents	100,000,000
Other Property Insurance:	
Extra Expense	2,500,000
Contingent Business Interruption	100,000
Contractors Equipment	Replacement or actual cash value
Valuable Papers and Records	2,500,000
Automobile Physical Damage	Actual cash value
Flood and Earthquake	100,000,000
Comprehensive Boiler and Machinery	100,000,000
Crime	1,000,000
Unmanned Aircraft General Liability	1,000,000

With the exceptions of medical coverage and workers' compensation, all insurance is held with CORSA (See Note 2). The County pays all elected officials' bonds in accordance with statute. There has been no significant reduction in insurance coverage from 2021 and no insurance settlement has exceeded insurance coverage during the last three years.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 9 - RISK MANAGEMENT - (Continued)

B. Workers Compensation

Workers' compensation coverage is provided by the State of Ohio. The County pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

C. Medical Insurance

The County manages health, vision, dental, and drug card insurance for its employees on a self-insured basis. A third-party administrator processes the claims, which the County pays. The Self Insurance internal service fund allocates the cost of providing claims servicing and claims payments by charging a monthly premium to each individual enrolled in the health insurance program. These premiums, along with the premium the County pays for each employee enrolled in the program, are paid into the Self Insurance internal service fund. Claims and services are paid from the Self Insurance internal service fund.

Under the health insurance program, the Self Insurance internal service fund provides in accordance with the Affordable Care Act. The County purchased commercial insurance for claims in excess of coverage provided by the Self Insurance internal service fund. Settled claims have not exceeded this commercial coverage in the past three years.

All funds of the County participate in the program and make payments to the Self Insurance internal service fund based on actuarial estimates of the amounts needed to pay prior and current-year claims. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payments for the year ended December 31, 2022 were \$6,033,850.

The changes in the cash balance of the Self Insurance internal service fund for 2022 and 2021 were:

<u>Year</u>	<u>Beginning Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance</u>
2022	\$ 4,294,085	\$ 6,775,065	\$ (6,742,629)	\$ 4,326,521
2021	3,359,603	7,047,323	(6,112,841)	4,294,085

NOTE 10 - 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 and OPEB are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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

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

The remainder of this note includes the pension disclosures. See Note 11 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.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. 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:

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2022 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	***	****
2022 Actual Contribution Rates			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits **	<u>0.0 %</u>	<u>0.0 %</u>	<u>0.0 %</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

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

*** 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

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 10 - 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 \$3,512,058 for 2022.

Net Pension Liabilities (Assets)

The net pension liability and net pension asset for OPERS was measured as of December 31, 2021, 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	OPERS - Combined	OPERS - Member- Directed	Total
Proportion of the net pension liability/asset prior measurement date	0.16273200%	0.16895700%	0.11462800%	
Proportion of the net pension liability (asset) current measurement date	0.16186300%	0.15096500%	0.12189700%	
Change in proportionate share	<u>-0.00086900%</u>	<u>-0.01799200%</u>	<u>0.00726900%</u>	
Proportionate share of the net pension liability	\$ 14,082,736	\$ -	\$ -	\$ 14,082,736
Proportionate share of the net pension (asset)	-	(594,810)	(22,132)	(616,942)

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, 2021, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Wage inflation	
Current measurement date	2.75%
Prior measurement date	3.25%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	
Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 0.50%, simple through 2021, then 2.15% simple
Investment rate of return	
Current measurement date	6.90%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In July 2021, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 0.50% simple through 2021 then 2.15% simple to 3.00% simple through 2022 then 2.05% simple.

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

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

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 15.3% for 2021.

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.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 10 - 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, 2021, 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	24.00 %	1.03 %
Domestic equities	21.00	3.78
Real estate	11.00	3.66
Private equity	12.00	7.43
International equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	<u>100.00 %</u>	<u>4.21 %</u>

Discount Rate - The discount rate used to measure the total pension liability (asset) was 6.90%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2021 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 6.90%, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
County's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 37,129,754	\$ 14,082,736	\$ (5,095,447)
Combined Plan	(443,837)	(594,810)	(712,555)
Member-Directed Plan	(19,504)	(22,132)	(27,379)

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 11 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability (Asset)

See Note 10 for a description of the net OPEB liability (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 discontinued 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 became 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.

OTTAWA COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 11 - 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 2022, 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 2022, 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 2022 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$34,919 for 2022.

Net OPEB Liabilities (Assets)

The net OPEB liability (asset) and total OPEB liability (asset) for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, 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 liability (asset) was based on the County's share of contributions to the retirement plan relative to the contributions of all participating entities.

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OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	OPERS
Proportion of the net OPEB liability (asset) prior measurement date	0.16097500%
Proportion of the net OPEB liability (asset) current measurement date	0.15990700%
Change in proportionate share	-0.00106800%
Proportionate share of the net OPEB liability	\$ -
Proportionate share of the net OPEB (asset)	(5,008,532)

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 (asset) was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021.

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OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Wage Inflation	
Current measurement date	2.75%
Prior Measurement date	3.25%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75%
	including wage inflation
Prior Measurement date	3.25 to 10.75%
	including wage inflation
Single Discount Rate:	
Current measurement date	6.00%
Prior Measurement date	6.00%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	1.84%
Prior Measurement date	2.00%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2034
Prior Measurement date	8.50% initial, 3.50% ultimate in 2035
Actuarial Cost Method	Individual Entry Age Normal

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

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

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.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.3% for 2021.

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, 2021, 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 %	0.91 %
Domestic equities	25.00	3.78
Real Estate Investment Trusts (REITs)	7.00	3.71
International equities	25.00	4.88
Risk parity	2.00	2.92
Other investments	7.00	1.93
Total	<u>100.00 %</u>	<u>3.45 %</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, 2021. A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. 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 1.84%. 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 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 11 - 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)	\$ (2,945,487)	\$ (5,008,532)	\$ (6,720,891)

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 with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of healthcare; the trend starting in 2022 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB (asset)	\$ (5,062,656)	\$ (5,008,532)	\$ (4,944,324)

NOTE 12 - BUDGETARY BASIS OF ACCOUNTING

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 cash receipts, cash disbursements and changes in fund cash balance - governmental funds - budgetary basis presented for the general fund and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the cash basis are that:

- (a) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund cash balance for that portion of outstanding encumbrances (cash basis); and
- (b) Some funds are included in the General Fund (cash basis) but have separate legally adopted budgets (budget basis);
- (c) Some funds included in the General Fund (cash) basis have deposits held in outside (segregated) accounts.

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 12 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the net change in fund cash balance for the year on the budget basis to the cash basis for the general fund and major special revenue funds are as follows:

	Governmental Funds		
	General	Road and Bridge	Board of Developmental Disabilities
	Budget basis	\$ 822,955	\$ 850,725
Net adjustment for cash in segregated accounts	35,358	-	-
Net adjustment for funds budgeted elsewhere	425,336	-	-
Encumbrances (budget-basis)	924,791	622,066	243,836
Cash basis	\$ 2,208,440	\$ 1,472,791	\$ (29,405)

NOTE 13 - CONTINGENCIES

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 the terms of the grant. Based on prior experience, the County Commissioners believe such disallowance, if any, will be immaterial.

B. Litigation

Several claims and lawsuits are pending against the County. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the County's financial condition.

NOTE 14 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year - End Encumbrances</u>
General	\$ 925,149
Road and bridge	622,066
Board of developmental disabilities	243,836
Other governmental	1,722,029
Total	\$ 3,513,080

OTTAWA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 15 - FUND BALANCE

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

Fund balance	General	Road and Bridge	Board of Developmental Disabilities	American Rescue Plan Act (ARPA)	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Unclaimed monies	\$ 68,590	\$ -	\$ -	\$ -	\$ -	\$ 68,590
Total nonspendable	68,590	-	-	-	-	68,590
Restricted:						
Capital projects	-	-	-	-	416,502	416,502
Debt service	-	-	-	-	23,834	23,834
Public safety programs	-	-	-	-	2,206,015	2,206,015
Public works project	-	7,299,226	-	-	1,109,262	8,408,488
Health services	-	-	-	-	194,920	194,920
Human services programs	-	-	7,616,125	-	6,033,059	13,649,184
Economic development	-	-	-	-	2,888	2,888
Other purposes	-	-	-	7,605,949	3,071,257	10,677,206
Total restricted	-	7,299,226	7,616,125	7,605,949	13,057,737	35,579,037
Committed:						
Capital projects	-	-	-	-	5,204,378	5,204,378
Other purposes	1,184,825	-	-	-	40,984	1,225,809
Total committed	1,184,825	-	-	-	5,245,362	6,430,187
Assigned:						
Public safety programs	231,260	-	-	-	-	231,260
Other purposes	925,149	-	-	-	-	925,149
Total assigned	1,156,409	-	-	-	-	1,156,409
Unassigned	11,412,600	-	-	-	-	11,412,600
Total fund balances	\$ 13,822,424	\$ 7,299,226	\$ 7,616,125	\$ 7,605,949	\$ 18,303,099	\$ 54,646,823

NOTE 16 - OTHER RECEIPTS

Nonmajor Governmental Funds other receipts consisted primarily of local shares of various projects.

OTTAWA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Job and Family Services:</i>				
<u>SNAP Cluster:</u>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
FAET 50% Operating	10.561	JFSCF522	\$	10,263
FAET 50% Operating		JFSCF523		3,505
FAET 100%		JFSCF122		(1,559)
FAET 100%		JFSCF123		9,193
Food Assistance		JFSCFB22		120,868
Food Assistance		JFSCFB23		47,446
COVID -19 SNAP American Rescue Plan Act		JFSCFJ22		8,820
Total SNAP Cluster				198,536
Total U.S. Department of Agriculture				198,536
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed Through Ohio Development Service Agency:</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				
Community Development Block Grants - Improvement Program Housing Assistance and Rehab	14.228	B-C-20-1CE-1		131,531
Community Development Block Grants - Allocation		B-F-20-1CE-1		22,865
Total AL #14.228				154,396
Home Investment Partnerships Program	14.239	B-C-20-1CE-2		202,017
Total U.S. Department of Housing and Urban Development				356,413
U.S. DEPARTMENT OF JUSTICE				
<i>Direct:</i>				
Drug Court Discretionary Grant Program	16.585	N/A		16,081
<i>Passed Through Ohio Attorney General's Office:</i>				
Crime Victim Assistance	16.575	2022-VOCA-134719297		17,561
Total U.S. Department of Justice				33,642
U.S. DEPARTMENT OF LABOR				
<i>Passed Through Workforce Investment Act, Area 7:</i>				
<u>WIOA Cluster:</u>				
WIA Adult Program (PY2021)	17.258	SO762		21,896
WIA Adult Program (FY2021)		SO762		176,020
WIA Adult Program (FY2022)		SO762	\$ 47,129	103,841
WIA Adult Program - Non-Formulary Grants (SFY2022)		SO762		321
WIA Adult Program - Non-Formulary Grants (SFY2023)		SO762		43
Total AL #17.258			47,129	302,121
WIA Youth Activities (PY2020)	17.259	SO762	126,325	126,325
WIA Youth Activities (PY2021)		SO762	81,108	81,108
Total AL #17.259			207,433	207,433
WIA Dislocated Worker Formula Grants (PY2020)	17.278	SO762		8,114
WIA Dislocated Worker Formula Grants (FY2021)		SO762	96,042	200,313
WIA Dislocated Worker Formula Grants (PY2021)		SO762		16,905
WIA Dislocated Worker Formula Grants (FY2022)		SO762		40,954
WIA Dislocated Worker Non-Formula Grants (SFY2022)		SO762		250
WIA Dislocated Worker Non-Formula Grants (SFY2023)		SO762		34
Total AL #17.278			96,042	266,570
Total WIOA Cluster			350,604	776,124
<u>Employment Service Cluster:</u>				
Employment Service/Wagner-Peyser Funded Activities (SFY2022)	17.207	SO762		6,171
Employment Service/Wagner-Peyser Funded Activities (SFY2023)		SO762		877
Total Employment Service Cluster				7,048
Unemployment Insurance (PY21)	17.225	SO762		32,649
Unemployment Insurance (PY22)		SO762		2,833
Supplemental Unemployment Insurance (SFY22)		SO762	4,080	5,543
Total AL #17.225			4,080	41,025
Trade Adjustment Assistance (FY2022)	17.245	SO762		963
Trade Adjustment Assistance (FY2023)		SO762		140
Total AL #17.245				1,103
Workforce Investment Act (WIA) National Emergency Grants				
NDWG-Opioids #3 Program	17.277	SO762		5,142
NDWG-Employment Recovery Program		SO762		173,567
NDWG Opioid Fresh Start		SO762		32,230
Total AL #17.277				210,939
Total U.S. Department of Labor			354,684	1,036,239
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Passed Through Ohio Department of Transportation:</i>				
<u>Highway Planning and Construction Cluster:</u>				
Highway Planning and Construction				
OTT CR 72 1.03 Bridge Replacement (Wildacre Road over Cedar Creek)	20.205	104087		252,806
Total Highway Planning and Construction Cluster				252,806
Formula Grants for Rural Areas and Tribal Transit Program				
COVID19 CARES Act Rural Transit Operating	20.509	CARE-4114-024-201		
COVID19 CARES Act Rural Transit Operating		CARE-0114- 064-201		
COVID19 CARES Act Rural Transit Operating		CARE-0114-064-214		
Rural Transit Operating		RPTF-4114-005-201		505,900
Rural Transit Operating		RPTF-4114-005-221		164,442
Rural Transit Operating		RPTM-0114-005-201		90,537
Rural Transit Operating		RPTM-0114-005-221		111,218
COVID -19 Rural Transit Operating		CARE-0114-064-214		7,450
COVID -19 Rural Transit Operating		CARE-0114-064-201		45,000
Total Formula Grants for Rural Areas and Tribal Transit Program				924,547

continued

OTTAWA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. Department of Treasury				
<i>Direct:</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A		184,531
Total U.S. Department of Treasury				184,531
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Developmental Disabilities:</i>				
Special Education - Grants for Infants and Families	84.181	H181A2000024		28,281
Special Education - Grants for Infants and Families	84.181	H181A2100024		12,713
COVID-19 American Rescue Plan Act Special Education - Grants for Infants and Families	84.181X	H181X2100024		14,365
Total AL #84.181				55,359
Total U.S. Department of Education				55,359
U.S. ELECTION ASSISTANCE COMMISSION				
<i>Passed Through Ohio Secretary of State:</i>				
2018 HAVA Election Security	90.404	N/A		4,588
Total U.S. Election Assistance Commission				4,588
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed Through The Area Office of Aging of Northwest Ohio:</i>				
<u>Aging Cluster:</u>				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	N/A		28,901
COVID-19 Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers				477
Total AL #93.044				29,378
Special Programs for the Aging - Title III, Part C1 - Nutrition Service	93.045	N/A		22,200
Special Programs for the Aging - Title III, Part C2 - Nutrition Service				79,100
COVID -19 Special Programs for the Aging - Title III, Part C2 - Nutrition Service				8,449
Total AL #93.045				109,749
Nutritional Services Incentive Program	93.053	N/A		37,804
Total Aging Cluster				176,931
<i>Direct:</i>				
COVID-19 Provider Relief Fund	93.498	N/A		573,772
<i>Passed Through Ohio Department of Job and Family Services:</i>				
Title IV-E Prevention and Family Services and Programs (A)	93.472	JFSCPS22		714
Promoting Safe and Stable Families				
ESSA Preservation	93.556	JFSCPF22		11,441
ESSA Preservation		JFSCPF23		3,213
ESSA Reunification		JFSCPF22		12,959
ESSA Reunification		JFSCPF23		2,332
Total AL #93.556				29,945
Temporary Assistance for Needy Families (TANF)				
COVID-19 COVID PRC	93.558	JFSCNF21		90,614
COVID-19 - COVID PRC Admin		JFSCNF21		8,230
TANF Administration		JFSCFT22		482,048
TANF Regular (Program)		JFSCFT22		210,527
CCMEP TANF Regular		JFSCFT22	152,723	152,723
CCMEP TANF Regular		JFSCFT23	11,474	11,474
CCMEP TANF Administration		JFSCFT22	10,430	10,430
Kinship Caregiver		JFSCFT21		53,404
Kinship Caregiver		JFSCFT22		2,980
Fraud Awareness		JFSCFT22		1,894
TANF Summer Youth		JFSCFT22		5,172
TANF Independent Living		JFSCFT22		400
Total AL #93.558			174,627	1,029,896
Child Support Enforcement				
Federal Child Support	93.563	JFSCCS22		273,558
Federal Child Support		JFSFCS221		1,000
Federal Child Support		JFSCCS23		86,769
Federal Incentive		JFSFC57		34,894
Federal Incentive		JFSFC57		48,850
Total AL #93.563				445,071
<u>CCDF Cluster:</u>				
Child Care and Development Block Grant				
Child Care Administration	93.575	JFSCCD22		12,416
Child Care Non-Admin		JFSCCD22		19,824
Child Care Non-Admin		JFSCCD23		8,043
Total CCDF Cluster				40,283
Grants to States for Access and Visitation Programs				
Visitation Access				
Visitation Access	93.597	JFSFC604		33,346
Total AL #93.597		JFSFC604		26,484
				59,830
Stephanie Tubbs Jones Child Welfare Services Program				
IV-B	93.645	JFSCCW22		36,865
IV-B		JFSCCW23		456
IV-B Admin		JFSCCW22		3,687
Total AL #93.645				41,008
Foster Care Title IV-E				
IV-E Admin & Training Foster Care	93.658	JFSCFC22		8,881
IV-E Admin & Training Foster Care		JFSCFC23		7,287
Title IV-E Foster Care Services Maintenance		JFSFP920		220,140
Title IV-E Foster Care Services Maintenance		JFSFP920		74,806
Total AL #93.658				311,114

OTTAWA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed Through Ohio Department of Job and Family Services:</i>				
Adoption Assistance				
IV-E Admin & Training Adoption Assistance	93.659	JFSCAA22		36,593
IV-E Admin & Training Adoption Assistance		JFSCAA23		38,951
IV-E Non Recurring Adoption (FY2022)		JFSFP887		10,065
IV-E Non Recurring Adoption (FY2023)		JFSFP887		5,131
Total AL #93.659				<u>90,740</u>
Social Services Block Grant				
Title XX - Base Subsidy	93.667	JFSCSS22		112,787
Title XX - Base Subsidy		JFSCSS23		3,151
Title XX - Transfer Subsidy		JFSCTX22		123,685
<i>Passed Through Ohio Department of Developmental Disabilities</i>				
Social Services Block Grant	93.667	2201OHSOSR		29,218
Total AL #93.667				<u>268,841</u>
<i>Passed Through Ohio Department of Job and Family Services:</i>				
Elder Abuse Prevention Interventions Program				
COVID-19 Ohio APS Program - ARP	93.747	JFSCCEB21		4,286
COVID -19 Stimulus APS		JFSCCEA21		5,501
Total AL #93.747				<u>9,787</u>
Children's Health Insurance Program	93.767	MCDFSH22		1,130
Children's Health Insurance Program		MCDFSH22CV		66
Total AL #93.767				<u>1,196</u>
<i>Medicaid Cluster:</i>				
Medical Assistance Program				
Medicaid 50%	93.778	MCDFMT22		3,859
Medicaid 75%		MCDFMT22		214,198
Medicaid 75%		MCDFMT23		61,083
Medicaid Combined		MCDFMT22		59,426
Medicaid Combined		MCDFMT23		17,179
Medicaid NET		MCDFMT22		86,935
Medicaid NET		MCDFMT23		27,108
Total Medicaid Cluster				<u>469,788</u>
Total U.S. Department of Health and Human Services			174,627	3,548,916
U.S. DEPARTMENT OF HOMELAND SECURITY				
<i>Passed Through Ohio Emergency Management Agency:</i>				
Hazard Mitigation Grant	97.039	FEMA-DR-4424-OH		385,890
Hazard Mitigation Grant		FEMA-DR-4447-OH		17,500
Total AL #97.039				<u>403,390</u>
Emergency Management Performance Grants	97.042	EMS-2021-EP-00002		47,590
COVID-19 Emergency Management Performance Grants - ARPA		EMC-2021-EP-00007		22,315
Total AL #97.042				<u>69,905</u>
Homeland Security Grant Program	97.067	EMW-2018-SS-00038		104,160
Homeland Security Grant Program		EMW-2020-SS-00037-S01		73,499
Total AL #97.067				<u>177,659</u>
Total U.S. Department of Homeland Security				650,954
Total Expenditures of Federal Awards			\$ 529,311	\$ 7,246,531

The accompanying notes are an integral part of this schedule.

OTTAWA COUNTY

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Ottawa County, Ohio (the County) under programs of the federal government for the year ended December 31, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position of the County.

NOTE B - 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE C - INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

The County passes certain federal awards received from Workforce Investment Act, Area, 7 and the Ohio Department of Job and Family Services to other governments or not-for-profit agencies (subrecipients). As Note B describes, the County reports expenditures of federal awards to subrecipients when paid in cash.

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

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

The current cash balance on the County's local program income account as of December 31, 2022 is \$593,911.

NOTE F - 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.

OTTAWA COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

NOTE G - TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2022, the County made allowable transfers of \$123,685 from the Temporary Assistance for Needy Families (TANF) (93.558) program to the Social Services Block Grant (SSBG) (93.667) program. The Schedule shows the County spent approximately \$1,029,896 on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 2022 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$ 1,153,581
Transfer to Social Services Block Grant	<u>(123,685)</u>
Total Temporary Assistance for Needy Families	<u>\$ 1,029,896</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

Ottawa County
315 Madison Street, Suite 103
Port Clinton, Ohio 43452-1942

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 (Government Auditing Standards), the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ottawa County, Ohio (the County) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 25, 2023, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-002 that we consider to be a material weakness.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-001.

County's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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

September 25, 2023

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 EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Ottawa County
315 Madison Street, Suite 103
Port Clinton, Ohio 43452-1942

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Ottawa County, Ohio'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 each of Ottawa County's major federal programs for the year ended December 31, 2022. Ottawa County's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Ottawa County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of 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 each 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 each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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

September 25, 2023

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OTTAWA COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2022

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	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):	WIOA Cluster Formula Grants for Rural Areas and Tribal Transit Program - AL #20.509 Provider Relief Fund - AL #93.498 Temporary Assistance for Needy Families (TANF) - AL #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?	No

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

FINDING NUMBER 2022-001

Noncompliance Citation

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

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

The County prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

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

Officials' Response:

See Corrective Action Plan.

FINDING 2022-002

Material Weakness - Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors requiring adjustment to the basic financial statements and notes to the basic financial statements were identified:

- The American Rescue Plan Act (ARPA) Fund was omitted as a major fund and was instead incorrectly reported as part of Other Governmental Funds (GASB Cod. 2200.159). The Statement of Assets and Fund Balances - Cash Basis Governmental Funds, the Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis Governmental Funds, and the Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance Governmental Funds - Budgetary Basis American Rescue Plan Act (ARPA) Fund have been adjusted to reflect the American Rescue Plan Act (ARPA) Fund as a major fund. The adjustment amounts ranged from \$262,887 to \$7,605,949.

**FINDING 2022-002
(Continued)**

- The Danbury Sewer Operations Fund was omitted as a major fund and was instead incorrectly reported as part of Nonmajor Enterprise Funds (GASB Cod. 2200.159). The Statement of Net Position - Cash Basis Proprietary Funds and the Statement of Receipts, Disbursements and Changes in Net Position - Cash Basis Proprietary Funds have been adjusted to reflect the Danbury Sewer Operations Fund as a major fund. The adjustment amounts ranged from \$6,875 to \$7,207,670.
- General Fund Original Budgeted Amounts for various budgetary basis disbursements accounts were decreased in amounts ranging from \$23,832 to \$1,329,716 in order to bring the amounts reported in the Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance Governmental Funds – Budgetary Basis General Fund line with authorized budget amounts.

These errors were not identified and corrected prior to the County preparing its basic financial statements and notes to the basic financial statements due to deficiencies in the County’s internal controls over financial statement monitoring. The failure to adequately monitor the basic financial statements and notes to the basic financial statements could allow for misstatements to occur and go undetected. The accompanying basic financial statements and notes to the basic financial statements have been adjusted to reflect these changes. In addition to the adjustments noted above, we also identified additional immaterial misstatements ranging from \$1,535 to \$1,615,949 that we have brought to the County’s attention.

The County should adopt policies and procedures, including a final review of the basic financial statements and notes to the basic financial statements to help identify and correct errors and omissions.

Officials’ Response:

See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

None

OTTAWA COUNTY BOARD OF COMMISSIONERS

MARK W. STAHL
419-734-6706

MARK E. COPPELER
419-734-6707

DONALD A. DOUGLAS
419-734-6705



COUNTY ADMINISTRATOR/CLERK
RHONDA SLAUTERBECK
419-734-6720

Main Office: 419-734-6710

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR 200.511(b) DECEMBER 31, 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Finding was initially reported during the audit of the 2009 financial statements. Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B) for reporting on a basis other than generally accepted accounting principles.	Not corrected and reissued as Finding 2022-001 in this report.	This is due to the County choosing to report on a basis other than generally accepted accounting principles due to the additional costs of preparing the financial statements according to generally accepted accounting principles and the current reporting basis having no impact on the County's debt. No corrective action is planned.

OTTAWA COUNTY BOARD OF COMMISSIONERS

MARK W. STAHL
419-734-6706

MARK E. COPPELER
419-734-6707

DONALD A. DOUGLAS
419-734-6705



COUNTY ADMINISTRATOR/CLERK
RHONDA SLAUTERBECK
419-734-6720

Main Office: 419-734-6710

CORRECTIVE ACTION PLAN **2 CFR § 200.511(c)** **DECEMBER 31, 2021**

Finding Number: 2022-001
Planned Corrective Action: No planned corrective action, as management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient and does not present a higher risk for the County's assets and debt.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2022-002
Planned Corrective Action: December 31, 2023
Anticipated Completion Date: The County understands that reporting accurate financial data is imperative and will work with its reporting agency to expand its review process along with additional internal review to ensure proper reporting of all major and nonmajor funds in the financial statements.
Responsible Contact Person: Jennifer Widmer, County Auditor

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OHIO AUDITOR OF STATE KEITH FABER



OTTAWA 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 9/28/2023

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