



OHIO AUDITOR OF STATE
KEITH FABER



**SCIOTO COUNTY
DECEMBER 31, 2021**

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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Scioto County
602 Seventh Street
Portsmouth, Ohio 45662

To the Board of County Commissioners:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Scioto County, Ohio, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the General, Public Assistance, Motor Vehicle Gas Tax, Board of Developmental Disabilities, Children Services, and Local Fiscal Recovery Funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 27 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2022, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
September 27, 2022

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SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

MANAGEMENT'S DISCUSSION AND ANALYSIS

Scioto County's (the "County") discussion and analysis of the annual financial report provides a review of the financial performance for the year ended December 31, 2021.

FINANCIAL HIGHLIGHTS

The net position for business-type activity increased \$5,513,241 during 2021. The increase in 2021 is mainly due to the donation of a pump station and sewer lines. The net position of the County's governmental activities increased \$17,784,720 due to a change in benefit terms in the statewide pension system causing the OPEB liability from 2020 to become an asset in 2021.

General revenue increased mainly due to an increase in sales tax. Sales tax revenue increased due to the economy opening back up significantly in 2021 after COVID shutdowns in 2020.

The governmental activities deferred outflows decreased \$907,388 mainly as a result of changes in assumptions related to OPEB.

The County had \$52,117,674 in expenses related to governmental activities: \$40,767,838 of these expenses were offset by program specific charges for services and sales, grants, and contributions. General revenues (primarily grants and entitlements, property taxes and sales taxes) of \$29,094,887 were more than adequate to provide for these programs. The County had \$4,092,062 in expenses related to its business-type activity; all of which were offset by program specific charges for services and sales along with operating grants and contributions.

USING THIS ANNUAL FINANCIAL REPORT

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

REPORTING THE COUNTY AS A WHOLE

Statement of Net Position and the Statement of Activities

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

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

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2021
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In the Statement of Net Position and the Statement of Activities, the County is divided into two kinds of activities.

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

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

The financial activities of the Scioto County Airport Authority, Scioto County Land Reutilization Corporation, and the Southern Ohio Port Authority are component units of Scioto County, are presented in a single column on the Statement of Net Position and are combined together on the Statement of Activities. The component units are presented in individual columns on the Condensed Component Unit Statements in Note 29. While the County provides services and resources to the Scioto County Airport Authority, Scioto County Land Reutilization Corporation, and the Southern Ohio Port Authority, these discrete presentations are made in order to emphasize that they are still legally separate organizations from the County. However, focus on the government-wide financial statements remains clearly on the County as the primary government.

REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

THE COUNTY AS A WHOLE

As stated previously, the Statement of Net Position looks at the County as a whole. Table 1 provides a summary of the County's net position for 2021 compared to 2020.

Table 1
Net Position

	Governmental Activities		Business-Type Activity		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and						
Other Assets	\$78,788,653	\$71,686,374	\$10,628,539	\$10,257,474	\$89,417,192	\$81,943,848
Net Pension Asset	195,971	131,675	7,945	5,336	203,916	137,011
Net OPEB Asset	2,604,719	94,153	101,269	0	2,705,988	94,153
Investment in						
Joint Venture	442,856	447,204	0	0	442,856	447,204
Capital Assets,						
Net of Depreciation	83,338,809	82,950,211	56,498,556	51,005,770	139,837,365	133,955,981
Total Assets	<u>165,371,008</u>	<u>155,309,617</u>	<u>67,236,309</u>	<u>61,268,580</u>	<u>232,607,317</u>	<u>216,578,197</u>
Deferred Outflows of Resources						
Deferred Charge on						
Refunding	103,334	111,380	954,250	0	1,057,584	111,380
Pension	4,749,685	4,719,314	183,957	191,380	4,933,642	4,910,694
OPEB	1,989,448	2,919,161	81,744	122,972	2,071,192	3,042,133
Total Deferred Outflows	<u>6,842,467</u>	<u>7,749,855</u>	<u>1,219,951</u>	<u>314,352</u>	<u>8,062,418</u>	<u>8,064,207</u>
Liabilities						
Current and Other						
Liabilities	12,151,527	4,558,031	1,290,592	1,244,277	13,442,119	5,802,308
Long-Term Liabilities:						
Due Within						
One Year	1,902,243	1,904,221	718,713	743,425	2,620,956	2,647,646
Due in More Than One Year						
Net Pension Liability	22,518,062	28,706,961	886,654	1,111,247	23,404,716	29,818,208
OPEB Liability	0	18,180,767	0	737,057	0	18,917,824
Other Amounts	4,299,917	4,796,159	21,966,567	20,872,245	26,266,484	25,668,404
Total Liabilities	<u>40,871,749</u>	<u>58,146,139</u>	<u>24,862,526</u>	<u>24,708,251</u>	<u>65,734,275</u>	<u>82,854,390</u>
Deferred Inflows of Resources						
Deferred Charge on Refunding	0	0	853,678	0	853,678	0
Property Taxes	10,402,927	10,142,382	0	0	10,402,927	10,142,382
Revenue in Lieu of Taxes	21,600	21,600	0	0	21,600	21,600
Pension	10,477,788	6,852,700	385,689	237,742	10,863,477	7,090,442
OPEB	7,907,814	3,149,774	309,419	105,232	8,217,233	3,255,006
Total Deferred Inflows	<u>\$28,810,129</u>	<u>\$20,166,456</u>	<u>\$1,548,786</u>	<u>\$342,974</u>	<u>\$30,358,915</u>	<u>\$20,509,430</u>

(continued)

SCIOTO COUNTY, OHIO
Management’s Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

Table 1
Net Position
(Continued)

	Governmental Activities		Business-Type Activity		Total	
	2021	2020	2021	2020	2021	2020
Net Position						
Net Invested in						
Capital Assets	\$79,470,876	\$78,892,015	\$33,342,743	\$29,149,917	\$112,813,619	\$108,041,932
Restricted for:						
Debt Service	49,914	44,591	0	0	49,914	44,591
Capital Projects	1,052,501	1,444,197	0	0	1,052,501	1,444,197
Other Purposes	33,246,899	34,518,495	0	0	33,246,899	34,518,495
Unrestricted (Deficit)	(11,288,593)	(30,152,421)	8,702,205	7,381,790	(2,586,388)	(22,770,631)
Total Net Position	\$102,531,597	\$84,746,877	\$42,044,948	\$36,531,707	\$144,576,545	\$121,278,584

The net pension liability (NPL) is the largest single liability reported by the County at December 31, 2021. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the County is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Total assets of the County’s governmental activities increased \$10,061,391. The County’s current and other assets increased \$7,102,279. The total increase was due to an increase in cash and cash equivalents mainly related to the County receiving money from the American Rescue Plan. Despite receiving over \$7 million dollars in funding, the County only spent a small portion of the funds during 2021. Capital Assets, Net of Depreciation increased \$388,598, mainly due to current year additions exceeding depreciation and current year deletions.

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

The governmental activities deferred outflows decreased \$907,388 mainly as a result of changes in assumptions related to OPEB.

Net position of the County's governmental activities increased \$17,784,720 from the prior year. Net invested in capital assets increased \$578,861 mostly due to current year asset additions exceeding deletions and depreciation along with 2021 debt payments. Unrestricted Net Position increased \$18,863,828 mainly due to a change in benefit terms in the statewide pension system causing the OPEB liability from 2020 to become an asset in 2021.

Net position of the County's business-type activities increased \$5,513,241. Total assets increased \$5,967,729 mainly due to the donation of a pump station and sewer lines. The County's business-type deferred outflows increased \$905,599 and deferred inflows of liabilities increased \$1,205,812, primarily due to deferred charges associated with the refunding debt issued in 2021. Net Invested in Capital Assets increased \$4,192,826 mostly due to current year asset additions exceeding deletions and depreciation along with 2021 debt payments. Unrestricted net position increased \$1,320,415, due to a change in benefit terms in the statewide pension system causing the OPEB liability from 2020 to become an asset in 2021.

Table 2 shows the changes in net position for the years ended December 31, 2021, and 2020.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activity		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Charges for Services and Sales	\$8,400,224	\$7,637,651	\$5,681,625	\$5,867,030	\$14,081,849	\$13,504,681
Operating Grants and Contributions	29,542,270	31,889,604	0	0	29,542,270	31,889,604
Capital Grants and Contributions	2,825,344	3,380,233	3,868,000	0	6,693,344	3,380,233
Total Program Revenues	40,767,838	42,907,488	9,549,625	5,867,030	50,317,463	48,774,518
General Revenues:						
Property Taxes	10,496,203	10,359,376	0	0	10,496,203	10,359,376
Other Local Taxes	807,388	672,205	0	0	807,388	672,205
Sales Tax	14,398,490	12,641,953	0	0	14,398,490	12,641,953
Revenue in Lieu of Taxes	2,112	2,059	0	0	2,112	2,059
Grants and Entitlements not Restricted to Specific Programs	2,391,775	1,677,849	0	0	2,391,775	1,677,849
Interest	(25,597)	205,437	0	0	(25,597)	205,437
Miscellaneous	1,024,516	2,314,256	95,347	126,818	1,119,863	2,441,074
Total General Revenues	29,094,887	27,873,135	95,347	126,818	29,190,234	27,999,953
Total Revenues	\$69,862,725	\$70,780,623	\$9,644,972	\$5,993,848	\$79,507,697	\$76,774,471

(continued)

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

Table 2
Changes in Net Position
(Continued)

	Governmental Activities		Business-Type Activity		Total	
	2021	2020	2021	2020	2021	2020
Program Expenses						
General Government:						
Legislative and Executive - Primary Government	\$8,196,970	\$11,518,055	\$0	\$0	\$8,196,970	\$11,518,055
Legislative and Executive - Intergovernmental	0	508,116	0	0	0	508,116
Judicial	1,444,014	3,473,520	0	0	1,444,014	3,473,520
Public Safety:						
Sheriff	8,015,615	7,704,096	0	0	8,015,615	7,704,096
Other	(1,728,057)	2,746,931	0	0	(1,728,057)	2,746,931
Public Works	7,542,847	9,363,534	0	0	7,542,847	9,363,534
Health - Primary Government	8,475,361	10,694,545	0	0	8,475,361	10,694,545
Health - Intergovernmental	208,907	332,372	0	0	208,907	332,372
Human Services	17,502,583	18,649,812	0	0	17,502,583	18,649,812
Conservation and Recreation	115,675	398,753	0	0	115,675	398,753
Economic Development and Assistance	1,511,327	1,218,569	0	0	1,511,327	1,218,569
Transportation	642,559	861,322	0	0	642,559	861,322
Interest and Fiscal Charges	189,873	209,750	0	0	189,873	209,750
Sewer	0	0	4,092,062	4,438,936	4,092,062	4,438,936
Total Expenses	<u>52,117,674</u>	<u>67,679,375</u>	<u>4,092,062</u>	<u>4,438,936</u>	<u>56,209,736</u>	<u>72,118,311</u>
Change in Net Position						
Before Transfers	17,745,051	3,101,248	5,552,910	1,554,912	23,297,961	4,656,160
Transfers	39,669	0	(39,669)	0	0	0
Change in Net Position	<u>17,784,720</u>	<u>3,101,248</u>	<u>5,513,241</u>	<u>1,554,912</u>	<u>23,297,961</u>	<u>4,656,160</u>
Net Position at Beginning of Year	84,746,877	81,645,629	36,531,707	34,976,795	121,278,584	116,622,424
Net Position at End of Year	<u>\$102,531,597</u>	<u>\$84,746,877</u>	<u>\$42,044,948</u>	<u>\$36,531,707</u>	<u>\$144,576,545</u>	<u>\$121,278,584</u>

Governmental Activities

The County's direct charges to users of governmental services are \$8,400,224 of total governmental revenues for 2021. These charges are for fees for real estate transfers, fees associated with the collection of property taxes, recording fees, sheriff contracts, transportation fees, fines and forfeitures related to judicial activity, housing fees for prisoners from other jurisdictions, and licenses and permits.

Operating grants and contributions restricted to specific programs is the largest source of revenue for Scioto County. The major recipients of operating grants and contributions were the Public Assistance, Motor Vehicle Gas Tax, Board of Developmental Disabilities, and Children Services Funds. Operating grants and contributions decreased \$2,347,334, which is mainly due to the County receiving less CARES Act monies in 2021 compared to 2020.

General revenues increased \$1,221,752. Revenue increased mainly due to an increase in sales tax. Sales tax revenue increased due to the economy opening back up significantly in 2021 after COVID shutdowns in 2020.

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

Legislative and Executive made up \$8,196,970 of total expenses and decreased \$3,829,201 compared to 2020. Health accounted for \$8,684,268 of total expenses for governmental activities and decreased \$2,342,649. Overall, expenses decreased \$15,561,701 mainly as a result of changes in assumptions for healthcare costs related to OPEB in the OPERS pension system. Public Safety-Other was significantly affected by these changes with a decrease of \$4,474,988 compared to the prior year.

Business-Type Activity

The net position for business-type activity increased \$5,513,241 during 2021. The increase in 2021 is mainly due to the donation of capital assets.

THE COUNTY'S FUNDS

Information about the County's major governmental funds begins on page 18. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$71,539,775 and expenditures of \$70,609,961.

The General Fund balance increased \$177,329 in 2021, which was mostly due to a increase in revenue in 2021 when compared to 2020. Revenue increased mainly due to an increase in sales tax which is due to the economy opening back up significantly in 2021 after COVID shutdowns in 2020.

The Public Assistance fund balance increased \$96,542, which was mostly due to an increase in State funding during 2021.

The Motor Vehicle Gas Tax fund balance increased \$1,143,176 mainly due to fewer transfers being necessary to support projects in 2021 compared to 2020.

The Board of Developmental Disabilities fund balance increased \$967,768 in 2021. The fund balance increased mainly due to receiving money from the State Department of Developmental Disabilities after reconciling revenue allocations compared to services provided.

The Children Services Fund balance decreased \$1,439,605, which is mainly due to an increase in expenditures. Even though revenues increased, expenditures also increased as a result of increased services provided to more children during 2021 compared to 2020.

The Local Fiscal Recovery Fund had no net change. This is a new fund during 2021. There was no fund balance as all unspent monies at December 31, 2021, are recorded as unearned revenues.

The Sewer Funds net position increased \$5,513,241 mainly due to capital contributions from another government.

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

General Fund Budgeting Highlights

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

During 2021, the County amended its General Fund budget as needed. There was an increase from original budget revenue amounts to the final budget revenue amounts of \$1,200,000 in transfers. The increase from the final budget revenue to the actual revenues is mainly due to an increase in sales tax revenue. Sales tax revenue increased due to the economy opening back up significantly in 2021 after COVID shutdowns in 2020.

Total variance from original budget expenditure amounts to the final budget expenditure amounts increased mostly in legislative and executive due to greater costs associated with various purposes such as utilities, maintenance, supplies and health insurance costs which were not anticipated in the original budget. The variances from final budget expenditure amounts to actual amounts decreased in all expenditure categories with the largest in legislative and executive. This decrease was mainly due monitoring expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

During 2021, the County had additions in nondepreciable and depreciable assets of \$98,340 and \$4,912,574, respectively, in the governmental activities. These were mainly the result of furniture, fixtures and equipment along with infrastructure additions.

The additions to construction in progress and depreciable assets consisted of \$2,335,181 and \$6,067,487, respectively, in the business-type activities. These were related to sewer construction projects, along with equipment and vehicle additions that occurred during the year. See Note 10 of the notes to the basic financial statements for more detailed capital assets information.

Debt

At December 31, 2021, Scioto County had \$3,842,021 in long-term debt outstanding in governmental activities. This included \$3,573,240 of general obligation bonds and premium and \$268,781 in capital leases.

The amount of long-term debt in the business-type activity was \$22,562,660 which consisted of \$3,901,083 in general obligation bonds, \$862,742 in Ohio Public Works Commission (OPWC) loans, and \$17,798,835 in the Ohio Water Development Authority (OWDA) and the United States Department of Agriculture (USDA) loans.

The County's total legal debt margin was \$28,448,475 with an unvoted debt margin of \$11,885,260 at December 31, 2021.

SCIOTO COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

The County's long-term obligations also included compensated absences and net pension/OPEB liability for governmental and business-type activities.

See Notes 16 and 17 of the notes to the basic financial statements for more detailed information.

CURRENT ISSUES

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

CONTACTING THE COUNTY AUDITOR'S OFFICE

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

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SCIOTO COUNTY, OHIO
Statement of Net Position
December 31, 2021

	Primary Government			Component Units
	Governmental Activities	Business-Type Activity	Total	
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$50,471,229	\$7,732,849	\$58,204,078	\$357,895
Cash and Cash Equivalents in Segregated Accounts	202,321	324,356	526,677	0
Cash and Cash Equivalents with Fiscal Agent	0	0	0	4,322
Cash and Cash Equivalents with Trustee-Restricted Asset	0	0	0	4,329,800
Accrued Interest Receivable	24,090	0	24,090	0
Materials and Supplies Inventory	877,273	23,285	900,558	0
Accounts Receivable	119,549	2,205,402	2,324,951	784
Prepaid Items	535,514	87,272	622,786	893
Sales Tax Receivable	3,720,866	0	3,720,866	0
Property Taxes Receivable	12,594,318	0	12,594,318	0
Revenue in Lieu of Taxes Receivable	21,600	0	21,600	0
Due from Other Governments	10,035,409	255,375	10,290,784	1,864
Dividends Receivable	0	0	0	92
Loans Receivable	186,484	0	186,484	0
Investment in Joint Venture	442,856	0	442,856	0
Unamortized Bond Discount	0	0	0	76,604
Assets Held for Resale	0	0	0	2,076,543
Net Pension Asset	195,971	7,945	203,916	0
Net OPEB Asset	2,604,719	101,269	2,705,988	0
Capital Assets:				
Land and Construction in Progress	2,062,296	2,466,959	4,529,255	2,844,020
Depreciable Capital Assets, Net	81,276,513	54,031,597	135,308,110	1,983,532
Total Assets	165,371,008	67,236,309	232,607,317	11,676,349
<u>Deferred Outflows Of Resources:</u>				
Deferred Charge On Refunding	103,334	954,250	1,057,584	0
Pension	4,749,685	183,957	4,933,642	0
OPEB	1,989,448	81,744	2,071,192	0
Total Deferred Outflows of Resources	6,842,467	1,219,951	8,062,418	0
<u>Liabilities:</u>				
Accounts Payable	2,400,664	116,604	2,517,268	6,666
Contracts Payable	1,184,905	717,374	1,902,279	37,404
Accrued Wages Payable	350,215	0	350,215	0
Due to Other Governments	712,531	53,723	766,254	0
Payroll Withholdings	252,732	9,880	262,612	0
Accrued Interest Payable	18,974	289,136	308,110	0
Matured Compensated Absences Payable	62,054	0	62,054	0
Compensatory Time Payable	138,855	32,433	171,288	0
Retainage Payable	79,983	71,442	151,425	0
Accrued Liabilities	0	0	0	64,922
Due to Grantors	0	0	0	39,264
Unearned Revenue	6,950,614	0	6,950,614	18,965
Long-Term Liabilities:				
Due Within One Year	1,902,243	718,713	2,620,956	0
Due in More Than One Year:				
Net Pension Liability	22,518,062	886,654	23,404,716	0
Other Amounts	4,299,917	21,966,567	26,266,484	6,100,000
Total Liabilities	40,871,749	24,862,526	65,734,275	6,267,221
<u>Deferred Inflows Of Resources:</u>				
Deferred Charge on Refunding	0	853,678	853,678	0
Property Taxes	10,402,927	0	10,402,927	0
Revenue In Lieu Of Taxes	21,600	0	21,600	0
Pension	10,477,788	385,689	10,863,477	0
OPEB	7,907,814	309,419	8,217,233	700
Total Deferred Inflows Of Resources	28,810,129	1,548,786	30,358,915	700
<u>Net Position:</u>				
Net Investment in Capital Assets	79,470,876	33,342,743	112,813,619	3,086,430
Restricted for:				
Debt Service	49,914	0	49,914	0
Capital Projects	1,052,501	0	1,052,501	0
Public Safety	2,723,086	0	2,723,086	0
Human Services	5,942,617	0	5,942,617	0
Public Works	8,483,394	0	8,483,394	0
Health	11,255,129	0	11,255,129	0
Community and Economic Development	769,997	0	769,997	10,869
Transportation	834,750	0	834,750	0
Judicial	854,501	0	854,501	0
Legislative and Executive	2,261,572	0	2,261,572	0
Conservation and Recreation	121,853	0	121,853	0
Unrestricted (Deficit)	(11,288,593)	8,702,205	(2,586,388)	2,311,129
Total Net Position	\$102,531,597	\$42,044,948	\$144,576,545	\$5,408,428

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Activities
For the Year Ended December 31, 2021

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<i>Governmental Activities:</i>				
General Government:				
Legislative and Executive	\$8,196,970	\$2,115,560	\$223	\$0
Judicial	1,444,014	1,285,349	966,731	0
Public Safety:				
Sheriff	8,015,615	2,942,493	271,220	0
Other	(1,728,057)	469,355	894,568	0
Public Works	7,542,847	202,257	6,040,009	2,825,344
Health:				
Primary Government	8,475,361	245,161	3,537,621	0
Intergovernmental	208,907	0	0	0
Human Services	17,502,583	707,436	16,377,919	0
Conservation and Recreation	115,675	21,018	97,729	0
Economic Development and Assistance	1,511,327	78,406	380,849	0
Transportation	642,559	333,189	975,401	0
Interest and Fiscal Charges	189,873	0	0	0
<i>Total Governmental Activities</i>	52,117,674	8,400,224	29,542,270	2,825,344
<i>Business-Type Activity:</i>				
Sewer	4,092,062	5,681,625	0	3,868,000
<i>Total Primary Government</i>	\$56,209,736	\$14,081,849	\$29,542,270	\$6,693,344
<i>Component Units</i>	\$1,760,167	\$387,428	\$1,179,692	\$28,231

General Revenues:

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

Total General Revenues

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-Type Activity	Total	Component Units
(\$6,081,187)	\$0	(\$6,081,187)	\$0
808,066	0	808,066	0
(4,801,902)	0	(4,801,902)	0
3,091,980	0	3,091,980	0
1,524,763	0	1,524,763	0
(4,692,579)	0	(4,692,579)	0
(208,907)	0	(208,907)	0
(417,228)	0	(417,228)	0
3,072	0	3,072	0
(1,052,072)	0	(1,052,072)	0
666,031	0	666,031	0
(189,873)	0	(189,873)	0
(11,349,836)	0	(11,349,836)	0
0	5,457,563	5,457,563	0
(11,349,836)	5,457,563	(5,892,273)	0
0	0	0	(164,816)
2,255,923	0	2,255,923	0
6,449,439	0	6,449,439	0
1,102,967	0	1,102,967	0
687,874	0	687,874	0
807,388	0	807,388	0
14,398,490	0	14,398,490	0
2,112	0	2,112	0
2,391,775	0	2,391,775	0
(25,597)	0	(25,597)	625
1,024,516	95,347	1,119,863	314
39,669	(39,669)	0	0
29,134,556	55,678	29,190,234	939
17,784,720	5,513,241	23,297,961	(163,877)
84,746,877	36,531,707	121,278,584	5,572,305
\$102,531,597	\$42,044,948	\$144,576,545	\$5,408,428

SCIOTO COUNTY, OHIO

Balance Sheet
Governmental Funds
December 31, 2021

	General Fund	Public Assistance Fund	Motor Vehicle Gas Tax Fund	Board of Developmental Disabilities Fund
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$15,024,403	\$1,286,720	\$4,986,842	\$8,724,168
Cash and Cash Equivalents in				
Segregated Accounts	67,181	0	0	0
Receivables:				
Sales Tax	3,720,866	0	0	0
Property Taxes	2,772,220	0	0	7,736,189
Accounts	71,661	0	1,568	7,989
Accrued Interest	24,090	0	0	0
Interfund	54,886	11,371	0	0
Revenue in Lieu of Taxes	0	0	0	14,400
Due from Other Governments	1,304,707	858,099	3,009,583	1,531,669
Prepaid Items	284,510	50,077	21,340	67,905
Materials and Supplies Inventory	96,786	22,764	737,269	9,119
Loans Receivable	122,500	0	34,134	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	401,218	0	0	0
Total Assets	\$23,945,028	\$2,229,031	\$8,790,736	\$18,091,439
<u>Liabilities:</u>				
Accounts Payable	\$497,261	\$240,940	\$46,794	\$131,297
Contracts Payable	0	0	0	29,381
Accrued Wages Payable	83,538	60,304	26,030	121,203
Due to Other Governments	308,373	62,182	29,657	196,605
Payroll Withholdings	126,275	27,375	12,037	31,228
Interfund Payable	19,658	437,756	32	0
Retainage Payable	0	0	0	0
Matured Compensated Absences Payable	0	10,774	0	50,900
Unearned Revenue	0	0	0	0
Total Liabilities	1,035,105	839,331	114,550	560,614
<u>Deferred Inflows of Resources:</u>				
Property Taxes not Levied to Finance Current				
Year Operations	2,267,540	0	0	6,404,581
Payment in Lieu of Taxes not Intended to Finance				
Current Year Operations	0	0	0	14,400
Unavailable Revenue	2,616,636	6,468	2,066,294	2,536,048
Total Deferred Inflows of Resources	4,884,176	6,468	2,066,294	8,955,029
<u>Fund Balances:</u>				
Nonspendable	887,514	72,841	758,609	77,024
Restricted	0	1,310,391	5,851,283	8,498,772
Committed	0	0	0	0
Assigned	743,941	0	0	0
Unassigned (Deficit)	16,394,292	0	0	0
Total Fund Balances	18,025,747	1,383,232	6,609,892	8,575,796
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$23,945,028	\$2,229,031	\$8,790,736	\$18,091,439

See Accompanying Notes to the Basic Financial Statements

Children Services Fund	Local Fiscal Recovery Fund	Nonmajor Governmental Funds	Total
\$700,106	\$6,933,582	\$12,414,190	\$50,070,011
0	0	135,140	202,321
0	0	0	3,720,866
1,283,794	0	802,115	12,594,318
283	0	38,048	119,549
0	0	0	24,090
359,071	0	105,649	530,977
3,600	0	3,600	21,600
1,022,219	0	2,309,132	10,035,409
16,256	0	95,426	535,514
0	0	11,335	877,273
0	0	29,850	186,484
0	0	0	401,218
<u>\$3,385,329</u>	<u>\$6,933,582</u>	<u>\$15,944,485</u>	<u>\$79,319,630</u>
\$1,258,433	\$0	\$225,939	\$2,400,664
0	0	1,155,524	1,184,905
24,909	0	34,231	350,215
38,491	0	77,223	712,531
16,036	0	39,781	252,732
0	0	73,531	530,977
0	0	79,983	79,983
0	0	380	62,054
17,032	6,933,582	0	6,950,614
<u>1,354,901</u>	<u>6,933,582</u>	<u>1,686,592</u>	<u>12,524,675</u>
1,061,286	0	669,520	10,402,927
3,600	0	3,600	21,600
847,829	0	815,702	8,888,977
<u>1,912,715</u>	<u>0</u>	<u>1,488,822</u>	<u>19,313,504</u>
16,256	0	106,761	1,919,005
101,457	0	12,354,865	28,116,768
0	0	322,068	322,068
0	0	5,197	749,138
0	0	(19,820)	16,374,472
<u>117,713</u>	<u>0</u>	<u>12,769,071</u>	<u>47,481,451</u>
<u>\$3,385,329</u>	<u>\$6,933,582</u>	<u>\$15,944,485</u>	<u>\$79,319,630</u>

SCIOTO COUNTY, OHIO
 Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2021

Total Governmental Fund Balances		\$47,481,451
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		83,338,809
The County has an investment interest in joint venture assets, which is part of the County's overall governmental activities.		442,856
Other long-term assets will not be available to pay current-period expenditures and, therefore, are offset by deferred inflows of resources in the funds:		
Sales tax	1,295,339	
Delinquent property taxes	2,191,391	
Accounts	56,319	
Intergovernmental	5,338,769	
Interest	7,159	
Total		8,888,977
Deferred Outflows of Resources represent deferred charges on refundings which do not provide current year financial resources and, therefore, are not reported in the funds.		103,334
In the Statement of Activities, interest is accrued on long-term debt, whereas in governmental funds, an interest expenditure is reported when due.		(18,974)
The net pension and net OPEB liabilities (asset) are not due and payable in the current period; therefore, the liabilities (asset) and related deferred inflows/outflows are not reported in governmental funds.		
Net Pension Asset	195,971	
Net OPEB Asset	2,604,719	
Deferred Outflows - Pension	4,749,685	
Deferred Outflows - OPEB	1,989,448	
Net Pension Liability	(22,518,062)	
Deferred Inflows - Pension	(10,477,788)	
Deferred Inflows - OPEB	(7,907,814)	
Total		(31,363,841)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Bonds payable	(3,573,240)	
Capital leases payable	(268,781)	
Compensated absences	(2,341,562)	
Accrued compensatory time payable	(138,855)	
Workers' compensation claims payable	(18,577)	
Total liabilities		(6,341,015)
Net Position of Governmental Activities		\$102,531,597

See Accompanying Notes to the Basic Financial Statements

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SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General Fund	Public Assistance Fund	Motor Vehicle Gas Tax Fund	Board of Developmental Disabilities Fund
<u>Revenues:</u>				
Property Taxes	\$2,277,476	\$0	\$0	\$6,508,304
Other Local Taxes	807,388	0	0	0
Sales Tax	14,339,792	0	0	0
Revenue in Lieu of Taxes	0	0	0	0
Charges for Services	2,582,508	115,510	198,003	140,561
Licenses and Permits	5,268	0	0	0
Fines and Forfeitures	200,588	0	4,254	0
Intergovernmental	2,889,659	9,927,296	6,062,711	4,560,631
Interest	(45,199)	0	8,748	314
Rent	92,170	0	0	39,218
Contributions and Donations	0	0	0	15,550
Miscellaneous	573,465	14,818	2,200	275,762
Total Revenues	23,723,115	10,057,624	6,275,916	11,540,340
<u>Expenditures:</u>				
Current:				
General Government:				
Legislative and Executive	10,333,517	0	0	0
Judicial	2,765,924	0	0	0
Public Safety:				
Sheriff	5,432,746	0	0	0
Other	1,516,560	0	0	0
Public Works	0	0	4,367,715	0
Health	397,353	0	0	10,516,432
Human Services	494,656	10,071,334	0	0
Conservation and Recreation	342,824	0	0	0
Economic Development and Assistance	932,991	0	0	0
Transportation	0	0	0	0
Capital Outlay	7,161	0	0	29,381
Debt Service:				
Principal Retirement	18,330	0	0	15,795
Interest and Fiscal Charges	2,232	0	0	10,964
Payment to Refunded Bond Escrow Agent	0	0	0	0
Total Expenditures	22,244,294	10,071,334	4,367,715	10,572,572
Excess of Revenues Over (Under) Expenditures	1,478,821	(13,710)	1,908,201	967,768
<u>Other Financing Sources (Uses):</u>				
Inception of Capital Lease	7,161	0	0	0
Transfers In	0	170,894	0	0
Payment to Refunded Bonds Escrow Agent	0	0	0	0
Refunding Bonds Issued	0	0	0	0
Premium on Issuance of Debt	0	0	0	0
Transfers Out	(1,308,653)	(60,642)	(765,025)	0
Total Other Financing Sources (Uses)	(1,301,492)	110,252	(765,025)	0
Net Change in Fund Balances	177,329	96,542	1,143,176	967,768
Fund Balances at Beginning of Year	17,848,418	1,286,690	5,466,716	7,608,028
Fund Balances at End of Year	\$18,025,747	\$1,383,232	\$6,609,892	\$8,575,796

See Accompanying Notes to the Basic Financial Statements

Children Services Fund	Local Fiscal Recovery Fund	Nonmajor Governmental Funds	Total
\$1,112,877	\$0	\$693,746	\$10,592,403
0	0	0	807,388
0	0	0	14,339,792
312	0	1,800	2,112
359,071	0	4,300,171	7,695,824
0	0	68,093	73,361
0	0	346,804	551,646
5,319,684	380,849	7,206,279	36,347,109
0	8,351	8,300	(19,486)
0	0	0	131,388
29,337	0	2,825	47,712
1,263	0	103,018	970,526
<u>6,822,544</u>	<u>389,200</u>	<u>12,731,036</u>	<u>71,539,775</u>
0	0	1,322,341	11,655,858
0	0	534,691	3,300,615
0	0	3,017,896	8,450,642
0	0	1,446,019	2,962,579
0	0	2,027,390	6,395,105
0	0	671,465	11,585,250
8,262,149	0	1,932,737	20,760,876
0	0	0	342,824
0	175,000	489,438	1,597,429
0	0	829,843	829,843
0	214,200	1,652,043	1,902,785
0	0	605,607	639,732
0	0	167,914	181,110
0	0	5,313	5,313
<u>8,262,149</u>	<u>389,200</u>	<u>14,702,697</u>	<u>70,609,961</u>
<u>(1,439,605)</u>	<u>0</u>	<u>(1,971,661)</u>	<u>929,814</u>
0	0	0	7,161
0	0	2,109,165	2,280,059
0	0	(250,708)	(250,708)
0	0	230,000	230,000
0	0	23,943	23,943
0	0	(106,070)	(2,240,390)
<u>0</u>	<u>0</u>	<u>2,006,330</u>	<u>50,065</u>
(1,439,605)	0	34,669	979,879
<u>1,557,318</u>	<u>0</u>	<u>12,734,402</u>	<u>46,501,572</u>
<u>\$117,713</u>	<u>\$0</u>	<u>\$12,769,071</u>	<u>\$47,481,451</u>

SCIOTO COUNTY, OHIO
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2021

Net Change in Fund Balances - Total Governmental Funds		\$979,879
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital assets additions	3,917,874	
Construction in progress additions	93,040	
Capital asset donated by organization	1,000,000	
Depreciation expense	<u>(4,440,998)</u>	
Excess of capital outlay over depreciation expense		569,916
Governmental funds report only the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each sale.		
		(245)
Certain Construction in Progress Assets were not classified as Depreciable Assets. Abandoned construction in progress		
		(181,073)
Because some revenues will not be collected for several months after the County's year ends, they are not considered "available" revenues and are therefore recorded as deferred inflows of resources in the funds. Deferred inflows of resources related to the following items changed by the amounts shown below:		
Delinquent property taxes	(96,200)	
Sales tax	58,698	
Investment Earnings	(6,111)	
Charges for services	(45,565)	
Rentals	(6,430)	
Intergovernmental	(1,635,432)	
Miscellaneous	<u>53,990</u>	
Total revenues		(1,677,050)
The decrease in the County's investment interest of its joint venture is not reported in the governmental fund statements but is included in program expenses in the Statement of Activities.		
		(4,348)
The issuance of long-term debt provides current financial resources to governmental funds, but in the Statement of Net Position, the debt is reported as a liability.		
Proceeds of general obligation refunding bonds	(230,000)	
Premium on general obligation refunding bonds	<u>(23,943)</u>	
Total		(253,943)
Some capital assets were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Position, the lease obligation is reported as a liability.		
		(7,161)
Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.		
Pension	3,239,388	
OPEB	<u>7,366</u>	
Total		3,246,754
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability (asset) are reported as pension expense in the Statement of Activities.		
Pension	(580,910)	
OPEB	<u>14,996,214</u>	
Total		14,415,304
Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consist of:		
Payment to Refunded Bond Escrow Agent	256,021	
Bond principal payments	485,000	
Capital lease payments	<u>154,732</u>	
Total long-term debt repayments		\$895,753

(continued)

SCIOTO COUNTY, OHIO
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended December 31, 2021
 (Continued)

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

	Increase in compensated absences payable	(\$114,910)	
	Increase in accrued compensatory time payable	(56,816)	
	Increase in workers' compensation claims payable	(18,577)	
Total		(190,303)	(190,303)

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

	Decrease in accrued interest	2,225	
	Amortization of Deferred Charge on Refunding	(14,067)	
	Amortization of premium on general obligation bonds	3,079	
Total		(8,763)	(8,763)

Change in Net Position of Governmental Activities	\$17,784,720
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See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$1,980,000	\$1,980,000	\$2,265,219	\$285,219
Other Local Taxes	502,500	502,500	807,388	304,888
Sales Tax	11,000,000	11,000,000	14,117,929	3,117,929
Charges for Services	1,290,100	1,290,100	1,760,700	470,600
Licenses and Permits	4,000	4,000	5,268	1,268
Fines and Forfeitures	201,000	201,000	199,479	(1,521)
Intergovernmental	2,236,250	2,236,250	2,810,202	573,952
Interest	125,000	125,000	122,523	(2,477)
Rent	0	0	99,670	99,670
Miscellaneous	13,400	13,400	294,247	280,847
Total Revenues	17,352,250	17,352,250	22,482,625	5,130,375
<u>Expenditures:</u>				
Current:				
General Government:				
Legislative and Executive	7,854,075	11,918,822	10,573,010	1,345,812
Judicial	2,404,983	2,718,247	2,434,463	283,784
Public Safety:				
Sheriff	3,921,546	5,702,193	5,603,910	98,283
Other	1,324,156	1,639,531	1,546,682	92,849
Health	380,737	426,027	416,508	9,519
Human Services	524,019	608,364	599,512	8,852
Conservation and Recreation	220,050	287,937	272,127	15,810
Economic Development and Assistance	50,870	969,914	932,284	37,630
Total Expenditures	16,680,436	24,271,035	22,378,496	1,892,539
Excess of Revenues Over (Under) Expenditures	671,814	(6,918,785)	104,129	7,022,914
<u>Other Financing Sources (Uses):</u>				
Transfers In	0	1,200,000	1,289,695	89,695
Transfers Out	(1,000,000)	(1,369,310)	(1,369,313)	(3)
Total Other Financing Sources (Uses)	(1,000,000)	(169,310)	(79,618)	89,692
Net Change in Fund Balance	(328,186)	(7,088,095)	24,511	7,112,606
Fund Balance at Beginning of Year	7,353,766	7,353,766	7,353,766	0
Prior Year Encumbrances Appropriated	324,185	324,185	324,185	0
Fund Balance at End of Year	\$7,349,765	\$589,856	\$7,702,462	\$7,112,606

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Public Assistance Special Revenue Fund
For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<i>Original</i>	<i>Final</i>		
<u>Revenues:</u>				
Charges for Services	\$150,000	\$150,000	\$146,634	(\$3,366)
Intergovernmental	9,750,000	9,463,870	9,381,559	(82,311)
Miscellaneous	100,000	100,000	14,818	(85,182)
<i>Total Revenues</i>	10,000,000	9,713,870	9,543,011	(170,859)
<u>Expenditures:</u>				
Current:				
Human Services	10,710,575	11,322,623	10,715,632	606,991
Excess of Revenues Under Expenditures	(710,575)	(1,608,753)	(1,172,621)	436,132
<u>Other Financing Sources (Uses):</u>				
Transfers In	0	0	170,894	170,894
Transfers Out	(220,000)	(61,000)	(60,642)	358
<i>Total Other Financing Sources (Uses)</i>	(220,000)	(61,000)	110,252	171,252
<i>Net Change in Fund Balance</i>	(930,575)	(1,669,753)	(1,062,369)	607,384
<i>Fund Balance at Beginning of Year</i>	820,058	820,058	820,058	0
<i>Prior Year Encumbrances Appropriated</i>	930,575	930,575	930,575	0
<i>Fund Balance at End of Year</i>	<u>\$820,058</u>	<u>\$80,880</u>	<u>\$688,264</u>	<u>\$607,384</u>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Motor Vehicle Gas Tax Special Revenue Fund
For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<i>Original</i>	<i>Final</i>		
<u>Revenues:</u>				
Charges for Services	\$0	\$0	\$11,966	\$11,966
Fines and Forfeitures	5,000	5,000	3,949	(1,051)
Intergovernmental	4,690,000	4,690,000	6,017,546	1,327,546
Interest	5,000	5,000	8,445	3,445
Miscellaneous	0	0	36,335	36,335
<i>Total Revenues</i>	4,700,000	4,700,000	6,078,241	1,378,241
<u>Expenditures:</u>				
Current:				
Public Works	4,778,673	5,421,815	4,483,052	938,763
Excess of Revenues Over (Under) Expenditures	(78,673)	(721,815)	1,595,189	2,317,004
<u>Other Financing Uses:</u>				
Transfers Out	(571,066)	(770,500)	(765,025)	5,475
<i>Net Change in Fund Balance</i>	(649,739)	(1,492,315)	830,164	2,322,479
<i>Fund Balance at Beginning of Year</i>	3,522,174	3,522,174	3,522,174	0
<i>Prior Year Encumbrances Appropriated</i>	149,738	149,738	149,738	0
<i>Fund Balance at End of Year</i>	<u>\$3,022,173</u>	<u>\$2,179,597</u>	<u>\$4,502,076</u>	<u>\$2,322,479</u>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Board of Developmental Disabilities Special Revenue Fund
For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<i>Original</i>	<i>Final</i>		
<u>Revenues:</u>				
Property Taxes	\$5,878,000	\$5,878,000	\$6,485,217	\$607,217
Charges for Services	295,000	295,000	171,816	(123,184)
Intergovernmental	3,415,548	3,415,548	4,530,346	1,114,798
Rent	50,000	50,000	41,740	(8,260)
Contributions and Donations	15,000	15,000	14,400	(600)
Miscellaneous	165,000	165,000	173,564	8,564
<i>Total Revenues</i>	9,818,548	9,818,548	11,417,083	1,598,535
<u>Expenditures:</u>				
Current:				
Health	10,371,811	11,370,925	10,624,453	746,472
Excess of Revenues Over (Under) Expenditures	(553,263)	(1,552,377)	792,630	2,345,007
<u>Other Financing Uses:</u>				
Transfers Out	(100,000)	(100,000)	(100,000)	0
<i>Net Change in Fund Balance</i>	(653,263)	(1,652,377)	692,630	2,345,007
<i>Fund Balance at Beginning of Year</i>	7,100,294	7,100,294	7,100,294	0
<i>Prior Year Encumbrances Appropriated</i>	150,003	150,003	150,003	0
<i>Fund Balance at End of Year</i>	<u>\$6,597,034</u>	<u>\$5,597,920</u>	<u>\$7,942,927</u>	<u>\$2,345,007</u>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Children Services Special Revenue Fund
For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<i>Actual</i>	<i>Variance Positive (Negative)</i>
	<i>Original</i>	<i>Final</i>		
<u>Revenues:</u>				
Property Taxes	\$1,050,000	\$1,050,000	\$1,108,534	\$58,534
Revenue in Lieu of Taxes	249	249	312	63
Intergovernmental	3,834,000	4,977,000	5,478,645	501,645
Contributions and Donations	9,500	9,500	15,595	6,095
Miscellaneous	5,000	5,000	1,910	(3,090)
<i>Total Revenues</i>	4,898,749	6,041,749	6,604,996	563,247
<u>Expenditures:</u>				
Current:				
Human Services	6,284,840	7,473,757	8,042,997	(569,240)
<i>Net Change in Fund Balance</i>	(1,386,091)	(1,432,008)	(1,438,001)	(5,993)
<i>Fund Balance at Beginning of Year</i>	1,369,778	1,369,778	1,369,778	0
<i>Prior Year Encumbrances Appropriated</i>	62,230	62,230	62,230	0
<i>Fund Balance at End of Year</i>	<u>\$45,917</u>	<u>\$0</u>	<u>(\$5,993)</u>	<u>(\$5,993)</u>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Local Fiscal Recovery Special Revenue Fund
For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Intergovernmental	\$7,314,431	\$7,314,431	\$7,314,431	\$0
Interest	0	0	7,340	7,340
<i>Total Revenues</i>	<u>7,314,431</u>	<u>7,314,431</u>	<u>7,321,771</u>	<u>7,340</u>
<u>Expenditures:</u>				
Current:				
General Government				
Economic Development and Assistance	25,000	175,000	175,000	0
Capital Outlay	210,000	947,694	722,520	225,174
<i>Total Expenditures</i>	<u>235,000</u>	<u>1,122,694</u>	<u>897,520</u>	<u>225,174</u>
<i>Net Change in Fund Balance</i>	7,079,431	6,191,737	6,424,251	232,514
<i>Fund Balance at Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$7,079,431</u></u>	<u><u>\$6,191,737</u></u>	<u><u>\$6,424,251</u></u>	<u><u>\$232,514</u></u>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Fund Net Position
Enterprise Fund
December 31, 2021

	<i>Sewer Fund</i>
<u>Current Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$7,732,849
Cash and Cash Equivalents in Segregated Accounts	324,356
Materials and Supplies Inventory	23,285
Accounts Receivable	2,205,402
Due from Other Governments	255,375
Prepaid Items	87,272
<i>Total Current Assets</i>	<u>10,628,539</u>
<u>Non Current Assets:</u>	
Net Pension Asset	7,945
Net OPEB Asset	101,269
Capital Assets:	
Nondepreciable Capital Assets	2,466,959
Depreciable Capital Assets, Net	54,031,597
<i>Total Non Current Assets</i>	<u>56,607,770</u>
<i>Total Assets</i>	<u>67,236,309</u>
<u>Deferred Outflows of Resources:</u>	
Deferred Charge on Refunding	954,250
Pension	183,957
OPEB	81,744
<i>Total Deferred Outflows of Resources</i>	<u>1,219,951</u>
<u>Current Liabilities:</u>	
Accounts Payable	116,604
Contracts Payable	717,374
Retainage Payable	71,442
Due to Other Governments	53,723
Payroll Withholdings	9,880
Accrued Interest Payable	289,136
Compensatory Time Payable	32,433
General Obligation Bonds Payable	150,000
Ohio Public Works Commission Loans Payable	83,394
Ohio Water Development Authority Loans Payable	121,583
United States Department of Agriculture Loan Payable	297,210
Compensated Absences Payable	66,526
<i>Total Current Liabilities</i>	<u>2,009,305</u>
<u>Long-Term Liabilities (Net of Current Portion):</u>	
General Obligation Bonds Payable	3,751,083
Ohio Public Works Commission Loans Payable	779,348
Ohio Water Development Authority Loans Payable	2,411,438
United States Department of Agriculture Loan Payable	14,968,604
Compensated Absences Payable	56,094
Net Pension Liability	886,654
<i>Total Long-Term Liabilities</i>	<u>22,853,221</u>
<i>Total Liabilities</i>	<u>24,862,526</u>
<u>Deferred Inflows of Resources:</u>	
Deferred Charge on Refunding	853,678
Pension	385,689
OPEB	309,419
<i>Total Deferred Inflows of Resources</i>	<u>1,548,786</u>
<u>Net Position:</u>	
Net Investment in Capital Assets	33,342,743
Unrestricted	8,702,205
<i>Total Net Position</i>	<u>\$42,044,948</u>

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Revenues, Expenses
and Changes in Fund Net Position
Enterprise Fund
For the Year Ended December 31, 2021

	<i>Sewer Fund</i>
<u>Operating Revenues:</u>	
Charges for Services	\$5,681,625
<u>Operating Expenses:</u>	
Personal Services	892,147
Fringe Benefits	(119,197)
Contractual Services	1,388,867
Materials and Supplies	249,438
Depreciation	1,078,400
Other	52,499
<i>Total Operating Expenses</i>	3,542,154
Operating Income	2,139,471
<u>Non-Operating Revenues (Expenses):</u>	
Other Non-Operating Revenues	95,347
Interest and Fiscal Charges	(493,362)
Loss on Sale of Capital Assets	(56,546)
<i>Total Non-Operating Revenues (Expenses)</i>	(454,561)
Income Before Transfers and Capital Contributions	1,684,910
Transfers Out	(39,669)
Capital Contributions	3,868,000
<i>Change in Net Position</i>	5,513,241
<i>Net Position at Beginning of Year</i>	36,531,707
<i>Net Position at End of Year</i>	\$42,044,948

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Cash Flows
Enterprise Fund
For the Year Ended December 31, 2021

	<i>Sewer Fund</i>
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Charges for Services	\$5,737,493
Cash Payments to Suppliers for Goods and Services	(1,598,526)
Cash Payments to Employees	(1,458,303)
Other Nonoperating Revenues	95,347
Cash Payments for Other Operating Expenses	(1,646)
	<u>2,774,365</u>
<i>Net Cash Provided by Operating Activities</i>	<u>2,774,365</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Proceeds of Refunding Bonds	3,645,000
Proceeds of OWDA Loans	790,844
Proceeds of Loans	670,364
Premium on Refunding Bonds	390,187
Acquisition of Capital Assets	(2,546,644)
Principal Paid on Bonds and Loans	(728,440)
Interest Paid on Bonds and Loans	(566,052)
Payment to Refunded Bond Escrow Agent	(3,930,088)
	<u>(2,274,829)</u>
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(2,274,829)</u>
<u>Cash Flows from Investing Activities:</u>	
Interest	(2,395)
	<u>(2,395)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Transfers Out	(124,904)
	<u>(124,904)</u>
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>7,684,968</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$8,057,205</u></u>
<u>Reconciliation of Operating Income to Net</u>	
<u>Cash Provided by Operating Activities:</u>	
Operating Income	<u>\$2,139,471</u>
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u>	
Depreciation	1,078,400
Other Non-Operating Revenues	95,347
Decrease (Increase) in Assets:	
Materials and Supplies Inventory	(10,475)
Accounts Receivable	38,843
Due From Other Governments	17,025
Prepaid Items	(44,221)
Net Pension Asset	(942)
Net OPEB Asset	(489,415)
Deferred Outflows of Resources - Pension	198,879
Deferred Outflows of Resources - OPEB	113,277
Increase (Decrease) in Liabilities:	
Accounts Payable	(9,865)
Accrued Wages and Benefits	(29,021)
Due to Other Governments	(11,760)
Payroll Withholdings	3,511
Compensatory Time Payable	(1,010)
Compensated Absences Payable	4,789
Contracts Payable	136,785
Retainage Payable	31,289
Net Pension Liability	(4,751)
Deferred Inflows of Resources - Pension	(265,018)
Deferred Inflows of Resources - OPEB	(216,773)
	<u>634,894</u>
<i>Total Adjustments</i>	<u>634,894</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$2,774,365</u></u>
<u>Noncash Capital Financing Activities:</u>	
Donated Assets from Another Government	\$3,868,000

See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Fiduciary Net Position
Custodial Funds
December 31, 2021

Assets:

Equity in Pooled Cash and Cash Equivalents	\$8,296,805
Cash and Cash Equivalents in Segregated Accounts	538,335
Receivables:	
Property Taxes	58,793,143
Accounts	280,170
Revenue in Lieu of Taxes	158,400
Due from Other Governments	<u>3,737,468</u>
<i>Total Assets</i>	<u><u>\$71,804,321</u></u>

Liabilities:

Accounts Payable	\$502,009
Due to Other Governments	5,987,604
Payroll Withholdings	<u>82,584</u>
<i>Total Liabilities</i>	<u>6,572,197</u>

Deferred Inflows of Resources:

Property Taxes not Levied to Finance Current Year Operations	47,411,570
Payment in Lieu of Taxes not Intended to Finance Current Year Operations	<u>158,400</u>
<i>Total Deferred Inflows of Resources</i>	<u>47,569,970</u>

Net Position:

Restricted for Individuals, Organizations and Other Governments	<u><u>\$17,662,154</u></u>
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See Accompanying Notes to the Basic Financial Statements

SCIOTO COUNTY, OHIO
Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended December 31, 2021

Additions:

Intergovernmental	\$8,340,836
Amounts Received as Fiscal Agent	19,402,254
Licenses and Permits and Fees for Other Governments	378,540
Fines and Forfeitures for Other Governments	11,444,534
Property Tax Collections for Other Governments	44,483,258
Special Assessment Collections for Other Governments	11,167
Sheriff Sale Collections for Other Governments	822,923
Payment in Lieu of Taxes Collections for Other Governments	213,718
Miscellaneous	163,101
	85,260,331
Total Additions	85,260,331

Deductions:

Distributions as Fiscal Agent	19,472,383
Distributions of State Funds to Other Governments	7,715,317
Distributions to the State of Ohio	11,052,140
Property Tax Distributions to Other Governments	44,846,434
Special Assessment Distributions to Other Governments	7,747
Distributions to Other Governments	673,080
Distributions to Individuals	1,841,552
Payment in Lieu of Taxes Distributions for Other Governments	213,718
Miscellaneous	163,101
	85,985,472
Total Deductions	85,985,472

Change in Fiduciary Net Position (725,141)

Net Position Beginning of Year 18,387,295

Net Position End of Year \$17,662,154

See Accompanying Notes to the Basic Financial Statements

NOTE 1 - DESCRIPTION OF THE COUNTY AND REPORTING ENTITY

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

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

REPORTING ENTITY

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

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

DISCRETELY PRESENTED COMPONENT UNITS

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

Scioto County Airport Authority

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

Scioto County Land Reutilization Corporation

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

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

Southern Ohio Port Authority

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

The information presented in Notes 2 through 27 relates to the primary government. Information related to the discretely presented component units is presented in Note 28 and 29.

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

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

The County is associated with certain organizations which are defined as jointly governed organizations, a joint venture, and a risk sharing pool. These organizations are presented in Notes 19 and 20 to the basic financial statements. These organizations are:

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PRESENTATION

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the County as a whole. These statements include the financial activities of the primary government, except for the fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities.

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

FUND FINANCIAL STATEMENTS

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

FUND ACCOUNTING

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

GOVERNMENTAL FUNDS

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

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

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

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

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

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

Local Fiscal Recovery Fund - To account for and report monies received from the Federal American Rescue Plan Act, whose use is restricted for local Coronavirus relief.

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

PROPRIETARY FUNDS

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

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

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

FIDUCIARY FUNDS

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

MEASUREMENT FOCUS

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

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

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

BASIS OF ACCOUNTING

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

REVENUES – EXCHANGE AND NON-EXCHANGE TRANSACTIONS

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

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

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include deferred charge on refunding, property taxes, revenue in lieu of taxes, pension, OPEB and unavailable revenue. Property taxes and revenue in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the County, unavailable revenue includes sales tax, delinquent property taxes, accounts, intergovernmental grants, and interest. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 20. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13)

EXPENSES/EXPENDITURES

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

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

BUDGETS AND BUDGETARY ACCOUNTING

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioner's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the object level within each department and fund. Budgetary modifications may only be made by resolution of the County Commissioners. The County reports unbudgeted activity on the financial statements due to the County's unclaimed monies fund being classified as a custodial fund on the County's books, but which is included with the General Fund for GAAP reporting purposes.

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

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

UNEARNED REVENUE

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. The County recognizes unearned revenue for intergovernmental revenue received before the eligibility requirements are met.

CASH AND CASH EQUIVALENTS

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

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

During 2021, the County invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The County measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transactions 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.

Interest income and gains or losses on investments are distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue and gains or losses on investments credited to the General Fund during 2021 amounted to (\$45,199), of which (\$40,731) was assigned from other funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are presented on the financial statements as cash equivalents.

MATERIALS AND SUPPLIES INVENTORY

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption. On the fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as expenditures/expenses when used.

PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

INTERFUND BALANCES

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

CAPITAL ASSETS

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

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

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

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

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

COMPENSATED ABSENCES

Vacation benefits and compensatory time are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the County will compensate the employees for the benefits through paid time off or some other means. The County records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

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

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditures to the extent that payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees will be paid.

The entire compensated absences liability is reported on the government-wide financial statements.

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

PENSIONS/OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

FUND BALANCE

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

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

Restricted – The restricted fund balance category includes amounts that can be spent only for the specific purposes through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the County can be compelled by an external party - such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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

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

The County Auditor assigned fund balance to cover a gap between estimated revenue and appropriations in the 2022 appropriated budget.

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

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

RESTRICTED ASSETS

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

BOND PREMIUM

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

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

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

DEFERRED CHARGE ON REFUNDING

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

INTERNAL ACTIVITY

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

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

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

ESTIMATES

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

CONTRIBUTIONS OF CAPITAL

Contributions of capital arise from outside contributions of capital assets and grants, or outside contributions of resources restricted to capital acquisition and construction or transfers of governmental capital assets financed by governmental funds to enterprise funds.

NET POSITION

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

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

INVESTMENT IN JOINT VENTURE

The County's Investment in Joint Venture relates to the County's equity interest in the Joint Solid Waste District (see Note 19). The County's share in year-end net position is included on the Statement of Net Position as an "Investment in Joint Venture."

OPERATING REVENUES AND EXPENSES

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

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES

For 2021, the County is implementing Implementation Guide No. 2019-1. These changes were incorporated in the County's 2021 financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

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

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For the Year Ended December 31, 2021

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

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

	Net Change in Fund Balance					Local Fiscal Recovery
	General	Public Assistance	Motor Vehicle Gas Tax	Board of Developmental Disabilities	Children Services	
GAAP Basis	\$177,329	\$96,542	\$1,143,176	\$967,768	(\$1,439,605)	\$0
Increases (Decreases) Due to:						
Revenue Accruals	65,692	(503,517)	(5,400)	60,964	(192,706)	6,933,582
Expenditure Accruals	(1,386,398)	(73,217)	(249,837)	2,248	819,856	0
Encumbrances	(875,318)	(571,081)	(120,971)	(140,345)	(600,704)	(508,320)
Unrecorded Cash - 2021	(15,852)	(27,375)	(670)	0	(13,607)	(1,011)
Unrecorded Cash - 2020	60,011	16,279	367	0	0	0
Custodial Fund Cash Allocation - 2021	(287,772)	0	(12,037)	(290,057)	(91,788)	0
Custodial Fund Cash Allocation - 2020	225,967	0	6,166	255,617	80,553	0
Segregated Accounts From Cash Off Books - 2021	(67,181)	0	0	0	0	0
Segregated Accounts From Cash Off Books - 2020	79,687	0	0	0	0	0
Decrease in Fair Value of Investments - 2021	(5,567)	0	0	0	0	0
Increase in Fair Value of Investments - 2020	(164,943)	0	0	0	0	0
Transfers	1,229,035	0	0	(100,000)	0	0
Perspective Differences	989,821	0	69,370	(63,565)	0	0
Budget Basis	<u>\$24,511</u>	<u>(\$1,062,369)</u>	<u>\$830,164</u>	<u>\$692,630</u>	<u>(\$1,438,001)</u>	<u>\$6,424,251</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

Monies held by the County are classified by State statute into two categories. Active monies are public

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For the Year Ended December 31, 2021

monies determined to be necessary to meet current demands upon the County treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or security issued by any federal government custodial or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal custodial securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of this State or the political subdivisions of this state, provided the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts, in eligible institutions pursuant to ORC sections 135.32;
6. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in (1) or (2) above; commercial paper as described in ORC section 135.143 (6); and repurchase agreements secured by such obligations, provided these investments are made only through eligible institutions;
7. The Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value, within certain limitations;
9. Up to forty percent of the County's average portfolio, if training requirements have been met, in either of the following:
 - a. Commercial paper notes in entities incorporated under the laws of Ohio, or any other State, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation, which mature within 270 days after purchase, and the investment in commercial paper notes of

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a single issuer shall not exceed the aggregate five percent of interim monies available for investment at the time of purchase.

- b. Bankers acceptances of banks that are insured by the federal deposit insurance corporation and that mature not later than 180 days after purchase.
10. Up to fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions doing business under authority granted by the U.S. or any state provided the notes are rated in the three highest categories by at least two nationally recognized standard rating services at the time of purchase and the notes mature not later than three years after purchase;
 11. A current unpaid or delinquent tax line of credit, provided certain conditions are met related to a County land reutilization corporation organized under ORC Chapter 1724; and,
 12. Up to two percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government, subject to certain limitations. All interest and principal shall be denominated and payable in United States funds.

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

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

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

INVESTMENTS

Investments are reported at fair value. As of December 31, 2021, the County had the following investments:

<u>Measurement/Investment</u>	<u>Measurement Amount</u>	<u>Maturity</u>	<u>Moody's Rating</u>	<u>Percentage of Total Investments</u>
Net Asset Value Per Share:				
STAROhio	\$2,500,183	Less than one year	AAAm	N/A
Fair Value - Level Two Inputs:				
Negotiable Certificates of Deposit	<u>12,966,054</u>	Less than five years	N/A	83.83%
Total	<u><u>\$15,466,237</u></u>			

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs

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are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the County’s recurring fair value measurements as of December 31, 2021. The County’s investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

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

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

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

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2021 for real and public utility property taxes represents collections of 2020 taxes.

2021 real property taxes were levied after October 1, 2021, on the assessed value as of January 1, 2021, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2021 real property taxes are collected in and intended to finance 2022.

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. 2021 public utility property taxes which became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2021, was \$10.93 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2021 property tax receipts were based are as follows:

Category	Assessed Value
Real Property:	
Residential/Agricultural	\$851,389,270
Commercial/Industrial/Public Utility	165,046,210
Public Utility Real	14,111,230
Public Utility Personal	173,667,650
Total Assessed Value	\$1,204,214,360

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The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collections of the taxes and remittance of them to the taxing districts are accounted for in various custodial funds of the County. Property taxes receivable represents real and public utility taxes and outstanding delinquencies which are measurable as of December 31, 2021, and for which there is an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2021 operations is offset to deferred inflows of resources – property taxes. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

NOTE 7 – TAX ABATEMENTS

For purposes of GASB Statement No 77, the definition of a tax abatement is: A reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. (GASB 77, paragraph 4) See paragraphs 7 and 8 of GASB 77 for specific information related to disclosures of tax abatements. This GASB pronouncement requires disclosure of information about the nature and magnitude of tax abatements. As of December 31, 2021, the County provides tax abatements through one program: Enterprise Zone Tax Exemptions.

ENTERPRISE ZONE TAX EXEMPTIONS

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

Below is the information relevant to the disclosure of those programs for the year ended December 31, 2021.

Tax Abatement Program	Amount of 2021 Taxes Abated
<i>Enterprise Zone Tax Exemptions</i>	
- Manufacturing	\$2,143

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

Overlapping Government	Amount of 2021 Taxes Abated
<i>Community Reinvestment Areas:</i>	
Village of New Boston	\$11,174

NOTE 8 - PERMISSIVE SALES TAX

In accordance with Sections 5739.021 and 5741.021 of the Revised Code, the County Commissioners, by resolution, imposed a one and one-half percent tax on all retail sales, except sales of motor vehicles, made

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For the Year Ended December 31, 2021

in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the Office of Budget and Management the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within 45 days after the end of each month. The Tax Commissioner shall then, on or before the twentieth day of the month in which certification is made, provide for payment to the County.

A receivable is recognized at year-end for amounts that will be received from sales which occurred during 2021.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2021, consisted of taxes, accounts (billings for user charged services), interest, interfund activity, revenue in lieu of taxes, revenue due from other governments arising from grants and shared revenues, and loans. All receivables are considered fully collectible and will be received within one year with the exception of property taxes, revenue in lieu of taxes, and loans. Sewer charges receivable, if delinquent, may be certified and collected as a special assessment, subject to foreclosure for nonpayment. Property taxes and revenue in lieu of taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

The City of Portsmouth owes the County \$255,375 to be paid to the County as follows: a total of \$17,025 per year paid in two payments of \$8,512.50 as related to OPWC Loan C002N (Sanitary Improvements 2010) and OPWC Loan C002M (Sanitary Sewer Improvements 2009).

The County maintains a revolving loan program for local businesses to encourage business development in the County. The loans receivable balance at December 31, 2021, was \$29,850 of which \$1,564 is considered to be due within one year.

The County made a non-interest bearing loan to the Scioto County Fair Board in November of 2017 for the amount of \$175,000 for the construction of a new poultry barn at the Scioto County Fairgrounds. The Scioto County Fair Board shall make a payment to the County in the amount of \$17,500 annually. The loans receivable balance at December 31, 2021, was \$122,500, of which \$17,500 is considered to be due within one year.

The County made a non-interest bearing loan to Valley Township for the Walnut Hill Road project. The loan in the amount of \$102,403 is to be repaid over a period of three years. The loans receivable balance at December 31, 2021, is \$34,134, which is expected to be received within the next year.

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

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For the Year Ended December 31, 2021

	<u>Amount</u>
<u>Governmental Activities Intergovernmental Receivables</u>	
Board of Developmental Disabilities Grants / subsidies	\$229,526
Board of Developmental Disabilities Contract Services/Reimbursements	199,393
Board of Developmental Disabilities State Foundation	805,795
Bureau of Worker's Compensation	1,907
Casino Revenues	514,507
Community Housing Improvement Partnerships Grant	185,797
Community Development Block Grant	246,794
Human Services Grants / Reimbursements	854,865
Children Defense Grant	12,676
Child Support Grants / Reimbursements	4,184
Children Services Grants / Reimbursements	513,492
Children Services Board and Care / Reimbursements	488,100
Felony Delinquent Care and Custody Grant	100,858
Gas Tax	1,821,749
High Intensity Drug Trafficking Areas Program	6,212
Common Pleas PSI Unit Grant	22,577
Homestead / Rollback	482,468
2021 Highway Improvement Grant	593,235
Indigent Defense	260,121
Local Government	380,005
MVL Tax	1,187,529
Ohio Public Works Commission	469,867
State Rural Transit Grants	263,788
State Victims Assistance and Victims of Crime Act Grants	84,013
Intensive Supervision Probation Grant	117,424
Probation Improvement Grant	37,454
Charges for Services to Other Governments	151,073
Total Governmental Activities	<u>\$10,035,409</u>

NOTE 10 - CAPITAL ASSETS

Capital assets activity of the governmental activities for the year ended December 31, 2021, was as follows:

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For the Year Ended December 31, 2021

	Balance at 12/31/2020	Additions	Deletions	Balance at 12/31/2021
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$1,963,956	\$5,300	\$0	\$1,969,256
Construction in Progress	181,073	93,040	(181,073)	93,040
Total Capital Assets, Not Being Depreciated	<u>2,145,029</u>	<u>98,340</u>	<u>(181,073)</u>	<u>2,062,296</u>
Depreciable Capital Assets:				
Land Improvements	\$4,624,101	\$396,743	\$0	\$5,020,844
Buildings and Building Improvements	32,992,615	534,835	0	33,527,450
Furniture, Fixtures, and Equipment	9,350,558	1,271,151	(19,755)	10,601,954
Vehicles	4,705,844	645,544	(139,614)	5,211,774
Infrastructure	95,314,074	2,064,301	0	97,378,375
Total Depreciable Capital Assets	<u>146,987,192</u>	<u>4,912,574</u>	<u>(159,369)</u>	<u>151,740,397</u>
Total Capital Assets At Historical Cost	<u>149,132,221</u>	<u>5,010,914</u>	<u>(340,442)</u>	<u>153,802,693</u>
Less Accumulated Depreciation:				
Land Improvements	(1,445,214)	(232,573)	0	(1,677,787)
Buildings and Building Improvements	(14,245,462)	(693,285)	0	(14,938,747)
Furniture, Fixtures, and Equipment	(5,414,381)	(625,996)	19,755	(6,020,622)
Vehicles	(2,982,859)	(388,144)	139,369	(3,231,634)
Infrastructure	(42,094,094)	(2,501,000)	0	(44,595,094)
Total Accumulated Depreciation	<u>(66,182,010)</u>	<u>(4,440,998) *</u>	<u>159,124</u>	<u>(70,463,884)</u>
Depreciable Capital Assets, Net	<u>80,805,182</u>	<u>471,576</u>	<u>(245)</u>	<u>81,276,513</u>
Governmental Activities Capital Assets, Net	<u>\$82,950,211</u>	<u>\$569,916</u>	<u>(\$181,318)</u>	<u>\$83,338,809</u>

- \$181,073 of construction in progress deletions were not capitalized.
- Additions to Governmental capital assets being depreciated include \$1,000,000 in an asset donated by an organization.

*Depreciation expense was charged to governmental programs as follows:

General Government:	
Legislative and Executive	\$370,881
Judicial	152,128
Public Safety:	
Sheriff	563,965
Other	49,114
Public Works	2,838,906
Health	220,493
Human Services	81,965
Conservation and Recreation	72,831
Community and Economic Development	2,264
Transportation	88,451
Total Depreciation Expense	<u>\$4,440,998</u>

The County's capital assets reported above for Governmental Activities include \$8,576,610 in fully depreciated capital assets.

Capital assets activity of the business-type activities for the year ended December 31, 2021, was as follows:

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	Balance at 12/31/2020	Additions	Deletions	Balance at 12/31/2021
<u>Business-Type Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$571,644	\$0	(\$34,469)	\$537,175
Construction in Progress	1,369,539	2,335,181	(1,774,936)	1,929,784
Total Capital Assets, Not Being Depreciated	1,941,183	2,335,181	(1,809,405)	2,466,959
Depreciable Capital Assets:				
Land Improvements	29,354	0	0	29,354
Buildings and Building Improvements	7,134,138	8,740	0	7,142,878
Furniture, Fixtures, and Equipment	1,386,746	375,603	0	1,762,349
Vehicles	433,084	55,900	0	488,984
Infrastructure	54,161,886	5,627,244	(30,000)	59,759,130
Total Depreciable Capital Assets	63,145,208	6,067,487	(30,000)	69,182,695
Less Accumulated Depreciation:				
Land Improvements	(8,102)	(1,468)	0	(9,570)
Buildings and Building Improvements	(4,022,679)	(143,324)	0	(4,166,003)
Furniture, Fixtures, and Equipment	(924,000)	(66,293)	0	(990,293)
Vehicles	(240,336)	(31,268)	0	(271,604)
Infrastructure	(8,885,504)	(836,047)	7,923	(9,713,628)
Total Accumulated Depreciation	(14,080,621)	(1,078,400)	7,923	(15,151,098)
Depreciable Capital Assets, Net	49,064,587	4,989,087	(22,077)	54,031,597
Business-Type Activities				
Capital Assets, Net	\$51,005,770	\$7,324,268	(\$1,831,482)	\$56,498,556

- Additions to Business-Type capital assets being depreciated include \$3,868,000 in assets donated from another government.

The County's capital assets reported above for Business-Type Activities include \$824,892 in fully depreciated capital assets.

NOTE 11 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains comprehensive insurance coverage with the County Risk Sharing Authority, Inc. (CORSA) (See Note 20) for liability, property, auto, and crime insurance. The County also carries public officials liability insurance through various insurance agencies. Settlements have not exceeded coverage in any of the last three years. There has not been a significant change in coverage from the prior year.

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

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

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

The amounts reported in the government-wide financial statements at December 31, 2021, are based on the requirements of GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,” as amended by GASB Statement No. 30, “Risk Management Omnibus,” which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Estimates were calculated based upon an independent actuarial evaluation of claims payable. This estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

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

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2020	\$36,537	\$7,262	\$43,799	\$0
2021	0	19,418	841	18,577

NOTE 12 - DEFINED BENEFIT PENSION PLANS

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

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

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

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

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

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

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

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

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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
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

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

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

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined

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contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

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

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

- * Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
- ** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.
- *** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

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

For 2021, the County's contractually required contribution was \$3,279,001 for the traditional plan, \$35,746 for the combined plan and \$19,161 for the member-directed plan. Of these amounts, \$487,836 is reported as an intergovernmental payable for the traditional plan, \$3,318 for the combined plan, and \$2,567 for the member-directed plan.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

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

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

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

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A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2021 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2021, the full employer contribution was allocated to pension.

The County's contractually required contribution to STRS was \$91,003 for 2021. Of this amount, \$3,847 is reported as an intergovernmental payable.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2020, and the net pension liability for STRS was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of the respective measurement dates. The County's proportion of the net pension liability (asset) was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Plan	OPERS Combined Plan	STRS	Total
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.15368507%	0.07064134%	0.005062603%	
Prior Measurement Date	0.14430031%	0.06570641%	0.005357280%	
Change in Proportionate Share	<u>0.00938476%</u>	<u>0.00493493%</u>	<u>-0.000294677%</u>	
Proportionate Share of the:				
Net Pension Asset	\$0	(\$203,916)	\$0	(\$203,916)
Net Pension Liability	\$22,757,416	\$0	\$647,300	\$23,404,716
Pension Expense	\$743,358	\$4,321	(\$72,122)	\$675,557

2021 pension expense for the member-directed defined contribution plan was \$19,161. The aggregate pension expense for all pension plans was \$694,718 for 2021.

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

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	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources:				
Differences between expected and actual experience	\$0	\$0	\$19,999	\$19,999
Changes of assumptions	0	12,733	179,572	192,305
Changes in proportion and differences between County contributions and proportionate share of contributions	1,296,105	4,700	51,999	1,352,804
County contributions subsequent to the measurement date	<u>3,279,001</u>	<u>35,746</u>	<u>53,787</u>	<u>3,368,534</u>
Total Deferred Outflows of Resources	<u>\$4,575,106</u>	<u>\$53,179</u>	<u>\$305,357</u>	<u>\$4,933,642</u>
Deferred Inflows of Resources:				
Differences between expected and actual experience	\$951,961	\$38,471	\$4,057	\$994,489
Net difference between projected and actual earnings on pension plan investments	8,870,175	30,325	557,848	9,458,348
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>251,771</u>	<u>7,400</u>	<u>151,469</u>	<u>410,640</u>
Total Deferred Inflows of Resources	<u>\$10,073,907</u>	<u>\$76,196</u>	<u>\$713,374</u>	<u>\$10,863,477</u>

\$3,368,534 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>	<u>STRS</u>	<u>Total</u>
Year Ending December 31:				
2022	(\$3,135,241)	(\$14,812)	(\$92,177)	(\$3,242,230)
2023	(817,016)	(9,487)	(115,944)	(942,447)
2024	(3,615,785)	(16,478)	(129,475)	(3,761,738)
2025	(1,209,760)	(7,783)	(124,208)	(1,341,751)
2026	0	(3,454)	0	(3,454)
Thereafter	<u>0</u>	<u>(6,749)</u>	<u>0</u>	<u>(6,749)</u>
Total	<u>(\$8,777,802)</u>	<u>(\$58,763)</u>	<u>(\$461,804)</u>	<u>(\$9,298,369)</u>

Actuarial Assumptions - OPERS

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

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Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020, are presented below.

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	.5 percent, simple through 2021, then 2.15 percent, simple	.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

In October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020 then 2.15 simple to .5 percent simple through 2021 then 2.15 percent simple.

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

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

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

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Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other investments	9.00	4.75
Total	100.00 %	5.43 %

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

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

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
County's proportionate share of the net pension liability (asset)			
OPERS Traditional Plan	\$43,409,885	\$22,757,416	\$5,584,915
OPERS Combined Plan	(141,989)	(203,916)	(250,070)

Changes between the Measurement Date and the Reporting Date

During 2021, the OPERS Board lowered the investment rate of return from 7.2 percent to 6.9 along with certain other changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation compared to those used in the June 30, 2020, actuarial valuation are presented below:

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	June 30, 2021	June 30, 2020
Inflation	2.50 percent	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.45 percent
Payroll Increases	3.00 percent	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017

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

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

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

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

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

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Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$1,212,149	\$647,300	\$170,002

Changes Between the Measurement Date and the Reporting date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time three percent cost-of-living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

NOTE 13 – DEFINED BENEFIT OPEB PLANS

See Note 12 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 (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

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

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

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

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2021 was 4.0 percent.

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Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County’s contractually required contribution was \$7,665 for 2021. Of this amount, \$1,027 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the year ended December 31, 2021, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. For STRS, the net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an independent actuarial valuation as of that date. The County's proportion of the net OPEB liability (asset) was based on the County's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.14589575%	0.00506260%	
Prior Measurement Date	<u>0.13696067%</u>	<u>0.00535728%</u>	
Change in Proportionate Share	<u>0.00893508%</u>	<u>-0.00029468%</u>	
Proportionate Share of the Net:			
OPEB Asset	(\$2,599,248)	(\$106,740)	(\$2,705,988)
OPEB Expense	(\$15,587,480)	(\$1,346)	(\$15,588,826)

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

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	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$0	\$3,801	\$3,801
Changes of assumptions	1,277,821	6,818	1,284,639
Changes in proportion and differences between County contributions and proportionate share of contributions	755,799	19,288	775,087
County contributions subsequent to the measurement date	7,665	0	7,665
Total Deferred Outflows of Resources	<u><u>\$2,041,285</u></u>	<u><u>\$29,907</u></u>	<u><u>\$2,071,192</u></u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$2,345,807	\$19,557	\$2,365,364
Changes of assumptions	4,211,563	63,678	4,275,241
Net difference between projected and actual earnings on OPEB plan investments	1,384,396	29,587	1,413,983
Changes in proportion and differences between County contributions and proportionate share of contributions	161,598	1,047	162,645
Total Deferred Inflows of Resources	<u><u>\$8,103,364</u></u>	<u><u>\$113,869</u></u>	<u><u>\$8,217,233</u></u>

\$7,665 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	(\$3,177,547)	(\$23,046)	(\$3,200,593)
2023	(2,127,472)	(22,306)	(2,149,778)
2024	(601,602)	(21,851)	(623,453)
2025	(163,123)	(12,428)	(175,551)
2026	0	(4,406)	(4,406)
Thereafter	0	75	75
Total	<u><u>(\$6,069,744)</u></u>	<u><u>(\$83,962)</u></u>	<u><u>(\$6,153,706)</u></u>

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. 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:

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Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior Measurement date	3.16 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.00 percent
Prior Measurement date	2.75 percent
Health Care Cost Trend Rate:	
Current measurement date	8.5 percent, initial 3.50 percent, ultimate in 2035
Prior Measurement date	10.5 percent, initial 3.50 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

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

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

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

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Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
Total	100.00 %	4.43 %

Discount Rate A single discount rate of 6.0 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent (Fidelity Index’s “20-Year Municipal GO AA Index”). 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 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the County’s Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

The following table presents the County’s proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the County’s 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 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
County's proportionate share of the net OPEB asset	(\$646,318)	(\$2,599,248)	(\$4,204,716)

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 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

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	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB asset	(\$2,662,597)	(\$2,599,248)	(\$2,528,373)

Changes between the Measurement Date and the Reporting Date

During 2021, the OPERS Board made various changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation and the June 30, 2020, actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.45 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	5.00 percent initial, 4 percent ultimate	5.00 percent initial, 4 percent ultimate
Medicare	-16.18 percent initial, 4 percent ultimate	-6.69 percent initial, 4 percent ultimate
Prescription Drug		
Pre-Medicare	6.50 percent initial, 4 percent ultimate	6.50 percent initial, 4 percent ultimate
Medicare	29.98 initial, 4 percent ultimate	11.87 initial, 4 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

The non-Medicare subsidy percentage was increased effective January 1, 2022, from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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

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Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2021.

Sensitivity of the County's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net OPEB asset	(\$90,073)	(\$106,740)	(\$120,665)
	1% Decrease	Current Trend Rate	1% Increase
County's proportionate share of the net OPEB asset	(\$120,100)	(\$106,740)	(\$90,221)

Changes Between the Measurement Date and the Reporting date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability is unknown.

NOTE 14 - OTHER EMPLOYEE BENEFITS

DEFERRED COMPENSATION

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

COMPENSATED ABSENCES

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

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

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

INSURANCE BENEFITS

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

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

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

NOTE 15 – ASSET RETIREMENT OBLIGATION

Ohio Revised Code Section 6111.44 requires the County to submit any changes to their sanitary sewer system to the Ohio EPA for approval. Through this review process, the County would be responsible to address any public safety issues associated with the waste water treatment facilities. Any asset retirement obligation (ARO) associated with these public safety issues are not reasonably estimable. Currently, there is significant uncertainty as to what public safety items would need addressed; therefore, a reliable estimated amount could not be determined.

In 2020, the Scioto County Land Reutilization Corporation took ownership of a piece of property located on US-52 where a Coke Plant was once located. This piece of property is being evaluated by the EPA for environmental clean-up costs and possible remediation actions. Any ARO associated with this possible clean-up is not reasonably estimable at this time. Currently, there is significant uncertainty as to what public safety items would need addressed; therefore, a reliable estimated amount could not be determined.

The Scioto County Airport Authority owns and maintains underground storage tanks. The Airport Authority and State of Ohio follow federal financial responsibility rules for underground storage tanks. Any asset retirement obligation associated with the storage tanks is not reasonably estimable. Currently, there is significant uncertainty as to what public safety items would need addressed; therefore, a reliable estimated amount could not be determined.

NOTE 16 - LEASES – LESSEE DISCLOSURE

During 2021 and in prior years, the County entered into capitalized leases for certain buildings and for furniture, fixtures, equipment. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

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

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General capital assets consisting of buildings and improvements, vehicles, and furniture, fixtures, and equipment have been capitalized in the amount of \$560,950. A corresponding liability was recorded on the Statement of Net Position for governmental activities. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments in 2021 totaled \$154,732 in the governmental funds.

The assets acquired through capital leases as of December 31, 2021, are as follows:

	Asset Value	Accumulated Depreciation	Net Book Value
Buildings and Improvements	\$200,000	\$64,796	\$135,204
Furniture, Fixtures, and Equipment	116,110	78,399	37,711
Vehicles	244,840	31,881	212,959
Total	\$560,950	\$175,076	\$385,874

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2021:

Year Ending December 31,	Amount
2022	\$109,268
2023	99,249
2024	27,167
2025	23,219
2026	22,140
2027-2028	39,600
Total	320,643
Less: Amount Representing Interest	(51,862)
Present Value of Net Minimum Lease Payments	\$268,781

The County leases a vehicle under a noncancelable operating lease. Operating lease payments are reported as function expenditures in governmental funds and on the budgetary statements. Total operating lease payments in 2021 were \$5,479, which were paid from the Public Assistance Special Revenue Fund.

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

Year Ending December 31,	Amount
2022	\$4,109

NOTE 17 – LONG-TERM OBLIGATIONS

BUSINESS-TYPE ACTIVITY

General Obligation Bonds

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

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

The 2021 Various Purpose Refunding Bonds were issued on May 26, 2021. The County issued \$3,645,000 in refunding bonds in order to refund \$538,229 Franklin Furnace Sewer Improvement Bonds, \$922,600 in Wheelersburg Wastewater Treatment Plant Bonds, \$265,043 in Rigrish Sewer Bonds, \$451,500 FHA Bonds – West Portsmouth Improvement, \$361,000 in FHA Bonds – Lucasville Phase II, \$491,701 in FHA Bonds – Lucasville III Bonds, \$564,610 in FHA Bonds – West Portsmouth VII, and \$227,100 in FHA Bonds – Lucasville Phase IV in order to take advantage of lower interest rates. The bonds were issued for a 25 year period with final maturity in December 2046. At December 31, 2021, all the refunded bonds were paid off.

Total debt service payments decreased by \$1,017,818 as a result of the refunding. The County also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$897,436, but incurred a deferred inflow – deferred charge on refunding of \$880,173, and a deferred outflow – deferred charge on refunding of \$988,378, which is shown in the following table:

Various Purpose General Obligation Refunding Bonds, Series 2021	Furnance Sewer Improvement Bonds	Wastewater Treatment Plant Bonds	Rigrish Sewer Bonds	FHA Bonds- West Portsmouth
Refunded Bonds Outstanding at 12/31/2021	\$538,229	\$922,600	\$265,043	\$451,500
Payment to Refunded Bond Escrow Agent:				
Other Financing Uses	(471,848)	(362,799)	(495,035)	(561,310)
Deferred Inflow-Deferred Charge on Refunding	<u>\$66,381</u>	<u>\$559,801</u>		
Deferred Outflow-Deferred Charge on Refunding			<u>(\$229,992)</u>	<u>(\$109,810)</u>
				<i>(continued)</i>

Various Purpose General Obligation Refunding Bonds, Series 2021	FHA Bonds- Lucasville Phase II	FHA Bonds- Lucasville Phase III	FHA Bonds- West Portsmouth Phase VII	FHA Bonds- Lucasville Phase IV
Refunded Bonds Outstanding at 12/31/21	\$361,100	\$491,701	\$564,610	\$227,100
Payment to Refunded Bond Escrow Agent:				
Other Financing Uses	(587,512)	(237,710)	(939,093)	(274,781)
Deferred Inflow-Deferred Charge on Refunding		<u>\$253,991</u>		
Deferred Outflow-Deferred Charge on Refunding	<u>(\$226,412)</u>		<u>(\$374,483)</u>	<u>(\$47,681)</u>
				<i>(continued)</i>

Various Purpose General Obligation Refunding Bonds, Series 2021	Total
Refunded Bonds Outstanding at 12/31/21	\$3,821,883
Payment to Refunded Bond Escrow Agent:	
Other Financing Uses	<u>(\$3,930,088)</u>
Deferred Inflow-Deferred Charge on Refunding	\$880,173
Deferred Outflow-Deferred Charge on Refunding	<u>(\$988,378)</u>

The bonds were sold at a premium of \$390,187.

Farmer's Home Administration (FHA) Bonds

The Farmer's Home Administration (FHA) General Obligation Bonds were issued for the purpose of replacing sewer lines. The bonds are direct obligations and pledge the full faith and credit of the County for repayment. These bonds are generally issued as 40 year serial bonds paid with revenues from the operation of the sewer system. The bonds were refunded in 2021.

Ohio Public Works Commission (OPWC) Loans

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

Ohio Water Development Authority (OWDA) Loans

The OWDA loans from direct borrowings consist of money owed to the Ohio Water Development Authority for various sewer line and pump station renovation projects. The liability for the Sewer Fund is recorded in the fund and government-wide financial statements. The loans will be repaid from the Sewer Fund. In the event of default, the lender may declare the full amount of the unpaid project participation principal amount immediately due and payable and require the County to pay any fines or penalties incurred with interest. The future debt service requirements for the 2021 Lucasville Interceptor Project loan is not presented in 2021 because the final amortization schedule is not available.

United States Department of Agriculture (USDA) Loans

The USDA loans are direct placements and consists of money owed to the United States Department of Agriculture for the Eden Park Sewer extension and Minford Sewer System projects. The liability for the Sewer Fund is recorded in the fund and government-wide financial statements. The loan will be repaid from the Sewer Fund. The County's outstanding USDA Sewer Revenue bonds from direct placement contain provisions that in the event of default the Government, at its option may (1) declare the entire principal amount can be declared outstanding and accrued interest shall be immediately due and payable, (2) incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and / or (3) take possession of the facility, repair, maintain, and operate or rent it. The future debt service requirements for the West Portsmouth/Purtee Acres 2021 loan is not presented because the final amortization schedule is not available.

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

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

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	Principal Outstanding at 12/31/2020	Additions	Deletions	Principal Outstanding at 12/31/2021	Due Within One Year
<i><u>Business-Type Activity</u></i>					
<i><u>General Obligation Bonds</u></i>					
Franklin Furnace Sewer Improvement Bonds 1997 4.50% - \$846,000	\$538,229	\$0	\$538,229	\$0	\$0
Wheelersburg Wastewater Treatment Plant Bonds 2004 4.50% - \$1,200,000	922,600	0	922,600	0	0
Rigrish Sewer Bonds 2006 4.50% - \$322,000	265,043	0	265,043	0	0
Various Purpose Refunding Bonds 2021 2.00 - 4.00% - \$3,645,000	0	3,645,000	125,000	3,520,000	150,000
Premium	0	390,187	9,104	381,083	0
Total Enterprise General Obligation Bonds	1,725,872	4,035,187	1,859,976	3,901,083	150,000
<i><u>Farmer's Home Administration (FHA) Bonds</u></i>					
<i><u>Direct Borrowings</u></i>					
FHA Bonds - West Portsmouth Improvement 1993 5.00% - \$825,000	451,500	0	451,500	0	0
FHA Bonds - Lucasville Phase II 1995 4.50% - \$650,000	379,360	0	379,360	0	0
FHA Bonds - Lucasville Phase III 1996 3.86% - \$842,500	514,340	0	514,340	0	0
FHA Bonds - West Portsmouth Phase VII 1999 4.50% - \$825,000	564,610	0	564,610	0	0
FHA Bonds - Lucasville Phase IV 2001 4.75% - \$347,940	227,100	0	227,100	0	0
Total FHA Bonds	2,136,910	0	2,136,910	0	0
<i><u>OPWC Loans</u></i>					
<i><u>Direct Borrowings</u></i>					
2002 OPWC Wheelersburg Pump Station Renovations 0% - \$162,352	20,287	0	12,177	8,110	8,110
2004 OPWC Sanitary Sewer System Renovations 0% - \$162,100	36,457	0	12,159	24,298	8,106
2006 OPWC Wheelersburg and West Portsmouth Pump Station 0% - \$235,543	82,429	0	17,667	64,762	11,778
2006 OPWC Sciotoville Area Sanitary Sewer Extensions 0% - \$9,482	3,320	0	711	2,609	474
2008 OPWC Pump Station Renovations 0% - \$201,860	90,837	0	15,139	75,698	10,092
2009 OPWC Sanitary Sewer Improvements 0% - \$165,000	82,500	0	12,375	70,125	8,250
2012 OPWC Sanitary Sewer Improvements UV Project 0% - \$181,000	96,535	0	9,653	86,882	6,436
2014 OPWC Sanitary Sewer Eden Park Extension 0% - \$247,872	430,856	0	38,016	392,840	25,344
2017 OPWC West Portsmouth Modification 0% - \$16,266	14,640	0	813	13,827	542
2021 OPWC Scioto County Porter Township Joint Improvement 0% - \$127,853	0	127,853	4,262	123,591	4,262
Total OPWC Loans	\$857,861	\$127,853	\$122,972	\$862,742	\$83,394

(Continued)

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

	Principal Outstanding at 12/31/2020	Additions	Deletions	Principal Outstanding at 12/31/2021	Due Within One Year
<i><u>OWDA and USDA Loans</u></i>					
<i><u>Direct Borrowings</u></i>					
Wastewater Treatment and Collection System for South Webster 2003 0%	\$1,228,925	\$0	\$102,410	\$1,126,515	\$102,410
Briarcliff WWTP Elimination New Pump Station 2018 0%	345,121	0	19,173	325,948	19,173
Lucasville Interceptor Project 2020 0%	317,400	790,844	27,686	1,080,558	0
<i><u>Direct Placements</u></i>					
Eden Park Extension USDA Loan 4.5%	1,213,500	0	24,400	1,189,100	25,000
Minford Sewer System Project USDA Loan 4.5%	13,672,250	0	265,900	13,406,350	272,210
West Portsmouth/Purtee Acres USDA Loan 1.50%	0	670,364	0	670,364	0
Total OWDA and USDA Loans	16,777,196	1,461,208	439,569	17,798,835	418,793
<i><u>Other Long-Term Obligations</u></i>					
Compensated Absences	117,831	74,405	69,616	122,620	66,526
Net Pension Liability - OPERS	1,111,247	0	224,593	886,654	0
Net OPEB Liability - OPERS	737,057	0	737,057	0	0
Total Other Long-Term Obligations	1,966,135	74,405	1,031,266	1,009,274	66,526
Total Business-Type Activities	\$23,463,974	\$5,698,653	\$5,590,693	\$23,571,934	\$718,713

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

	From Direct Borrowings				From Direct Placements		Totals	
	General Obligation Bonds		OPWC Loans	OWDA Loans	USDA Loans			
	Principal	Interest	Principal	Principal	Principal	Interest	Principal	Interest
2022	\$150,000	\$110,900	\$83,394	\$121,583	\$297,210	\$351,293	\$652,187	\$462,193
2023	160,000	104,900	75,284	121,584	304,370	344,178	661,238	449,078
2024	170,000	98,500	75,264	121,583	311,680	336,891	678,527	435,391
2025	175,000	91,700	67,178	121,584	318,980	329,425	682,742	421,125
2026	175,000	84,700	67,178	121,583	326,800	321,785	690,561	406,485
2027-2031	1,005,000	311,900	243,138	607,918	1,755,070	1,487,557	3,611,126	1,799,457
2032-2036	1,040,000	137,350	173,268	198,278	1,976,230	1,266,478	3,387,776	1,403,828
2037-2041	420,000	49,638	36,700	38,350	2,225,590	1,017,041	2,720,640	1,066,679
2042-2046	225,000	11,813	24,020	0	2,507,110	735,468	2,756,130	747,281
2047-2051	0	0	17,318	0	2,825,220	417,479	2,842,538	417,479
2052-2054	0	0	0	0	1,747,190	82,584	1,747,190	82,584
Totals	\$3,520,000	\$1,001,401	\$862,742	\$1,452,463	\$14,595,450	\$6,690,179	\$20,430,655	\$7,691,580

GOVERNMENTAL ACTIVITIES

General Obligation Bonds

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

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

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

The 2006 Various Purpose Refunding Bonds were issued November 14, 2006, for the purpose of advance refunding \$525,000 of the 2000 Various Purpose Bonds, \$1,055,000 of the 2000 Juvenile Detention Center Bonds, the Human Services Building Acquisition Bond Anticipation Note in the amount of \$210,000, the County Jail Bond Anticipation Note in the amount of \$250,000, and the Various Purpose Bond Anticipation Note in the amount of \$700,000. The bonds will mature on December 1, 2026, and will be retired from the Debt Service Fund. These bonds were refunded in 2021.

The 2021 Various Purpose Refunding Bonds were issued on May 26, 2021, the County issued \$230,000 in refunding bonds in order to refund \$250,000 of the 2006 Various Purpose Refunding Bonds in order to take advantage of lower interest rates. The bonds were issued for a 5 year period with final maturity in December 2026. At December 31, 2021, all the refunded bonds were paid off.

Total debt service payments decreased by \$30,310 as a result of the refunding. The County also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$19,451, but incurred a deferred outflow – deferred charge on refunding of \$6,021, which is shown in the following table.

Refunded General Obligation Bonds at 12/31/2020	\$250,000
Payment to Refunded Bond Escrow Agent - Debt Service	(5,313)
Payment to Refunded Bond Escrow Agent - Other Financing Uses	<u>(250,708)</u>
Deferred Outflow-Deferred Charge on Refunding	<u><u>(\$6,021)</u></u>

The bonds were sold at a premium of \$23,943.

Capital Leases and Compensated Absences

Capital leases will be paid from the General Fund and the Sheriff’s Drug Enforcement, Dretac Treasurer, Probation Supervision Services, and Board of Developmental Disabilities Special Revenue Funds.

SCIOTO COUNTY, OHIO
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For the Year Ended December 31, 2021

Compensated absences will be paid from the following governmental funds:

General Fund
Real Estate Assessment Special Revenue Fund
Children Services Special Revenue Fund
Common Pleas Court Special Revenue Fund
Dog and Kennel Special Revenue Fund
Emergency Management Assistance Special Revenue Fund
Engineer Special Revenue Fund
Public Assistance Special Revenue Fund
Indigent Guardianship Special Revenue Fund
Board of Developmental Disabilities Special Revenue Fund
T.B. Levy Special Revenue Fund
Sheriff's Policing Rotary Special Revenue Fund
Multi-County Mediation Special Revenue Fund
Law Library Special Revenue Fund
Coordinated Transportation Program Special Revenue Fund
Probation Supervision Special Revenue Fund
Common Pleas PSI Unit Special Revenue Fund
Probation Improvement and Incentive Grant Special Revenue Fund

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

General Fund
Dog and Kennel Special Revenue Fund
Board of Developmental Disabilities Special Revenue Fund

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

General Fund
Real Estate Assessment Special Revenue Fund
Children Services Special Revenue Fund
Dog and Kennel Special Revenue Fund
Emergency Management Assistance Special Revenue Fund
Engineer Special Revenue Fund
Child Support Enforcement Agency Special Revenue Fund
Public Assistance Special Revenue Fund
Indigent Guardianship Special Revenue Fund
Board of Developmental Disabilities Special Revenue Fund
Sheriff Rotary Special Revenue Fund
TB Levy Special Revenue Fund
DRETAC Treasurer Special Revenue Fund
Mediation Special Revenue Fund
Wireless 911 Special Revenue Fund
Law Library Special Revenue Fund
Coordinated Transportation Special Revenue Fund
Victims of Crime Special Revenue Fund
Wheelersburg Sewer District Enterprise Fund
Common Pleas PSI Unit Special Revenue Fund

SCIOTO COUNTY, OHIO
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For the Year Ended December 31, 2021

Probation Improvement and Incentive Grant Special Revenue Fund
Special Prosecution Special Revenue Fund

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

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

	Principal Outstanding at 12/31/2020	Additions	Deletions	Principal Outstanding at 12/31/2021	Due Within One Year
<i>Governmental Activities</i>					
<i>General Obligation Bonds</i>					
Economic Development Facilities Refunding					
Revenue Bonds 2013 0.55 - 5.05% - \$1,815,000	\$845,000	\$0	\$155,000	\$690,000	\$160,000
Various Purpose Refunding Bonds					
2014 2.00 - 4.00% - \$4,880,000	2,960,000	0	290,000	2,670,000	295,000
Premium on Various Purpose Bonds	2,376	0	285	2,091	0
Various Purpose Refunding Bonds					
2006 2.00 - 4.00 - 4.25% - \$2,930,000	250,000	0	250,000	0	0
Various Purpose Refunding Bonds					
2021 2.00 - 2.00 - 4.00% - \$230,000	0	230,000	40,000	190,000	40,000
Premium	0	23,943	2,794	21,149	0
Total General Obligation Bonds	4,057,376	253,943	738,079	3,573,240	495,000
<i>Net Pension Liability</i>					
OPERS	27,410,690	0	5,539,928	21,870,762	0
STRS	1,296,271	0	648,971	647,300	0
Total Net Pension Liability	28,706,961	0	6,188,899	22,518,062	0
<i>Net OPEB Liability</i>					
OPERS	18,180,767	0	18,180,767	0	0
<i>Other Long-Term Obligations</i>					
Capital Leases	416,352	7,161	154,732	268,781	90,643
Compensated Absences	2,226,652	1,566,974	1,452,064	2,341,562	1,298,023
Ohio Bureau of Workers' Compensation					
Retrospective Rating Program Claims	0	19,418	841	18,577	18,577
Total Other Long-Term Obligations	2,643,004	1,593,553	1,607,637	2,628,920	1,407,243
Total Governmental Activities	\$53,588,108	\$1,847,496	\$26,715,382	\$28,720,222	\$1,902,243

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

SCIOTO COUNTY, OHIO
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	Principal	Interest
2022	\$495,000	\$133,744
2023	515,000	115,836
2024	530,000	96,712
2025	550,000	76,425
2026	375,000	54,512
2027-2029	1,085,000	84,688
Totals	\$3,550,000	\$561,917

The County's total legal debt margin was \$28,448,475 with an unvoted debt margin of \$11,885,260 at December 31, 2021.

CONDUIT DEBT OBLIGATION

During 1985, the County, in conjunction with several other political subdivisions of Ohio, issued revenue bonds in the aggregate principal amount of \$72,000,000. The proceeds were used to fund the VHA Central Inc. Capital Asset Financing Program. The program provides financing for hospitals in Ohio to acquire equipment and other capital assets. The balance outstanding as of December 31, 2021, is \$7,200,000

During 2001, the County issued revenue bonds in the aggregate principal amount of \$1,870,000 for the Shawnee Mental Health Center. The proceeds were used by the Shawnee Mental Health Center to construct a new facility. These bonds were paid off during 2021.

During 2016, the County issued Hospital Facilities Revenue Bonds, Series 2016, in the aggregate principal amount of \$122,215,000 for the Southern Ohio Medical Center (SOMC). The proceeds were used by SOMC to refund the prior Hospital Facilities Refunding Bonds issued in 2008. The balance outstanding as of December 31, 2021, is \$104,355,000.

During 2017, the County issued Health Care Facilities Revenue Refunding and Improvement Bonds, Series 2017, in the aggregate principal amount of \$10,349,535 for the Hill View Retirement Center. The proceeds were used for the acquisition, construction, installation and equipping of facilities and to refund the Adjustable Rate Demand Health Care Facilities Revenue Refunding and Improvement Bonds, Series 2004, issued by Pike County, which were used to renovate the facilities. The balance outstanding as of December 31, 2021, is \$9,069,415.

During 2019, the County issued Hospital Facilities Revenue Bonds, Series 2020, in the aggregate principal amount of \$22,380,000 for the Southern Ohio Medical Center (SOMC). Proceeds were to be used primarily for acquisition of an Electronic Health Record System (EHR) and related services, computer servers, nurse call light system and renovation projects. The balance outstanding as of December 31, 2021, is \$19,105,000.

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

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 18 - INTERFUND ACTIVITY

Interfund balances at December 31, 2021, consist of the following individual fund receivables and payables:

		Receivables				Total
		General	Public Assistance	Children Services	Nonmajor Governmental Funds	
Payables	General	\$0	\$11,371	\$0	\$8,287	\$19,658
	Public Assistance	0	0	359,071	78,685	437,756
	Motor Vehicle Gas Tax	0	0	0	32	32
	Nonmajor Governmental Funds	54,886	0	0	18,645	73,531
	Total	\$54,886	\$11,371	\$359,071	\$105,649	\$530,977

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

Transfers made during the year ended December 31, 2021, were as follows:

		Transfers To		
		Public Assistance	Nonmajor Governmental Funds	Total
Transfers From	General	\$170,894	\$1,137,759	\$1,308,653
	Public Assistance	0	60,642	60,642
	Motor Vehicle Gas Tax	0	765,025	765,025
	Nonmajor Governmental Funds	0	106,070	106,070
	Sewer	0	39,669	39,669
	Total	\$170,894	\$2,109,165	\$2,280,059

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

Transfers were made from the Motor Vehicle and Gas Tax fund to a nonmajor capital projects fund in order to provide for the County's local share of the project. Once the projects are complete, transfers will be made to return any remaining unspent local share monies back to the Motor Vehicle and Gas Tax fund.

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

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS / JOINT VENTURE

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

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

The three-county ADAMHS Board is governed by a board consisting of 14 members. The breakdown is as follows: six members are appointed by the Ohio Director of Mental Health and Addiction Services and eight are appointed by Commissioners of Scioto, Lawrence and Adams Counties. The main sources of revenue for this Board are grants from the Ohio Department of Mental Health and Addiction Services. Outside agencies are contracted by the Board to provide service for the Board. Financial records are maintained by the Scioto County Auditor and Treasurer. Each county has a participation percentage based upon the number of board members appointed. Scioto County appoints four members, which represents 50 percent of the total members appointed by the three counties. The Board exercises total control over operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Board. The Board of County Commissioners appoint members proportionate to the County's population of the whole district with at least one member being appointed from each County. The ADAMHS Board received a contribution from the County of \$2,000 during 2021.

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

The Ohio Valley Resource Conservation and Development Area, Inc. is a jointly governed organization that is operated as a non-profit corporation. The Ohio Valley Resource Conservation and Development Area, Inc. was created to aid regional planning to participating counties. Scioto County, along with Ross, Vinton, Highland, Brown, Adams, Pike, Jackson, Gallia, and Lawrence Counties each appoint three members to the 30 member Council. The Council selects an administrator to oversee operations. The Council exercises total control over operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Council. The Ohio Valley Resource Conservation and Development Area, Inc. received no contributions from the County during 2021; other revenues are from USDA grants. Scioto County does not have any ongoing financial interest or responsibilities nor can it significantly influence management.

WORKFORCE DEVELOPMENT BOARD/SO CONSORTIUM - JOINTLY GOVERNED ORGANIZATION

The Workforce Investment Act of 1998 (WIA) was reauthorized as the Workforce Innovation and Opportunity Act of 2014 (WIOA). On December 17, 2015 the Board of County Commissioners approved an intergovernmental agreement for Adams, Brown, Pike and Scioto County which established the terms, conditions, and requirements governing the administration of the Workforce Innovation and Opportunity Act of 2014 and Chief Elected Officials duties and created the SO Consortium for the purpose of implementing, governing, and administering any and all workforce and economic development programming. The Workforce Development Board is a jointly governed organization of representatives from the private and public sectors of Pike, Scioto, Adams, and Brown Counties appointed by the county commissioners from each county and consists of 22 members. The Board consists of a 51 percent business membership and the remaining membership from labor, education and training, disabilities, veterans, youth organizations, and Wagner-Peyser. The Workforce Development Board meets at least quarterly and is responsible for the five-year plan, selecting one-stop operators, selecting youth providers and coordinating

all activities in association with WIOA funds. This Board enables the participating counties to have more local control over the programs which they assist in overseeing. The Board exercises total control over operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Board. The Workforce Development Board received no contributions from the County during 2021. The Workforce Development Board is responsible for advising the SO Consortium and is not an entity separate from the SO Consortium. The SO Consortium is a council of governments formed under Ohio Revised Code Section 167.03.

OHIO VALLEY REGIONAL DEVELOPMENT COMMISSION - JOINTLY GOVERNED ORGANIZATION

The Ohio Valley Regional Development Commission is a jointly governed organization that serves a 12 county economic development planning district in southern Ohio. The Commission was formed to favorably influence the future economic, physical and social development of Adams, Brown, Clermont, Fayette, Gallia, Highland, Jackson, Lawrence, Pike, Ross, Scioto, and Vinton Counties. Membership is comprised of elected and appointed county, municipal and township officials or their officially appointed designees, as well as members of the private sector, community action agencies and regional planning commissions. The Commission is not dependent upon Scioto County for its existence. The Commission exercises total control over operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Commission. The County contributed \$14,310 to the Commission during the year.

SCIOTO COUNTY COMMUNITY ACTION ORGANIZATION - JOINTLY GOVERNED ORGANIZATION

The Scioto County Community Action Organization (CAO) is an IRS 502C3 non-profit organization established to plan, develop, and coordinate programs and services designed to combat problems of poverty and seek the elimination of the conditions of poverty that affect the residents of Scioto County. The CAO administers the Workforce Investment Act grant. The CAO Board is comprised of local public officials. The organization exercises total control over the operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation in the organization. In 2021, the County made payments to the CAO in the amount of \$1,001,194 for the provision of services to the Scioto County Department of Jobs and Family Services.

SOUTHERN OHIO DEVELOPMENT INITIATIVE - JOINTLY GOVERNED ORGANIZATION

The Southern Ohio Development Initiative was created with assistance from the U.S. Department of Energy to assist in the development of industrial areas to offset the potential downsizing and privatization of the Uranium Enrichment Plant in Piketon, Ohio. It is a legally separate, not-for-profit corporation with representatives from each of the counties impacted by the events at the Piketon Plant. The counties involved in this initiative are Pike, Ross, Scioto and Jackson Counties. The County has no authority to impose its will on the organization nor is a burden/benefit relationship in existence. The organization exercises total control over its operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation with the organization. During 2021, the County made no payments nor received any monies from the Southern Ohio Development Initiative.

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY - JOINTLY GOVERNED ORGANIZATION

The Portsmouth Metropolitan Housing Authority (the Authority) is a political subdivision that consists of five members. One member is appointed by the probate court, one member by the court of common pleas,

one member by the board of county commissioners, and two members by the chief executive officer of the City of Portsmouth. The County has no ability to impose its will on the organization nor is a burden/benefit relationship in existence. The Authority exercises total control over operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation in the Authority. The Authority received no contributions from the County during 2021.

SOUTHERN OHIO COUNCIL OF GOVERNMENTS - JOINTLY GOVERNED ORGANIZATION

The County is a member of the Southern Ohio Council of Governments, which is a jointly governed organization, created under the Ohio Revised code section 167.01. The governing body consists of a 15 member board with each participating County represented by the Director of its Board of Developmental Disabilities. Member counties include: Adams, Athens, Brown, Clinton, Fayette, Gallia, Highland, Jackson, Lawrence, Meigs, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The Board exercises total control over operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Board. The County paid the Council \$229,400 for services provided during the year. Financial statements can be obtained from the Southern Ohio Council of Governments, 17273 St. Rt. 104, Building 8, Chillicothe, Ohio, 45601.

JOINT ECONOMIC DEVELOPMENT INITIATIVE OF SOUTHERN OHIO - JOINTLY GOVERNED ORGANIZATION

The Joint Economic Development Initiative of Southern Ohio (JEDISO) is a nonprofit corporation that was formed on April 11, 2017. It was created as a result of the federal government engaging with Fluor-BWXT Company to decontaminate and decommission the Portsmouth Gaseous Diffusion Plant. Fluor's contract required it to invest five percent of its funding to economic development in the surrounding counties. As a result, JEDISO was formed to help facilitate this. It is a legally separate, not-for-profit corporation with representatives from each of the counties impacted by the events at the Portsmouth Plant. The counties involved in this initiative are Pike, Ross, Scioto and Jackson Counties. The County has no authority to impose its will on the organization nor is a burden/benefit relationship in existence. The organization exercises total control over its operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation with the organization. During 2021, the County made no payments nor received any monies from the JEDISO.

JOINT SOLID WASTE DISTRICT - JOINT VENTURE

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

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

The District is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit or burden on the members in the future. The County's investment interest in the District was \$442,856 as of December 31, 2021. Complete financial statements can be

obtained from the Scioto County Auditor's Office at 602 7th Street, Room 103, Portsmouth, OH 45662.

NOTE 20 - RISK SHARING POOL

COUNTY RISK SHARING AUTHORITY, INC. (CORSA)

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

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

CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payments of the certificates. The County does not have an equity interest in CORSA. The County's payment for insurance to CORSA in 2021 was \$348,969. Financial statements may be obtained by contacting the County Commissioners' Association of Ohio at 209 East State Street, Columbus, Ohio 43215-4309.

NOTE 21 – SIGNIFICANT COMMITMENTS

CONTRACTUAL COMMITMENTS

As of December 31, 2021, the County had the following contractual purchase commitments for various projects:

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Project/Contractor	Contract Amount	Amount Expended	Balance at December 31, 2021
2019 FEMA Rain Event - Alan Stone Construction	\$319,338	\$0	\$319,338
SCI 2021 Sign Upgrade - Lightle Enterprise	39,600	2,100	37,500
2019 FEMA Rain Event - W.E Smith Construction	397,311	0	397,311
Lick Run Lyra Road - The Shelly Company	1,999,118	93,040	1,906,078
New Construction - Tyler CLT	61,000	52,513	8,487
Reappraisal - Tyler CLT	837,800	491,284	346,516
Aerial Imagery - Woolpert	66,196	0	66,196
Raptor Fine Screen - Lakeside Equipment Corp	196,100	29,415	166,685
Wheelersburg Oxidation Ditch Improvement - Strand Associates	225,000	68,940	156,060
2019 FEMA Rain Event - Allied Construction	932,481	0	932,481
2019 FEMA Rain Event - Firehouse Construction	318,228	0	318,228
2019 FEMA Rain Event - BBR Drilling Contract	112,000	0	112,000
West Portsmouth and Purtee Acres - Geiger Brothers	1,684,466	1,104,866	579,600
West Portsmouth and Purtee Acres - Strand Associates	545,700	402,590	143,110
West Portsmouth and Purtee Acres - Mechanical Construction	1,377,000	323,973	1,053,027
Franklin Furnance - Strand Associates	263,000	253,662	9,338
Total	<u>\$9,374,338</u>	<u>\$2,822,383</u>	<u>\$6,551,955</u>

On May 27, 2021 the Board of County Commissioners approved a resolution authorizing the County's pledge of non-tax revenues to support the issuance of special obligation revenue bonds of the Southern Ohio Port Authority to finance commercial facilities and public infrastructure improvements within the County. The resolution authorizes the pledge of County non-tax revenues in accordance with the terms of the Cooperative agreement to secure the payment of debt service charges on the Southern Ohio Port Authority's Taxable Special Obligation Revenue Bonds, Series 2021. On June 10, 2021 the County approved a Ground Lease to lease the Airport Building Project site to Southern Ohio Port Authority.

ENCUMBRANCES

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

SCIOTO COUNTY, OHIO
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Governmental Funds:	
General	\$894,451
Public Assistance	571,081
Motor Vehicle Gas Tax	126,801
Board of Developmental Disabilities	140,345
Children Services	600,704
Local Fiscal Recovery	508,320
Nonmajor Governmental Funds	<u>1,411,252</u>
Total Governmental Funds	4,252,954
Proprietary Funds:	
Sanitary Sewer	<u>942,226</u>
Total	<u><u>\$5,195,180</u></u>

NOTE 22 - CONTINGENT LIABILITIES

LITIGATION

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

FEDERAL AND STATE GRANTS

For the period January 1, 2021, to December 31, 2021, the County received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the County believes such disallowance, if any, would be immaterial.

NOTE 23 - RELATED PARTY TRANSACTIONS

The Scioto County Airport Authority, a discretely presented component unit of Scioto County, received contributions from the County for facilities, salaries, and fringe benefits. These contributions are reflected as operating revenues and expenses at cost or fair value as applicable, in the financial statements of the Airport. In 2021, these contributions were \$106,489.

The Southern Ohio Port Authority, a discretely presented component unit of Scioto County, received \$313,006 from the County for expenses and expenses paid on its spec building construction project. Upon receipt of bond proceeds, the Port Authority repaid the County in full for the cash loan and for expenses paid on its behalf prior to closing the bond issuance.

NOTE 24 - FUND BALANCES

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

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Fund Balances	General Fund	Public Assistance Fund	Motor Vehicle Gas Tax Fund	Board of Developmental Disabilities Fund	Children Services Fund	Nonmajor Governmental Funds	Total
<i>Nonspendable</i>							
Prepays	\$284,510	\$50,077	\$21,340	\$67,905	\$16,256	\$95,426	\$535,514
Materials and							
Supplies Inventory	96,786	22,764	737,269	9,119	0	11,335	877,273
Long-term Receivable	105,000	0	0	0	0	0	105,000
Unclaimed Monies	401,218	0	0	0	0	0	401,218
<i>Total Nonspendable</i>	887,514	72,841	758,609	77,024	16,256	106,761	1,919,005
<i>Restricted for</i>							
Debt Service	0	0	0	0	0	68,888	68,888
Capital Projects	0	0	0	0	0	959,461	959,461
Public Safety	0	0	0	0	0	2,736,285	2,736,285
Human Services	0	1,310,391	0	0	101,457	3,905,150	5,316,998
Public Works	0	0	5,851,283	0	0	0	5,851,283
Health	0	0	0	8,498,772	0	342,960	8,841,732
Community and							
Economic Development	0	0	0	0	0	424,475	424,475
Transportation	0	0	0	0	0	668,358	668,358
Judicial	0	0	0	0	0	848,441	848,441
Legislative and Executive	0	0	0	0	0	2,278,994	2,278,994
Conservation and Recreation	0	0	0	0	0	121,853	121,853
<i>Total Restricted</i>	0	1,310,391	5,851,283	8,498,772	101,457	12,354,865	28,116,768
<i>Committed to</i>							
Judicial Programs	0	0	0	0	0	322,068	322,068
<i>Assigned to</i>							
Future Appropriations	25,879	0	0	0	0	0	25,879
Debt Service	0	0	0	0	0	5,197	5,197
Purchases on Order	566,781	0	0	0	0	0	566,781
Public Safety Programs	139,286	0	0	0	0	0	139,286
Judicial Programs	503	0	0	0	0	0	503
Legislative and Executive	11,492	0	0	0	0	0	11,492
<i>Total Assigned</i>	743,941	0	0	0	0	5,197	749,138
<i>Unassigned (Deficit)</i>	16,394,292	0	0	0	0	(19,820)	16,374,472
<i>Total Fund Balances</i>	\$18,025,747	\$1,383,232	\$6,609,892	\$8,575,796	\$117,713	\$12,769,071	\$47,481,451

NOTE 25 – ACCOUNTABILITY

At December 31, 2021, the Jail Construction Note Fund had a deficit fund balance of \$19,820. The General Fund provides transfers to cover deficit balances in other funds, this is done when cash is needed rather than when accruals occur.

NOTE 26 – SUBSEQUENT EVENTS

On February 10, 2022, the County approved a resolution to enter into a cooperative agreement with the Ohio Water Development Authority for refinancing of a USDA Rural Development Loan with a principal balance of \$331,000 and an existing rate of 4.5% for the construction of sanitary sewers in the Eden Park Area. The application was approved on April 28, 2022 with the new loan amount of \$332,369 at a rate of 3.45% for 29.5 years starting on January 1, 2023. On June 16, 2022 payment of proceeds in the amount of \$331,210 was made to USDA Rural Development.

On February 24, 2022, the Board of County Commissioners approved restructuring the County's Child Protective Services (CPS). As a result of the restructuring, operation and oversight of CPS will be placed directly under the Board of County Commissioners and into the Job and Family Services structure. The CPS Board will be moved from an operational and financial oversight board to an advisory board. The restructuring was accepted by the CPS Board and the effective date was July 1, 2022.

On February 24, 2022, the County approved a letter of intent to purchase property in Portsmouth, Ohio in the amount of \$418,000. On March 31, 2022, the County entered into a Real Estate Purchase and Sale Agreement with Fifth Third Bank to purchase the tracts of land located at 500 Chillicothe Street (bank branch) and 817 6th Street (parking lot), Portsmouth, Ohio at a purchase price of \$418,000.

On July 7, 2022, the Board of County Commissioners entered into a lease agreement with the City of Portsmouth for the lease of a building and parking lots in the amount of \$41,800 per year for 10 years and a total lease value of \$418,000. The County is the lessor in this lease agreement and at the expiration of the 10 year lease, the assets will be transferred to the City of Portsmouth.

On August 18, 2022, the County approved a resolution approving loan or grant and to provide other forms of financial assistance to the Southern Ohio Port Authority, a discretely presented component unit, for an economic development project at the Greater Portsmouth Regional Airport relating to expansion of the spec building at the SOAR Industrial Park in the amount of \$1,500,000.

NOTE 27 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the County. The County's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the County's future operating costs, revenues, and additional recovery from emergency funding, either federal or State, cannot be estimated.

During 2021, the County spent the remaining amount of Local Coronavirus Relief Funds. Of the amounts spent, \$208,906 was sub-granted to other governments and organizations and \$187,238 was spent on-behalf of other governments.

Also during 2021, the County received \$7,314,431 in American Rescue Plan Act Coronavirus State and Local Fiscal Recovery (SLFRF) funds. During 2021, \$389,200 was spent for capital projects and economic development and assistance.

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 28 - DISCRETELY PRESENTED COMPONENT UNITS

SCIOTO COUNTY AIRPORT AUTHORITY

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

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

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

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

Capital Assets - A summary of the Airport’s capital assets at December 31, 2021, follows:

Land	\$365,737
Construction in Progress	18,806
Land Improvements	1,986,232
Buildings	1,858,449
Machinery and Equipment	159,708
Vehicles	164,470
Less: Accumulated Depreciation	<u>(2,195,399)</u>
Total Capital Assets (Net)	<u>\$2,358,003</u>

As of December 31, 2021, the Airport had the following contractual purchase commitments for:

Project/Contractor	Contract Amount	Amount Expended	Balance at December 31, 2021
2021 RW Rehab Design	\$113,300	\$12,932	\$100,368
Furnish and Install QT Pod	30,580	7,645	22,935
Land Release-3.8885ac- task 440	12,500	12,186	314
2022 ODOT Runway Lighting-task 600	96,925	11,161	85,764
Total	<u>\$253,305</u>	<u>\$43,924</u>	<u>\$209,381</u>

SCIOTO COUNTY LAND REUTILIZATION CORPORATION

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

Summary of Significant Accounting Policies - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

contingent assets and liabilities at the date of financial statements and reported amounts of the revenues, expenses, gains, losses and other changes in net position during the reporting period. Actual results could differ from those estimates.

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

Deposits - At December 31, 2021, the Corporation's bank balance of \$83,418 was covered by Federal Deposit Insurance Corporation (FDIC).

SOUTHERN OHIO PORT AUTHORITY

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

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

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

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

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

Capital Assets: - A summary of the Port Authority's capital assets at December 31, 2021, follows:

Land	\$1,036,780
Construction In Progress	1,422,697
Buildings and Improvements	10,200
Less Accumulated Depreciation	<u>(128)</u>
Total Capital Assets, net	<u><u>\$2,469,549</u></u>

Long Term Obligations – During 2021, the Port Authority issued special obligation revenue bonds in the amount of \$6,100,000 for the purpose of funding the construction of a 44,000 square-foot logistics building, certain roadway and public infrastructure improvements, and certain related costs including design, engineering, construction, equipping, improving, installation, and inspection. The bonds final maturity is in 2041. The balance outstanding as of December 31, 2021, is \$6,100,000.

Net Pension Liability (Asset) – The Port Authority participates in the Ohio Employees Retirement System (OPERS). The Authority’s contractually required contribution was \$0 for 2021 as they did not have employees in 2021.

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

The net pension liability for OPERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Port Authority’s proportion of the net pension liability was based on the Port Authority’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share of the Port Authority’s defined benefits pension plan and pension expense:

Proportionate Share of the Net Pension	
Liability:	
Current Measurement Date	0.00000000%
Prior Measurement Date	0.00000000%
Change in Proportionate Share	<u>0.00000000%</u>
Proportionate Share of the:	
Pension Expense	(\$37,091)

At December 31, 2021, the Port Authority’s previously reported deferred inflows of resources related to pensions was fully amortized.

Sensitivity of the Port Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The Port Authority’s proportionate share of the net pension liability is calculated using the current period discount rate assumption of 7.2 percent, as well as what the Port Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate. The Port Authority had a 0 percent proportionate share for the year ended December 31, 2020.

Changes between Measurement Date and Report Date – During 2021, the OPERS Board lowered the investment rate of return from 7.2 percent to 6.9 along with certain other changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

Net OPEB Liability – The Port Authority’s contractually required contribution was \$0 for 2020.

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Port Authority’s proportion of the net OPEB liability was based on the Port Authority’s share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

Proportionate Share of the Net OPEB Liability:	
Current Measurement Date	0.000000%
Prior Measurement Date	<u>0.000000%</u>
Change in Proportionate Share	<u>0.000000%</u>
Proportionate Share of the:	
OPEB Expense	(\$23,370)

At December 31, 2021, the Port Authority reported deferred inflows of resources related to OPEB from the following sources:

Deferred Inflows of Resources	
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	
	<u>\$700</u>
Total Deferred Inflows of Resources	<u><u>\$700</u></u>

\$0 reported as deferred outflows of resources related to OPEB resulting from Port Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2022.

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

Year Ending December 31:	
2022	<u><u>(700)</u></u>

Sensitivity of the Port Authority’s Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate The Port Authority’s proportionate share of the net OPEB liability is calculated using the single discount rate of 6.00 percent, as well as what the Port Authority’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate. The Port Authority had a 0 percent proportionate share for the year ended December 31, 2020.

Sensitivity of the Port Authority's Proportionate Share of the Net OPEB Liability (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 liability (asset). The net OPEB liability (asset) is calculated using the assumed trend rates, and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate. The Port Authority had a 0 percent proportionate share for the year ended December 31, 2020.

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

Risk Management - The Port Authority is included in Scioto County's County Risk Sharing Authority Joint Self Insurance Pool formed under Ohio Revised Code Section 2744. It provided for the following: comprehensive property and general liability coverage; vehicles; and errors and omissions. During 2021, the Port Authority had no settlements that exceeded insurance coverage in any of the past three years. There were also no significant changes in coverage from the prior year.

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

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

As of December 31, 2021, there is one conduit debt outstanding, that was originally filed for \$10,000,000. The Educational Facilities Development Revenue Bond is still outstanding but is currently being paid by the Clark Foundation.

There was a second conduit debt outstanding that was issued in 2013 on behalf of Scioto County. The original issuance was for Economic Development Facilities Refunding Revenue Bonds in the amount of \$1,815,000. As of December 31, 2021, the outstanding balance of this debt reported by Scioto County was \$690,000.

There was a third conduit debt outstanding that was issued in 2020 on behalf of PureCycle Technologies. The original issuance was for Exempt Facility Revenue Bonds in the amount of \$249,550,000. As of December 31, 2021, the outstanding balance of this debt was \$249,550,000.

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 29 - CONDENSED COMPONENT UNIT STATEMENTS

CONDENSED COMPONENT UNIT STATEMENT OF NET POSITION

	Scioto County Airport Authority	Scioto County Land Reutilization Corporation	Southern Ohio Port Authority	Total
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$150,027	\$77,818	\$119,950	\$347,795
Cash and Cash Equivalents with Fiscal Agent	0	4,322	0	4,322
<u>Restricted Assets:</u>				
Cash and Cash Equivalents Held by Trustee	0	0	4,329,800	4,329,800
Cash and Cash Equivalents	0	0	10,100	10,100
Accounts Receivable	699	0	85	784
Prepays	893	0	0	893
Due from Other Governments	1,864	0	0	1,864
Dividends Receivable	0	0	92	92
Unamortized Bond Discount	0	0	76,604	76,604
Assets Held for Resale	0	2,076,543	0	2,076,543
<u>Capital Assets:</u>				
Land and Construction in Progress	384,543	0	2,459,477	2,844,020
Depreciable Capital Assets, Net	1,973,460	0	10,072	1,983,532
<i>Total Assets</i>	<u>2,511,486</u>	<u>2,158,683</u>	<u>7,006,180</u>	<u>11,676,349</u>
<u>Liabilities:</u>				
Accounts Payable	\$5,758	\$0	\$908	\$6,666
Contracts Payable	11,628	0	25,776	37,404
Accrued Liabilities	0	46,673	18,249	64,922
Due to Grantors	0	39,264	0	39,264
Unearned Revenue	0	18,965	0	18,965
<u>Long Term Liabilities:</u>				
Due in More Than One Year:				
Other Amounts	0	0	6,100,000	6,100,000
<i>Total Liabilities</i>	<u>17,386</u>	<u>104,902</u>	<u>6,144,933</u>	<u>6,267,221</u>
<u>Deferred Inflows of Resources:</u>				
OPEB	0	0	700	700
<u>Net Position:</u>				
Net Investment in Capital Assets	2,346,842	0	739,588	3,086,430
Restricted	0	0	10,869	10,869
Unrestricted	147,258	2,053,781	110,090	2,311,129
<i>Total Net Position</i>	<u>\$2,494,100</u>	<u>\$2,053,781</u>	<u>\$860,547</u>	<u>\$5,408,428</u>

SCIOTO COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

CONDENSED COMPONENT UNIT STATEMENT OF ACTIVITIES

	Scioto County Airport Authority	Scioto County Land Reutilization Corporation	Southern Ohio Port Authority	Total
Expenses:	\$538,087	\$828,062	\$394,018	\$1,760,167
Program Revenues:				
Charges for Services and Sales	356,928	0	30,500	387,428
Operating Grants and Contributions	106,489	859,933	213,270	1,179,692
Capital Grants and Contributions	28,231	0	0	28,231
Total Program Revenues	491,648	859,933	243,770	1,595,351
Interest	5	0	620	625
Miscellaneous	311	3	0	314
Total Revenues	491,964	859,936	244,390	1,596,290
Change in Net Position	(46,123)	31,874	(149,628)	(163,877)
<i>Net Position at Beginning of Year</i>	2,540,223	2,021,907	1,010,175	5,572,305
<i>Net Position at End of Year</i>	\$2,494,100	\$2,053,781	\$860,547	\$5,408,428

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

	2021	2020	2019	2018
County's Proportion of the Net Pension Liability	0.15368507%	0.14430031%	0.14956893%	0.15102596%
County's Proportionate Share of the Net Pension Liability	\$22,757,416	\$28,521,937	\$40,963,900	\$23,693,048
County's Covered Payroll	\$21,061,645	\$20,804,986	\$19,636,845	\$19,458,971
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	108.05%	137.09%	208.61%	121.76%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%	84.66%

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

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

See accompanying notes to the required supplementary information.

2017	2016	2015	2014
0.15310712%	0.15238630%	0.15310760%	0.15310760%
\$34,768,024	\$26,395,228	\$18,466,488	\$18,049,391
\$19,884,376	\$18,474,210	\$18,192,968	\$17,879,362
174.85%	142.88%	101.50%	100.95%
77.25%	81.08%	86.45%	86.45%

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

	2021	2020	2019	2018
County's Proportion of the Net Pension Liability (Asset)	0.07064134%	0.06570641%	0.06829029%	0.06715062%
County's Proportionate Share of the Net Pension Liability (Asset)	(\$203,916)	(\$137,011)	(\$76,366)	(\$91,414)
County's Covered Payroll	\$311,314	\$307,693	\$292,071	\$275,015
County's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	(65.50)%	(44.53)%	(26.15)%	(33.42)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	157.67%	145.28%	126.64%	137.28%

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

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

See accompanying notes to the required supplementary information.

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

	2021	2020	2019	2018	2017
County's Proportion of the Net OPEB Liability (Asset)	0.14589575%	0.13696067%	0.14207400%	0.14345900%	0.14614860%
County's Proportionate Share of the Net OPEB Liability (Asset)	(\$2,599,248)	\$18,917,824	\$18,523,094	\$15,578,589	\$14,221,450
County's Covered Payroll	\$21,485,059	\$21,224,104	\$20,048,166	\$19,855,111	\$20,336,027
County's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	(12.10)%	89.13%	92.39%	78.46%	69.93%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	115.57%	47.80%	46.33%	54.14%	54.04%

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

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

See accompanying notes to the required supplementary information.

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

	2021	2020	2019	2018
County's Proportion of the Net Pension Liability	0.00506260%	0.00535728%	0.00613029%	0.00593058%
County's Proportionate Share of the Net Pension Liability	\$647,300	\$1,296,271	\$1,355,677	\$1,304,002
County's Covered Payroll	\$624,693	\$646,536	\$719,721	\$674,207
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	103.62%	200.49%	188.36%	193.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.40%	77.30%

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

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

See accompanying notes to the required supplementary information.

2017	2016	2015	2014	2013
0.00489094%	0.00604072%	0.00591745%	0.00652135%	0.00652135%
\$1,161,853	\$2,022,011	\$1,635,410	\$1,586,219	\$1,889,493
\$537,700	\$635,600	\$617,386	\$717,554	\$757,315
216.08%	318.13%	264.89%	221.06%	249.50%
75.30%	66.80%	72.10%	74.70%	69.30%

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

	2021	2020	2019	2018	2017
County's Proportion of the Net OPEB Liability (Asset)	0.00506260%	0.00535728%	0.00613029%	0.00593058%	0.00489094%
County's Proportionate Share of the Net: OPEB Liability (Asset)	(\$106,740)	(\$94,153)	(\$101,532)	(\$95,298)	\$190,827
County's Covered Payroll	\$624,693	\$646,536	\$719,721	\$674,207	\$537,700
County's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	(17.09)%	(14.56)%	(14.11)%	(14.13)%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	174.70%	182.10%	174.70%	176.00%	47.10%

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

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

See accompanying notes to the required supplementary information.

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

	2021	2020	2019	2018
Net Pension Liability - Traditional Plan				
Contractually Required Contribution	\$3,279,001	\$3,029,577	\$2,994,927	\$2,828,190
Contributions in Relation to the Contractually Required Contribution	<u>(3,279,001)</u>	<u>(3,029,577)</u>	<u>(2,994,927)</u>	<u>(2,828,190)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll	\$22,743,278	\$21,061,645	\$20,804,986	\$19,636,845
Contributions as a Percentage of Covered Payroll	14.42%	14.38%	14.40%	14.40%
Net Pension Liability - Combined Plan				
Contractually Required Contribution	\$35,746	\$43,584	\$43,077	\$40,890
Contributions in Relation to the Contractually Required Contribution	<u>(35,746)</u>	<u>(43,584)</u>	<u>(43,077)</u>	<u>(40,890)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll	\$255,329	\$311,314	\$307,693	\$292,071
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability - OPEB Plan				
Contractually Required Contribution	\$7,665	\$4,484	\$4,457	\$4,770
Contributions in Relation to the Contractually Required Contribution	<u>(7,665)</u>	<u>(4,484)</u>	<u>(4,457)</u>	<u>(4,770)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll	\$23,190,232	\$21,485,059	\$21,224,104	\$20,048,166
Contributions as a Percentage of Covered Payroll	0.03%	0.02%	0.02%	0.02%

- (1) Although this schedule is intended to reflect information for ten years, information prior to 2013 is not available for the traditional plan and information prior to 2016 is not available for the combined plan. An additional column will be added each year.
- (2) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented for the OPEB plan.
- (3) The OPEB plan includes the members from the traditional plan, the combined plan, and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See accompanying notes to the required supplementary information.

2017	2016	2015	2014	2013
\$2,606,685	\$2,465,706	\$2,288,853	\$2,256,548	\$2,401,615
<u>(2,606,685)</u>	<u>(2,465,706)</u>	<u>(2,288,853)</u>	<u>(2,256,548)</u>	<u>(2,401,615)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$19,458,971	\$19,884,376	\$18,474,210	\$18,192,968	\$17,879,362
13.40%	12.40%	12.39%	12.40%	13.43%
\$35,752	\$34,935			
<u>(35,752)</u>	<u>(34,935)</u>			
<u>\$0</u>	<u>\$0</u>			
\$275,015	\$291,125			
13.00%	12.00%			
\$202,185	\$409,931			
<u>(202,185)</u>	<u>(409,931)</u>			
<u>\$0</u>	<u>\$0</u>			
\$19,855,111	\$20,336,027			
1.02%	2.02%			

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net Pension Liability				
Contractually Required Contribution	\$91,003	\$89,412	\$98,887	\$102,663
Contributions in Relation to the Contractually Required Contribution	<u>(91,003)</u>	<u>(89,412)</u>	<u>(98,887)</u>	<u>(102,663)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll	\$650,021	\$638,657	\$706,336	\$733,307
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Asset / Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$82,322	\$83,684	\$85,682	\$91,873	\$89,512	\$90,794
<u>(82,322)</u>	<u>(83,684)</u>	<u>(85,682)</u>	<u>(91,873)</u>	<u>(89,512)</u>	<u>(90,794)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$588,014	\$597,743	\$612,014	\$681,888	\$688,554	\$698,415
14.00%	14.00%	14.00%	13.47%	13.00%	13.00%
\$0	\$0	\$0	\$3,614	\$6,886	\$6,984
<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,614)</u>	<u>(6,886)</u>	<u>(6,984)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
0.00%	0.00%	0.00%	0.53%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

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SCIOTO COUNTY, OHIO
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

CHANGES IN ASSUMPTIONS – OPERS PENSION – TRADITIONAL PLAN

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

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

The assumptions related COLA or Ad Hoc COLA for Post-January 7, 2013 Retirees are as follows:

COLA or Ad Hoc COLA, Post-January 7, 2013 Retirees:

2021	0.5 percent, simple through 2021 then 2.15 percent, simple
2020	1.4 percent, simple through 2020 then 2.15 percent, simple
2017 through 2019	3.0 percent, simple through 2018 then 2.15 percent, simple
2016 and prior	3.0 percent, simple through 2018 then 2.80 percent, simple

Amounts reported beginning in 2017 use pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

SCIOTO COUNTY, OHIO
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

CHANGES IN ASSUMPTIONS – OPERS PENSION – COMBINED PLAN

For 2021 and 2020, the Combined Plan had the same change in COLA or Ad Hoc COLA for Post-January 2, 2013 retirees as the Traditional Plan. For 2019, the investment rate of return changed from 7.5 percent to 7.2 percent.

CHANGES IN ASSUMPTIONS – STRS PENSION

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

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

Beginning in 2021, the investment rate of return was decreased from 7.45 percent to 7.00 percent.

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

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

SCIOTO COUNTY, OHIO
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

CHANGES IN ASSUMPTIONS – OPERS OPEB

Investment Return Assumption:	
Beginning in 2019	6.00 percent
2018	6.50 percent
Municipal Bond Rate:	
2021	2.00 percent
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate:	
2021	6.00 percent
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
2017	4.23 percent
Health Care Cost Trend Rate:	
2021	8.5 percent, initial 3.5 percent, ultimate in 2035
2020	10.5 percent, initial 3.5 percent, ultimate in 2030
2019	10.0 percent, initial 3.25 percent, ultimate in 2029
2018	7.5 percent, initial 3.25 percent, ultimate in 2028

CHANGES IN BENEFIT TERMS – OPERS OPEB

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in 2021.

CHANGES IN ASSUMPTIONS – STRS OPEB

For 2021, the discount rate was decreased from 7.45 percent to 7.00 percent.

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

CHANGES IN BENEFIT TERMS – STRS OPEB

For 2021, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

SCIOTO COUNTY, OHIO
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

For 2020, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

SCIOTO COUNTY

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed through Ohio Department of Job and Family Services				
Supplemental Nutrition Assistance Program Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-2021-11-5989/G-2223-11-6987	N/A	\$645,040
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-2021-11-5989		\$28,430
COVID-19 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-2223-11-6987		\$64,514
Total Supplemental Nutrition Assistance Program Cluster				<u>\$737,984</u>
Passed through Ohio Department of Natural Resources				
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to States	10.665	N/A	N/A	<u>11,312</u>
Direct from the U.S. Department of Agriculture				
Water and Waste Water Disposal Systems for Rural Communities - Loan	10.760	N/A	N/A	<u>670,364</u>
Total U.S. Department of Agriculture				<u>1,419,660</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through Ohio Development Services Agency				
Community Development Block Grants/State's Program				
Community Development Program	14.228	B-F-20-1CP-1	N/A	41,206
Community Housing Impact and Preservation Program		B-C-19-1CP-1	N/A	<u>153,494</u>
Total Community Development Block Grants/State's Program				<u>194,700</u>
Home Investment Partnerships Program	14.239	B-C-19-1CP-2	N/A	<u>280,433</u>
Total U.S. Department of Housing and Urban Development				<u>475,133</u>
U.S. DEPARTMENT OF THE INTERIOR				
Direct Program				
Payments in Lieu of Taxes	15.226	N/A	N/A	16,683
Passed through Ohio Department of Natural Resources				
National Forest Acquired Lands	15.438	N/A	N/A	<u>12,307</u>
Total U.S. Department of the Interior				<u>28,990</u>
U.S. DEPARTMENT OF JUSTICE				
Direct from the Office of Justice Programs Bureau of Justice Assistance				
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	N/A	N/A	23,766
Direct from the United States Marshals Service				
Equitable Sharing Program	16.922	N/A	N/A	104,583
Passed through Ohio Attorney General Crime Victims Section				
Crime Victim Assistance	16.575	2021-VOCA-133917405	N/A	13,972
		2021-VOCA-133924363	N/A	26,693
		2022-VOCA-134714872	N/A	<u>17,654</u>
Total Crime Victim Assistance				<u>58,319</u>
Passed through Ohio Department of Public Safety Office of Criminal Justice Services				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-JG-LLE-5343F	N/A	10,545
Passed through the City of Portsmouth				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0546	N/A	<u>5,065</u>
Total Edward Byrne Memorial Justice Assistance Grant Program				<u>15,610</u>
Total U.S. Department of Justice				<u>202,278</u>

(Continued)

SCIOTO COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Direct from the United States Federal Aviation Administration</i>				
Airport Improvement Program	20.106	3-39-0069-021-2020 3-39-0069-023-2021	N/A N/A	11,509 26,763
COVID-19 Airport Improvement Program	20.106	3-39-0069-024-2021	N/A	<u>13,000</u>
Total Airport Improvement Program				51,272
<i>Passed Through Ohio Department of Transportation</i>				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	110515 101880 113874	N/A N/A N/A	71,334 362,582 <u>39,600</u>
Total Highway Planning and Construction Cluster				473,516
Formula Grants for Rural Areas	20.509	RPTF-4119-005-201 RPTM-0119-005-291	N/A N/A	80,367 10,086
COVID-19 Formula Grants for Rural Areas	20.509	CARE-4119-024-211 CARE-4119-024-212	N/A N/A	218,494 <u>270,205</u>
Total Formula Grants for Rural Areas				579,152
Federal Transit Cluster				
Bus and Bus Facilities Formula Program	20.526	BABF-0119-010-201	N/A	<u>48,405</u>
Total Passed Through Ohio Department of Transportation				1,101,073
<i>Passed Through Ohio Department of Public Safety - Office of Criminal Justice Services</i>				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	STEP-2021-Scioto Co. Sheriff's Offi-00076 STEP-2022-Scioto Co. Sheriff's Offi-00090	N/A	11,231 646 <u>11,877</u>
Total State and Community Highway Safety				11,877
Total Highway Safety Cluster				11,877
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	STEP-2021-Scioto Co. Sheriff's Offi-00076 STEP-2022-Scioto Co. Sheriff's Offi-00090	N/A	14,458 2,973 <u>17,431</u>
Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated				17,431
Total Passed Through Ohio Department of Public Safety - Office of Criminal Justice Services				<u>29,308</u>
Total U.S. Department of Transportation				<u>1,181,653</u>
U.S. DEPARTMENT OF THE TREASURY				
<i>Direct from the United States Department of the Treasury</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	N/A	389,200
<i>Passed Through Ohio Office of Budget and Management</i>				
COVID-19 Coronavirus Relief Fund	21.019	HB481-CRF-Local	208,906	394,287
<i>Passed Through Supreme Court of Ohio</i>				
COVID-19 Coronavirus Relief Fund	21.019	20-RTG-0100	N/A	<u>7,998</u>
Total U.S. Department of the Treasury				<u>791,485</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY				
<i>Direct from the United States Environmental Protection Agency</i>				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	N/A	N/A	<u>39,541</u>
Total U.S. Environmental Protection Agency				<u>39,541</u>
U.S. ELECTION ASSISTANCE COMMISSION				
<i>Passed through the Ohio Secretary of State:</i>				
2018 HAVA Election Security Grants	90.404	N/A	N/A	10,132
COVID-19 2018 HAVA Election Security Grants	90.404	N/A	N/A	<u>13,000</u>
Total 2018 HAVA Election Security Grants				<u>23,132</u>
Total U.S. Election Assistance Commission				<u>23,132</u>

(Continued)

SCIOTO COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through the Ohio Department of Job and Family Services				
MaryLee Allen Promoting Safe and Stable Families Program	93.556	G-2021-11-5990/G-2223-11-6988	N/A	59,799
Child Support Enforcement	93.563	G-2021-11-5989/G-2223-11-6987	N/A	944,385
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2021-11-5990/G-2223-11-6988	N/A	70,398
Foster Care Title IV-E	93.658	G-2021-11-5990/G-2223-11-6988	N/A	2,282,834
Adoption Assistance	93.659	G-2021-11-5990/G-2223-11-6988	N/A	165,268
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G-2021-11-5990/G-2223-11-6988	N/A	23,411
COVID-19 John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G-2021-11-5990/G-2223-11-6988		41,115
Total John H. Chafee Foster Care Program for Successful Transition to Adulthood				64,526
Social Services Block Grant	93.667	G-2021-11-5989/G-2223-11-6987	128,129	1,226,628
COVID-19 Elder Abuse Prevention Interventions Program	93.747	G-2021-11-5989/G-2223-11-6987	N/A	32,433
TANF Cluster:				
Temporary Assistance for Needy Families (TANF)	93.558	G-2021-11-5989/G-2223-11-6987	874,544	3,247,825
COVID-19 Temporary Assistance for Needy Families (TANF)	93.558	G-2223-11-6987	N/A	365,537
Total TANF Cluster: Temporary Assistance for Needy Families (TANF)				3,613,362
CCDF Cluster: Child Care and Development Block Grant	93.575	G-2021-11-5989/G-2223-11-6987	N/A	180,260
Children's Health Insurance Program	93.767	G-2021-11-5989/G-2223-11-6987	N/A	233,634
COVID-19 Children's Health Insurance Program	93.767	G-2021-11-5989/G-2223-11-6987	N/A	13,588
Total Children's Health Insurance Program				247,222
Medicaid Cluster: Medical Assistance Program	93.778	G-2021-11-5989/G-2223-11-6987/G-2021-11-5990	N/A	1,707,003
Total Passed through the Ohio Department of Job and Family Services				10,594,118
Passed through Children Defense Fund - Ohio				
Maternal and Child Health Federal Consolidated Programs	93.110	U2DMC32394-03-00	N/A	68,480
Passed through Ohio Department of Developmental Disabilities				
Social Services Block Grant	93.667	N/A	N/A	18,815
Medicaid Cluster: Medical Assistance Program - Medicaid Administrative Claiming (MAC)	93.778	N/A	N/A	339,697
Total Passed through the Ohio Department of Developmental Disabilities				358,512
Total U.S. Department of Health and Human Services				11,021,110
U.S. EXECUTIVE OFFICE OF THE PRESIDENT				
Passed through the City of Independence, Ohio				
High Intensity Drug Trafficking Areas Program	95.001	G20OH0003A G21OH0003A	N/A N/A	11,056 9,839
Total High Intensity Drug Trafficking Areas Program				20,895
Total U.S. Executive Office of the President				20,895
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through Ohio Department of Natural Resources				
Boating Safety Financial Assistance	97.012	N/A	N/A	13,782
Passed through the Ohio Emergency Management Agency				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4424-DR-145-05957-00	N/A	71,243
Hazard Mitigation Grant	97.039	DR-4360.05P-OH	N/A	1,406
Emergency Management Performance Grants	97.042	EMC-2020-EP-00004 EMC-2021-EP-00002	N/A N/A	21,572 23,698
Total Emergency Management Performance Grants				45,270
Total U.S. Department of Homeland Security				131,701
Total Expenditures of Federal Awards				\$15,335,578

The accompanying notes are an integral part of this schedule.

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SCIOTO COUNTY

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – SUBRECIPIENTS

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

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

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

The County has an Economic Development Community Development Block Grant (CDBG) Program Income Account. The current cash balance of Scioto County's local program income account as of December 31, 2021 is \$61,556.

In addition, the County has an Ohio Small Cities Community Development Block Grant (CDBG) Housing Program Income Account. The current cash balance of Scioto County's local program income account as of December 31, 2021 is \$6,759.

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

The County was previously awarded a grant and a loan through the Water and Waste Disposal Systems for Rural Communities program, AL #10.760. Both grant and loan proceeds were previously reported on the Schedule when expended. The project was completed in 2014, and all funds from both the grant and loan proceeds had been expended as of December 31, 2014. USDA loan proceeds extended over the life of the project totaled \$1,388,000. The balance of USDA loans outstanding relating to the Eden Park Project totaled \$1,189,100 as of December 31, 2021.

On February 10, 2022, the County approved a resolution to enter into a cooperative agreement with the Ohio Water Development Authority for refinancing of a USDA Rural Development Loan with a principal balance of \$331,000 and an existing rate of 4.5% for the construction of sanitary sewers in the Eden Park Area. The application was approved on April 28, 2022 with the new loan amount of \$332,369 at a rate of 3.45% for 29.5 years starting on January 1, 2023. On June 16, 2022 payment of proceeds in the amount of \$331,210 was made to USDA Rural Development.

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

The County was previously awarded a grant and a loan through the ARRA-Water and Waste Disposal Systems for Rural Communities program, AL #10.781. Both grant and loan proceeds have been reported on the Schedule when expended. The remaining grant and loan proceeds were drawn down in 2015 and the remaining proceeds were expended in 2017. USDA loan proceeds drawn down over the life of the project total \$14,912,000. Repayment of the loan began in 2016, and the balance of USDA loans outstanding relating to the Minford Sewer Project totaled \$13,406,350 as of December 31, 2021.

NOTE H – UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) LOANS OUTSTANDING – PURTEE ACRES PROJECT

The County was awarded a grant and a loan through the Water and Waste Disposal Systems for Rural Communities program, AL #10.760. Both grant and loan proceeds are reported on the Schedule when expended. USDA loan proceeds drawn down in 2021 totaled \$670,364.

NOTE I - MATCHING REQUIREMENTS

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

NOTE J – MEDICAID ADMINISTRATION CLAIMING (MAC) COST REPORT SETTLEMENTS

During the calendar year, the County Board of Development Disabilities received a settlement payment for the 2017 and 2018 Cost Reports from the Ohio Department of Developmental Disabilities for the Medicaid Program (AL # 93.778) in the amount of \$12,773. The Cost Report Settlement payment was for settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. This revenue is not listed on the County's Schedule of Expenditures of Federal Awards since the underlying expenses occurred in the prior reporting periods.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Scioto County
602 Seventh Street
Portsmouth, Ohio 45662

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Scioto County, (the County) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 27, 2022 wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio
September 27, 2022

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Scioto County
602 Seventh Street
Portsmouth, Ohio 45662

To the Board of County Commissioners:

Report on Compliance with Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, Scioto 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, 2021.

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.

Scioto County
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
Page 3

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 27, 2022

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Water and Waste Water Disposal Systems for Rural Communities – Loan – AL # 10.760 TANF Cluster: Temporary Assistance for Needy families (TANF) – AL #93.558 Social Services Block Grant – AL #93.667 Medicaid Cluster: Medical Assistance Program – AL # 93.778 Medicaid Cluster: Medical Assistance Program – Medicaid Administrative Claiming (MAC) – AL #93.778
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE KEITH FABER



SCIOTO COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/29/2022

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

This report is a matter of public record and is available online at
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