OHIO AUDITOR OF STATE
KEITH FABER

Annual Comprehensive Financial Report

An Enterprise Fund of the State of Ohio

For the Fiscal Year Ended June 30, 2021

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Prepared by the Ohio Auditor of State's Office
Timothy S. Keen
Chief Financial Officer

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Introductory Section

Transmittal letter

October 5, 2021

To the citizens of the State of Ohio:

It is our pleasure to submit to you the Annual Comprehensive Financial Report (ACFR) for the Auditor of the State of Ohio's Office (the Office).

Preparation

The accuracy and completeness of the presentation of this report is the responsibility of the Auditor of State (AOS). To the best of our knowledge, the enclosed data is accurate in all material respects, and is reported in a manner that fairly presents the financial position and operation of the Office.

This report has been prepared in accordance with Accounting Principles Generally Accepted in the United States of America (GAAP), as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB). The Office also follows the recommendations of the Government Finance Officers Association of the United States and Canada (GFOA) for presenting the information contained within this report, and participates in the GFOA's review program for the Certificate of Achievement for Excellence in Financial Reporting.

Internal Controls

In developing and modifying the Office's accounting system, consideration is given to the adequacy of internal accounting controls. Controls have been designed to provide reasonable, but not absolute, assurance for the safeguarding of assets against loss from unauthorized use or disposal, maintaining accountability of assets and the reliability of financial records for preparing financial statements. The development of internal control policies and procedures requires estimates and judgments by management when evaluating the costs of proposed controls versus their expected benefits. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits to be derived from their implementation. AOS management believes that the Office's current internal control structure adequately meets the above objectives without generating excessive costs.

Independent Auditors

As part of the annual preparation of an ACFR, the Office subjects all financial statements to an annual independent audit. The independent auditor is selected pursuant to Ohio Revised Code Section 117.14 by an audit committee made up of the governor and the chairs of the Ohio House and Senate Finance Committees. For fiscal year 2021, Rea & Associates Inc. is the Office's independent auditor. An unmodified opinion letter can be found on pages 18-19.

Management's Discussion and Analysis (MD&A)

GASB Statement No. 34 (GASB 34) requires that management provides an introductory overview and narrative, known as the Management's Discussion and Analysis (MD&A), to accompany the basic financial statements. The transmittal letter is intended to complement and be read in conjunction with this analysis. The MD&A can be found immediately following the independent auditor's report.

Profile of the Auditor's Office

Reporting Entity

The Ohio Constitution establishes the executive branch position of Auditor of State. The Auditor is elected by the citizens of Ohio and serves a four-year term with a limit of two successive terms. Duties prescribed by state law include chief inspector of all public accounts and public funds, custodian of public land records, in addition to other statutory duties. Specifically, the Office audits the financial statements of all public entities and provides technical expertise through consulting and training services.

The Auditor's Office is a proprietary operation for purposes of financial reporting. The Office charges fees to local governments and state agencies for services provided. Results of the Office's operations are reported in a manner similar to the private sector.

The Office operates with five major functional units: Audit Administration, Financial Audit, Local Government Services, Ohio Performance Team, and Special Investigations Unit.

Audit Administration

Audit Administration is responsible for the day-to-day management and policy decisions of the Office. It is made up of senior management, support staff and other support sections including finance, facilities and operations, human resources, legal, information technology, policy and legislative affairs, communications, and field operations.

Financial Audit

Financial Audit includes seven local audit regions, State Audit Region/Information Systems Audit, the Center for Audit Excellence, and Medicaid Contract Audits. As mandated by Chapter 117 of the Ohio Revised Code, the Financial Audit Group performs financial and compliance audits of Ohio's public entities to identify critical issues related to the public entities' financial reporting, legal compliance, systems of internal control, control deficiencies, high-risk investments and irregular or illegal activities. With employees working from across the State, this group serves all state and local government entities in Ohio.

Under authority of Chapter 117 of the Ohio Revised Code, the Medicaid Contract Audit Section identifies and reports incidents of noncompliance with state laws and local regulations. The Section works closely with the Ohio Department of Medicaid, Ohio Attorney General's Medicaid Fraud Unit, U.S. Attorney's Office and the Federal Office of Inspector General.

The Center for Audit Excellence is responsible for monitoring changes to generally accepted auditing standards and accounting principles, as well as changes to federal grant regulations and Ohio law. This includes developing guidelines and training so all Auditor of State employees are up-to-date on these standards, regulations and laws. The group also is charged with ensuring all audits, including audits that Independent Public Accountants conduct on behalf of the Auditor of State, comply with these auditing and accounting standards. In addition, external training on several components of auditing and compliance is conducted throughout the year.

Local Government Services

The Local Government Services Section (LGS) is a consulting and fiscal advisory group to all governmental agencies and subdivisions and is represented in four regional Offices. It provides an array of services including, providing training and financial reporting in accordance with Generally Accepted Accounting Principles, financial forecasts and reporting, fiscal supervision and merger and dissolution assistance.

Ohio Performance Team

The Ohio Performance Team (OPT) conducts performance audits pursuant to Chapter 117 of the Ohio Revised Code or upon direction of the General Assembly. Pursuant to Section 117.46 of the Ohio Revised Code, OPT conducts at least four performance audits of state agencies each biennium in addition to any state institution of higher education. Performance audits may also be conducted for any school district or local government entity (counties, townships, villages, etc.) that has been designated as being in a state of fiscal caution, watch or emergency, pursuant to Section 3316.031 and Chapter 118 of the Ohio Revised Code. Performance audits typically identify and help correct inefficient managerial operations and the waste of taxpayer dollars, while providing general oversight and advice to ensure efficient operation of public Offices and the maximization of taxpayer dollars.

Special Investigations Unit

Special Investigations Unit (SIU) serves as a link between the audit community and law-enforcement. The unit collaborates with federal, state, and local law-enforcement agencies in cases across the State. SIU investigates and assists in the prosecution of entity fraud, restoring public money back to the local entity.

Basis of Accounting

For accounting and control purposes, the financial activity of the Office is organized on a fund basis. Each fund is a distinct, self-balancing set of accounts. Daily accounting transactions are recorded by the State Office of Budget and Management (OBM) as part of the Ohio Administrative Knowledge System (OAKS), which operates on a modified accrual basis. For purposes of preparing GAAP basis financial reports, individual funds are consolidated into one proprietary fund, and financial transactions are converted to the accrual basis of accounting. Under the accrual basis of accounting, the Office recognizes revenue when earned and expenses when incurred.

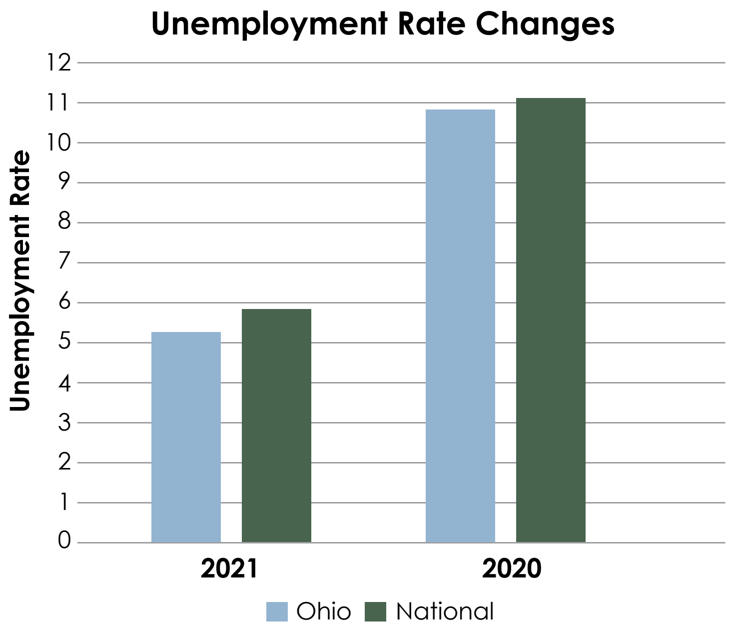
Budgetary Controls

Ohio's bicameral legislature, the General Assembly, authorizes expenditures through Appropriation Line Items (ALI) in biennial and supplemental appropriation acts. ALIs are managed, as required by the OBM, at the account category level. The major account categories are Personal Services (salaries and benefits), Maintenance (operating costs), and Equipment. OBM uses OAKS to control the Office's expenditures by checking availability of funds prior to accepting purchase orders or making payments by vouchers. Purchase orders or vouchers that exceed appropriations are rejected until additional appropriation authority is secured. In addition, purchase orders and vouchers are submitted, with supporting documentation, to OBM for careful examination to ensure proper use of funds.

The Office has established an internal budget to allocate the appropriations between divisions, departments and regional offices. Each internal budget is monitored by the finance department so the amount expended does not exceed the budget. Internal policy requires changes to this budget be approved by the Chief Financial Officer. The finance department provides various financial management reports to division chiefs, regional chief auditors and department heads on a regular basis. Included in these management reports are current month expenditures with a detailed transaction listing, as well as a comparison of year-to-date spending versus appropriated amounts. Also represented on these reports are current month and year-to-date revenues. Purchase orders are reviewed and approved by the finance department to ensure availability and proper use of funds. Invoices also must be approved by the purchasing division, department or regional office prior to payment.

Economic Conditions and Outlook

Ohio's unemployment rate was 5.2 percent in June 2021, a decrease from a rate of 10.9 percent in June 2020. The national unemployment rate for June 2021 was listed at 5.9 percent, a decrease from the 11.1 percent reported for June 2020. The decreased unemployment rate in fiscal year 2021 is due to Ohioans' filing fewer applications for traditional unemployment as economic recovery was occurring from the COVID-19 pandemic reported in fiscal year 2020. See Note 13.



Major Initiatives

Financial Audit

Completion of high-quality financial audits in timely fashion continues to be a top priority for the Office. Financial statement audits provide governments with a way to demonstrate to taxpayers that they have been financially accountable and have complied with laws governing the use of taxpayer funds.

The Office released 4,003 audit reports from July 1, 2020, through June 30, 2021, which included traditional financial and compliance audits, agreed-upon procedure (AUP) engagements, and basic audits performed by both the Office and Independent Public Accounting firms.

Reduced Audit Costs

The Office continues to work with clients of the Auditor of State that qualify for different types of audits based on expenditure thresholds and prior audit results. In 2012, the Office started offering "Basic Audits" (AOS Bulletin 2012-007) for small entities with annual disbursements of $100,000 or less or biennial disbursements of $200,000 or less. These Basic Audits, and Agreed Upon Procedures (AUP) audits, allow small and/or well-performing entities to take advantage of reduced costs in a less time-consuming audit.

In an attempt to help Ohio's local governments, the Office revised the bulletin and increased the threshold for Basic Audits to annual disbursements of $200,000 or less or biennial disbursements of $400,000 or less starting with audit periods ending on 11/30/2019. This move increased the number of clients who are now eligible for "Basic Audits," which carry a much lower cost.

Issued More than $4.8 million in Findings for Recovery

Ohioans must be able to trust elected officials to be responsible with their hard-earned tax dollars. Any abuse or public corruption will not be tolerated. In fiscal year 2021, the Office issued $4.8 million in findings for recovery from 96 reports of misspent tax dollars. The Auditor's Special Investigations Unit has played a prominent role in cases across the state, leading to the restoration of public money and the removal of crooked officials from their positions.

Certificate of Transition

The Office issued Bulletin 2021-005 regarding the Certificate of Transition by outgoing Fiscal Officers. The bulletin outlines the requirements as adopted in Ohio Revised Code Section 117.171. The Certificate process was established as an accountability tool to aid in the transition of office and to help ensure the incoming officer has the tools to succeed.

StaRS – Star Rating System for Public Record Compliance

The StaRS system is a rating system created to encourage public entities to be more transparent. It is a system to promote public-records mediation and promote more open and transparent governmental operations. The stars ratings were created to acknowledge the accomplishments of those that were meeting Ohio's public-records and open-meetings laws and recognizing those public entities that were exceeding the legal standards by implementing a number of identified best practices.

Supported Our Partners in COVID-19 Pandemic

Open lines of communication throughout a global health pandemic were necessary to move forward and the Office has found consistent contact beneficial as we provided guidance and support to our local government partners. Local governments were experiencing new working conditions, steep budget cuts due to low revenues, and much uncertainty with ever-changing guidance. The Office implemented a maximum flexibility policy when auditing. Frequently changing guidelines were communicated through a webpage on the AOS website which also housed multiple other resources and recordings from teleconferences with the Auditor. The Office offered consulting time with professionals from the Local Government Services Team and remains accessible as challenges and questions arise.

Local Government Services

LGS served as fiscal supervisor to 12 entities in fiscal emergency, providing financial counsel to both the local governments and the oversight commission in recovery efforts. The section assisted in the release of one city, three villages, one township, and one school district from fiscal emergency.

LGS continued to emphasize its presence with smaller local governments. LGS performed 19 reconstructions and reconciliations along with 25 one-on-one fiscal officer trainings. Two new programs were created to assist fiscal officers who were experiencing difficulties that could jeopardize the financial health of the entity. Four free hours of service were offered to these individuals with the option to enter into a contract for additional training and services. Five local governments have received this service and four agreed to additional contracted services. The second program is designed to notify Uniform Accounting Network (UAN) client officials when their fiscal officer has failed to reconcile after three months. Under this program, 21 entities were contacted and reconciliation processes were consulted.

LGS produced a number of publications, including the Village Officer's Handbook, the Ohio Township Handbook, the Ohio County Sheriff's manual, Ohio Department of Developmental Disabilities Handbook, and a number of Auditor of State bulletins, one of which addressed Bureau of Workers' Compensation COVID-19 rebates/dividends.

LGS assisted the Auditor of State on numerous GASB exposure drafts, GASB preliminary views documents, and Regulatory and Other Comprehensive Basis of Accounting financial statement shells.

Medicaid Contract Audits

During fiscal year 2021, MCA released 23 Medicaid provider compliance examinations and identified $794,000 in improper payments. Additionally, the department released twelve reports on Intermediate-Care Facilities, which identified more than $24,000 in improper payments. The department released five PASSPORT administrative agency reports identifying more than $48,000 in non-federal reimbursable costs. MCA also released 170 Medicaid Promoting Interoperability Program (MPIP) reports identifying the use of electronic health records. MCA released 13 Agreed Upon Procedure reports on County Boards of Developmental Disabilities and one associated Council of Government identifying over $5,300 in findings for recovery and $95,000 in non-federal reimbursable costs.

MCA initiated a public interest audit to determine if Medicaid eligibility determinations were in compliance with federal and state requirements, if payments were made on behalf of ineligible recipients, and if there are barriers in the enrollment process testing 324 recipients from 27 different counties. The audit identified a potential loss of over $455 million.

Ohio Performance Team

The Ohio Performance Team (OPT) conducts performance audits of Ohio public entities – from the tiniest village to the largest state agencies – to help government leaders provide effective and efficient services in a transparent manner.

Using and teaching data-driven analysis, OPT provides clients with the high-level tools and guidance they need to make management decisions to best serve their constituents.

In fiscal year 2021, OPT released 15 projects: three performance audits of fiscally distressed school districts, four state projects, seven client-requested performance audits, and one feasibility study.

Additionally, the team initiated audits with the Ohio Department of Job and Family Services to examine the Unemployment Compensation Program, Ohio Department of Education and Ohio Department of Higher Education to examine the College Credit Plus Program and the 14 Co-located campus institutions of high education in the state. These audits will be released in fiscal years 2022 and 2023.

Special Investigations Unit

The Special Investigations Unit (SIU) serves as a link between the Auditor of State's Office and the law-enforcement community. SIU consists of 13 investigators, 13 forensic auditors, and three attorneys, along with others who combine investigative, special auditing, and legal specialties into a cohesive team.

The Unit has collaborated with federal, state, and local law enforcement agencies in cases across the state of Ohio.

In fiscal year 2021, the unit received 1,008 tips of suspected fraud, had an average of 140 open cases, and assisted in 26 convictions.

Uniform Accounting Network

The Uniform Accounting Network (UAN) is a financial management system designed specifically for Ohio's local governments. The program provides townships, villages, libraries, special districts and a city with a complete computer system (hardware and software), along with training and support.

The UAN application comprises five modules: Accounting, Payroll, Budget, Inventory and Cemetery. The Auditor of State's Office provides training on the five modules to fiscal officers in our Columbus office, online and on-demand.

UAN has increased its client base to 2,097 local governments.

Legislative Initiatives

The mission of the Ohio Auditor of State's Office includes emphasis on a more effective, efficient, and transparent state government, which has driven the Office's legislative agenda

Increased Penalties for Theft in Office and Restitution for Audit Costs, Senate Bill 10

As part of our continued crackdown on fraudulent and unethical officials, the Office supported and helped draft Senate Bill 10 to increase penalties for theft in office. Under the new code, a public official who is guilty of theft in office could be charged with a first-degree felony, serve up to 11 years in prison, and owe a $20,000 fine. These changes help place theft in office crimes on par with their private sector counterparts. Senate Bill 10 has been signed by Governor DeWine and it took effect on April 7, 2021.

Transition of Duties of Fiscal Officers and Treasurers, House Bill 450

The goal of House Bill 450 is to help facilitate a smooth transition of power while safeguarding tax dollars and the systems used by our local governments. The bill modernized current law and created a Certificate of Transition requirement for all outgoing fiscal officers.

A Certificate of Transition is a checklist of items and information that an outgoing office holder must provide to their successor before leaving office. When signed and delivered, it will provide both the outgoing and incoming officeholders with an official document proving that a successful transition was completed. This bill has been signed by Governor DeWine and it took effect on April 12, 2021.

Fiscal Years 2022-2023 Operating Budget, House Bill 110

The operating budget was passed by the Ohio Legislature and signed by Governor DeWine by the June 30, 2021 deadline. The Auditor of State line items were fully funded and the bill maintains the Local Government Audit Support Fund which has been successful in keeping local government audit costs low.

Additionally, the Office was successful in passing additional priorities. The budget moves the preparation and recording of deeds from the Auditor's Office to the Department of Administrative Services. The Office was successful in obtaining legislative changes that updated the code to require that the Chief Deputy Auditor be a Certified Public Accountant and removed outdated terms such as "inspectors" and other references to our employees. The Auditor's Office will now be responsible for the audits of state awards of economic development, a job previously done by the Ohio Attorney General's Office.

Finally, the bill ensures that appointed municipal fiscal officers are held to the same continuing education standards as elected municipal fiscal officers.

Financial Information

Debt Administration: During fiscal year 2021, and as of June 30, 2021, the Office had no outstanding debt issues (i.e., bonds).

Pension Plans: The Office and all its employees contribute to the Ohio Public Employees Retirement System (OPERS). It is a statewide cost-sharing, multi-employer defined benefit plan. OPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. OPERS also provides post-retirement health care coverage to age and service retirees with 20 or more years of qualifying service credit. Health care coverage for disability recipients is also available. Additional disclosures are provided in Notes 5 and 6 to the basic financial statements.

Other Information

Certificate of Achievement: The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the Auditor of State of Ohio for its ACFR for the fiscal year ended June 30, 2020. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR that conforms to program standards. Such ACFRs must satisfy both accounting principles generally accepted in the United States of America, as well as applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Acknowledgments: We would like to thank the staff whose time and dedication have made this effort possible. We are committed to ensuring the financial accountability of the Office, as we set an example for all the entities we audit

Sincerely,

Keith Faber

Keith Faber
Auditor of State

Timothy S. Keen

Timothy S. Keen
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

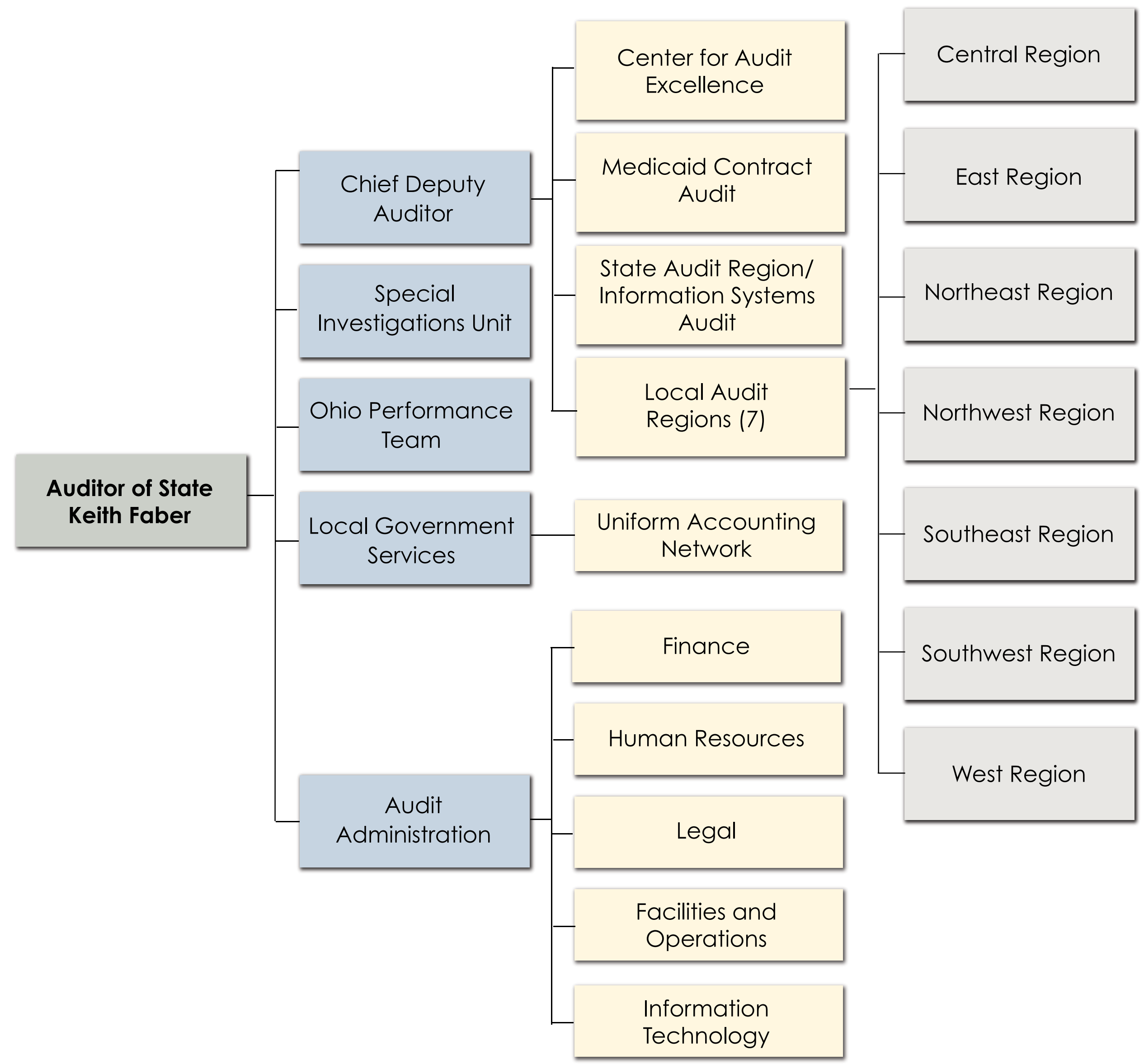
Auditor of the State of Ohio

For its Comprehensive Annual Financial Report For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO



Appointed officials

Chief of Staff........Sloan Spalding
Deputy Chief of Staff........Alex Bilchak
Deputy Chief of Staff—Operations & Special Projects........Fred Shimp
Chief Deputy Auditor........Robert Hinkle
Chief Financial Officer and Senior Advisor to the Auditor........Tim Keen
Chief Legal Counsel........Mary DeGenaro
Legislative Director........Emily Redman
Director of Communications........Matt Eiselstein

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Financial Section

Rea & associates a brighter way

INDEPENDENT AUDITOR'S REPORT

To the Audit Committee and the Office of the Auditor of State
Office of the Auditor of State of Ohio
88 East Broad Street
Columbus, OH 43215

Report on the Financial Statements

We have audited the accompanying financial statements of the Office of the Auditor of State of Ohio (the Office), a Department of the State of Ohio, Franklin County, Ohio, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Office of the Auditor of State of Ohio, Franklin County, Ohio, as of June 30, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

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Emphasis of Matters

As discussed in Note 1 to the financial statements, the basic financial statements of the Office are intended to present the financial position, the changes in financial position, and cash flows of only the portion of the business-type activities included within the nonmajor enterprise funds of the State of Ohio that is attributable to the transactions of the Office. They do not purport, and do not, present fairly the financial position of the State of Ohio as of June 30, 2021, the changes in financial position, or, where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Such information, although not 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to 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 opine or provide any other assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Office's basic financial statements. The introductory section and the statistical section information present additional analysis and are not a required part of the basic financial statements.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2021, on our consideration of the Office's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Office's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Gahanna, Ohio
October 5, 2021

Management's Discussion & Analysis

This discussion and analysis of the Auditor of the State of Ohio's Office (the Office) financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the Office's financial performance as a whole. Readers should review the basic financial statements, and the notes to the basic financial statements to enhance their understanding of the Auditor of State's financial position.

Key Financial Highlights

- Total Assets of the Office increased $10,217,309, or twenty-three percent, from fiscal year 2020, primarily due to the Ohio Public Employee Retirement System (OPERS) reporting a Net OPEB Asset, an increase of $2,740,316 in Collateral on Lent Securities, as well as an increase in Net Pension Asset in fiscal year 2021.
- Total Liabilities decreased by $61,199,271, or forty-four percent, from fiscal year 2020, largely attributable to OPERS reporting a Net OPEB Asset rather than a Net OPEB Liability, as well as a decrease of $17,469,102 in Net Pension Liability in fiscal year 2021.
- The change from Net OPEB Liability to Net OPEB Asset in fiscal year 2021 is due primarily to changes in benefit terms to the health care plan approved by the OPERS Board on January 15, 2020. Additional information can be found in the Required Supplementary Information Schedules and Note 6.
- Total Revenues decreased by $1,055,063, or one percent, from fiscal year 2020. The decrease was primarily due to the total Charges for Services decreasing by $1,407,127, which was partially offset by the addition of Intergovernmental Revenue in fiscal year 2021.
- Total Expenses decreased by $53,275,019, or fifty-six percent, from fiscal year 2020. The decrease was primarily driven by personal services due to the significant OPEB and pension liability decreases in fiscal year 2021.
- As a result of the activity identified above, total Net Position increased by $43,150,941, from a deficit of $(102,680,250) to a deficit of $(59,529,309).

Using this Annual Report

This annual comprehensive financial report is divided into three parts: the introductory section; the financial section which include this discussion & analysis, the basic financial statements, the notes to the basic financial statements, and the required supplementary information; and the statistical section. The basic financial statements include a Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows.

Statement of Net Position

The Statement of Net Position reports information on the Office's assets, deferred outflow of resources, liabilities, and deferred inflows of resources with the difference between these items reported as Net Position. Over a period of time, increases or decreases in Net Position are useful indicators of the financial position of the Office.

The following schedule provides a summary of the Office's Net Position as of June 30, 2021 compared with June 30, 2020:

Schedule 1: Comparison of Net Position as of June 30

	2021	2020
ASSETS		
Current Assets	$46,767,763	$43,179,843
Non-Current Assets		
Net Pension Asset	1,244,379	866,530
Net OPEB Asset	6,339,894	0
Capital Assets, Net of Accumulated Depreciation	635,898	724,252
Total Assets	**$54,987,934**	**$44,770,625**
Deferred Outflows of Resources		
Pension	3,816,994	7,807,580
OPEB	3,162,929	8,002,661
Total Deferred Outflows of Resources	**$6,979,923**	**$15,810,241**
LIABILITIES		
Current Liabilities	$15,952,070	$11,855,911
Non-Current Liabilities		
Compensated Absences	10,228,071	8,883,622
Net Pension Liability	52,352,169	69,821,271
Net OPEB Liability	0	49,170,777
Total Liabilities	**$78,532,310**	**$139,731,581**
Deferred Inflows of Resources		
Pension	23,340,524	15,933,720
OPEB	19,624,332	7,595,815
Total Deferred Inflows of Resources	**42,964,856**	**23,529,535**
NET POSITION		
Investment in Capital Assets	$635,898	$724,252
Restricted Net Position	4,213,747	3,637,807
Unrestricted Deficit Net Position	(64,378,954)	(107,042,309)
Total Deficit Net Position	**$(59,529,309)**	**$(102,680,250)**

Total Assets of the Office increased $10,217,309, or twenty-three percent, from fiscal year 2020, primarily due to OPERS reporting a Net OPEB Asset, an increase of $2,740,316 in Collateral on Lent Securities, as well as an increase in Net Pension Asset in fiscal year 2021.

Total Liabilities decreased by $61,199,271, or forty-four percent, from fiscal year 2020, largely attributable to OPERS reporting a Net OPEB Asset rather than a Net OPEB Liability, as well as a decrease of $17,469,102 in Net Pension Liability in fiscal year 2021.

The change from Net OPEB Liability to Net OPEB Asset in fiscal year 2021 is due primarily to changes in benefit terms to the health care plan approved by the OPERS Board on January 15, 2020. Additional information can be found in the Required Supplementary Information Schedules and Note 6.

A Note on Net Pension Liability

The net pension liability is the largest single liability reported by the Office at June 30, 2021 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The Net OPEB asset is reported consistent with GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Office's actual financial condition by adding deferred inflows related to pension and OPEB, and the net pension liability to the reported net position; and subtracting deferred outflows related to pension and OPEB, the net pension asset, and the net OPEB asset.

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

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

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange.

However, the Office is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. 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 Office. 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 is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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

Statement of Revenues, Expenses, and Changes in Net Position

While the Statement of Net Position provides information about the financial status of the Office at year end, the Statement of Revenues, Expenses and Changes in Net Position presents the results of the business activities over the course of the fiscal year and information as to how the Net Position changed during the year. This change, combined with the prior year net position total reconciles to the total Net Position at the end of this fiscal year.

Schedule 2 below shows revenue, expense and changes in Net Position for the fiscal year ended June 30, 2021, in comparison to the fiscal year ended June 30, 2020:

Schedule 2: Change in Net Position

	2021	2020
OPERATING REVENUES		
Charges for Services – Local	$34,559,352	$37,495,825
Charges for Services – State	10,715,480	9,186,134
Other	16,407	113,903
NON-OPERATING REVENUES (EXPENSES)		
Intergovernmental Revenue	552,216	0
Investment Income	6,643	21,429
Gain/(Loss) on Sale of Capital Assets	(172)	14,603
State Appropriations	39,247,300	39,320,395
Total Revenues	**$85,097,226**	**$86,152,289**
OPERATING EXPENSES		
Personal Services	35,276,990	89,042,040
Maintenance	6,486,404	5,931,398
Depreciation	182,891	247,866
Total Expenses	**$41,946,285**	**$95,221,304**
Change in Net Position	**$43,150,941**	**($9,069,015)**
Beginning Deficit Net Position	**(102,680,250)**	**(93,611,235)**
Ending Deficit Net Position	**$(59,529,309)**	**$(102,680,250)**

Total Revenues decreased by $1,055,063, or one percent, from fiscal year 2020. The decrease was primarily due to the total Charges for Services decreasing by $1,407,127, which was partially offset by the addition of Intergovernmental Revenue in fiscal year 2021.

Intergovernmental Revenue represents the reimbursement of the Office's revenue generating funds for the five Cost Savings Days taken during fiscal year 2021. In addition, the Office received reimbursement from the State for personal protective equipment relating to the COVID-19 pandemic.

Total Expenses decreased by $53,275,019, or fifty-six percent, from fiscal year 2020. The decrease was primarily driven by personal services due to the significant OPEB and pension liability decreases in fiscal year 2021.

Capital Assets

At June 30, 2021, the Office had invested $635,898, net of accumulated depreciation, in various classes of capital assets. This represents a decrease of twelve percent in net capital assets from fiscal year 2020. This decrease was due to annual depreciation expense exceeding current year additions.

In fiscal year 2022, the Office plans to purchase new computer equipment as part of an office-wide computer refresh that is conducted every four years. Due to the increasing cost of computers, the refresh may affect Capital Assets.

Depreciation expense for fiscal year 2021 totaled $182,891 (see Schedule 2 above). This figure represents a decrease of approximately twenty-six percent from fiscal year 2020.

Schedule 3 below provides a summary of capital assets as of June 30, 2021, and June 30, 2020.

Schedule 3: Capital Assets

	2021	2020
Computer Equipment	$1,283,779	$1,320,253
Office Equipment	612,790	651,093
Furniture and Fixtures	199,397	226,311
Large Internal Software Projects	1,424,498	1,424,498
Subtotal	**$3,520,464**	**$3,622,155**
Accumulated Depreciation	(2,884,566)	(2,897,903)
Net Capital Assets	**$635,898**	**$724,252**

For more information regarding capital assets, see Notes 1K and 4 of the Notes to the Basic Financial Statements.

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 ensuing emergency measures may impact subsequent reporting periods of the Auditor's Office and the State of Ohio. The impact on the Auditor's Office's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

As a result of the economic and state budget impacts of the COVID-19 pandemic, effective March 23, 2020, the State Office of Budget and Management began implementing budgetary controls to preserve year end positive balances in the General Revenue Fund for fiscal years 2020 and 2021 of the biennial budget. For FY21, the Office agreed to identify $420,000 in

GRF appropriation authority that would be subject to Executive Order budget reductions, and therefore not available to the Office for expenditure. As part of the requested budgetary controls, the Department of Administrative Services (DAS) requested DAS contract holders to reduce their contracts by fifteen percent during fiscal year 2021.

In Fiscal Year 2021, the General Assembly enacted provisions to freeze exempt employees three percent pay increase that was scheduled to take effect for the pay period including July 1, 2020 and scheduled step increases. As permitted by law, the Office voluntarily agreed to accept these provisions. In addition, under existing law and pursuant to a Governor's declaration of Fiscal Emergency in relation to the State's budget, the DAS implemented a program of ten cost savings days to generate budgetary savings. By law, cost savings days are optional for the Office. Due to the likely operational and revenue impacts of cost savings days, the Office opted to implement only five cost savings days to assist in managing the projected state budget shortfall.

As a result of the State's improved financial condition, the Governor's Office reinstated the frozen three percent pay and step increases effective April 11, 2021, for the remainder of the fiscal year.

Contacting the Auditor's Office

This financial report is designed to provide the citizens of the State of Ohio with a general overview of the Auditor of State's finances and to show accountability for the monies it receives. If you have any questions about this report or need additional financial information, please contact Kim Eckert, Finance Director, Department of Finance, 88 East Broad Street, 4th Floor, Columbus, Ohio 43215, (800) 282-0370.

Basic Financial Statements

Statement of Net Position as of June 30, 2021

ASSETS		
Current Assets		
Cash and Cash Equivalents	$	27,907,674
Restricted Cash and Cash Equivalents		4,213,747
Accounts Receivable (net of allowance for doubtful accounts)		4,340,977
Intergovernmental Receivable		1,161,798
Appropriations Receivable		1,989,076
Collateral on Lent Securities		7,154,491
Total Current Assets		**46,767,763**
Non-Current Assets		
Net Pension Asset (See Note 5)		1,244,379
Net OPEB Asset (See Note 6)		6,339,894
Capital Assets (net of accumulated depreciation of $2,884,566)		635,898
Total Non-Current Assets		**8,220,171**
Total Assets	**$**	**54,987,934**
Deferred Outflows of Resources:		
Pension		3,816,994
OPEB		3,162,929
Total Deferred Outflows of Resources	**$**	**6,979,923**

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Statement of Net Position as of June 30, 2021, cont.

LIABILITIES		
Current Liabilities		
Accounts Payable	$	91,915
Wages Payable		3,951,082
Benefits Payable		1,690,801
Unearned Revenue		1,102,442
Compensated Absences Payable		1,961,339
Obligations Under Securities Lending		7,154,491
Total Current Liabilities		**15,952,070**
Non-Current Liabilities		
Compensated Absences Payable		10,228,071
Net Pension Liability (See Note 5)		52,352,169
Total Non-Current Liabilities		**62,580,240**
Total Liabilities	**$**	**78,532,310**
Deferred Inflows of Resources:		
Pension		23,340,524
OPEB		19,624,332
Total Deferred Inflows of Resources	**$**	**42,964,856**
NET POSITION		
Investment in Capital Assets	$	635,898
Restricted Net Position for:		
Health Benefits Surplus		3,295,859
Accrued Leave		917,888
Unrestricted Deficit Net Position		(64,378,954)
Total Deficit Net Position	**$**	**(59,529,309)**

The accompanying Notes are an integral part of these Basic Financial Statements.

Statement of Revenues, Expenses, and Changes in Net Position for the Fiscal Year Ended June 30, 2021

OPERATING REVENUES		
Charges for Services - Local	$	34,559,352
Charges for Services - State		10,715,480
Other		16,407
Total Operating Revenues		**45,291,239**
OPERATING EXPENSES		
Personal Services		35,276,990
Maintenance		6,486,404
Depreciation		182,891
Total Operating Expenses		**41,946,285**
Operating Income		**3,344,954**
NON-OPERATING REVENUES (EXPENSES)		
Intergovernmental Revenue		552,216
Investment Income		6,643
Loss on Sale of Capital Assets		(172)
State Appropriations		39,247,300
Total Non-Operating Revenues		**39,805,987**
Change in Net Position		**43,150,941**
Total Deficit Net Position - Beginning of Fiscal Year		**(102,680,250)**
Total Deficit Net Position - End of Fiscal Year	**$**	**(59,529,309)**

The accompanying Notes are an integral part of these Basic Financial Statements.

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Statement of Cash Flows for the Fiscal Year Ended June 30, 2021

Cash Flows from Operating Activities	
Cash Received from Charges for Services - Local	$ 36,460,074
Cash Received from Charges for Services - State	10,640,596
Cash Received from Other Sources	16,407
Cash Restricted for Compensated Absences	(107,231)
Cash Restricted for Health Benefits Surplus	683,171
Cash Payments for Personal Services	(79,373,588)
Cash Payments for Maintenance	(6,457,005)
Net Cash Used for Operating Activities	(38,137,576)
Cash Flows from Non-Capital Financing Activities	
State Appropriations	39,079,086
Intergovernmental Revenue	552,216
Net Cash Provided by Non-Capital Financing Activities	39,631,302
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	(94,709)
Net Cash Used for Capital and Related Financing Activities	(94,709)
Cash Flows From Investing Activities	
Investment Income	6,643
Net Cash Provided by Investing Activities	6,643
Net Increase in Cash and Cash Equivalents	1,405,660
Cash and Cash Equivalents at Beginning of Year	30,715,761
Cash and Cash Equivalents at End of Year	$ 32,121,421

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Statement of Cash Flows for the Fiscal Year Ended June 30, 2021, cont.

Reconciliation of Operating Income to Net Cash Used for Operating Activities	
Operating Income	$ 3,344,954
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities	
Depreciation	182,891
(Increase)/Decrease in Assets:	
Accounts Receivable, net of Allowance for Doubtful Accounts	801,154
Intergovernmental Receivable	(74,884)
Collateral on Lent Securities	(2,740,316)
Net Pension Asset	(147,011)
Net OPEB Asset	(30,639,308)
(Increase)/Decrease in Deferred Outflows:	
Deferred Outflow-Pension	10,223,970
Deferred Outflow-OPEB	5,908,448
Increase/(Decrease) in Liabilities:	
Accounts Payable	(423,864)
Wages Payable	338,965
Benefits Payable	99,625
Unearned Revenue	1,102,442
Compensated Absences Payable	1,583,124
Obligations Under Securities Lending	2,740,316
Net Pension Liability	(280,477)
Increase/(Decrease) in Deferred Inflows:	
Deferred Inflow-Pension	(16,246,043)
Deferred Inflow-OPEB	(13,911,562)
Total Adjustments	(41,482,530)
Net Cash Used for Operating Activities	$ (38,137,576)
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:	
Cash and Cash Equivalents	$ 27,907,674
Restricted Cash and Cash Equivalents-Current	4,213,747
Total Cash and Cash Equivalents at Year End	$ 32,121,421

The accompanying Notes are an integral part of these Basic Financial Statements.

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Notes to the Basic Financial Statements for the Fiscal Year Ended June 30, 2021

Note 1 – Significant Accounting Policies

A. Reporting Entity

The Auditor of State of Ohio (Auditor) is an elected official and is primarily the chief inspector and supervisor of Ohio's public offices. The Auditor's Office (Office) is responsible for conducting audits of the financial records of local political subdivisions, state agencies and private institutions, associations, boards and cooperatives receiving public funds including federal and state grants provided to state agencies and local governments. The Office is also responsible for promulgating and interpreting accounting rules for local governments; training certain local government finance officers; and serving as the custodial holder of all land deeds for the State of Ohio, as well as other functions mandated by Ohio law. Effective September 30, 2021, HB110 transfers the responsibility as the custodial holder of all land deeds for the State of Ohio to the Department of Administrative Services Director.

The accompanying financial statements report the financial position as of June 30, 2021 and results of operations and cash flows for the fiscal year ended June 30, 2021. The Office is a department of the primary government of the State of Ohio and is a proprietary operation for purposes of financial reporting. The accompanying financial statements are not intended to present the financial position, changes in financial position, or cash flows of the State of Ohio taken as a whole. The financial information presented herein for the Office will be incorporated into the State of Ohio's financial statements.

The State of Ohio's Annual Comprehensive Financial Report (ACFR) provides more extensive disclosures regarding the significant accounting policies of the State as a whole. The financial statements of the Auditor are intended to present the financial position and changes in financial position and cash flows of business-type activities and remaining fund information of the State that is attributable to the transactions of the Office.

The significant accounting policies followed in preparation of these financial statements are summarized below. These policies conform to Accounting Principles Generally Accepted in the United States of America (GAAP) for governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. The preparation of financial statements in conformity with GAAP 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 the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

B. Fund Accounting

In order to observe the restrictions placed on the use of funds, the Office follows the principles of fund accounting. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts.

C. Proprietary/Enterprise Fund Type

The Office operates as an enterprise fund, a form of proprietary fund that is financed and operated in a manner similar to private business enterprises. An enterprise fund is used to report any activity for which a fee is charged to external users of the goods and services provided. Proprietary funds distinguish between operating and non-operating items.

D. Classification of Expense and Revenue

The Office classifies its expenses as either operating or non-operating. Operating expenses result from providing goods and/or services related to the principal ongoing operation of the Office. These expenses include personal services, maintenance, and depreciation. Non-operating expenses are expenses not classified as operating and are not related to the principal operations of the Office.

The Office also classifies its revenue as either operating or non-operating. Operating revenue includes activities that have the characteristics of exchange transactions including charges for services for local and state government entities. Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as most State and local grants, and appropriations.

E. Basis of Accounting and Measurement Focus

The financial statements are prepared and presented on the accrual basis of accounting. Accrual accounting records the financial effects of transactions, events, and circumstances in the periods in which they occur rather than in the periods in which cash is received or paid by the organization. Revenues are recognized when earned, and expenses recognized when incurred, if measurable. Unbilled charges for services are recorded as revenues at year-end.

The Office utilizes an economic resource measurement focus, which emphasizes the determination of net income, financial position and cash flows. Under this measurement focus, operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in Net Position.

F. Cash and Cash Equivalents

The Treasurer of the State of Ohio (Treasurer) acts as the custodian of the funds for the State. Cash and Cash Equivalents of the Office are pooled and invested by the Treasurer. Account integrity is maintained through a series of checks and balances with the Auditor, Treasurer, and the Office of Budget and Management (OBM).

The Cash and Cash Equivalents with the Treasurer has the general characteristics of a demand deposit account whereby additional cash can be deposited at any time and can also be effectively withdrawn at any time, within certain budgetary limitations, without prior notice or penalty. Any amounts held by the State Treasurer outside of the pool, are considered cash and cash equivalents if they are investments with original maturities of less than three months at the time of purchase.

G. Restricted Cash and Cash Equivalents

Restricted Cash and Cash Equivalents are reported for amounts held in surplus for payment of Compensated Absences and Health Benefits. See Note 7 for more information on Compensated Absences and Note 12 for more information related to the Health Surplus.

H. Collateral on Lent Securities/Obligations Under Securities Lending

During fiscal year 2021, the Treasurer of State routinely lent securities from the State's investment portfolio under securities lending agreements. For the State's securities out on loan, the Treasurer received cash collateral from the borrower. The State is obligated to return the cash to the borrower when the security lending agreement terminates. The Treasurer reinvested the collateral in various types of investments, including U.S. government and agency obligations, repurchase agreements, commercial paper, corporate bonds, asset-backed securities, master notes, variable rate notes and money market funds. Also, cash collateral may have been placed with financial institutions. For cash collateral the Treasurer received for securities out on loan as of June 30, 2021, the State reported assets and liabilities arising from the securities lending transactions on the financial statements of the funds that had the risk of loss on the collateral assets. The Auditor of State's portion of the Collateral on Lent Securities held by the Treasurer of State's Office at June 30, 2021 was $7,154,491.

I. Accounts and Other Receivables

The Office charges local governments for audit expenses and accounting services. The billings are recorded as accounts receivable when services are provided. Accounts receivable are tracked through the Auditor's payroll and billing system. As payroll is submitted, the hours worked by each employee, by engagement, are recorded and the hours are tracked by the billing system to charge the entity for the services performed. Most of the charges billed by the Office are considered fully collectible since State law allows the Office to certify outstanding balances to the Director of OBM for collection. In addition, the Office has a Service Level Agreement through the Ohio Attorney General's Collection Enforcement Section for collection of unpaid fees.

However, there are a certain number of entities that because of their financial condition or closure are unable to pay their full invoices, and consequently outstanding balances are either certified to the Ohio Attorney General's Office (AGO) or a request is sent to the entity asking them to enter into a monthly payment plan with the Office. If the entity refuses to enter into a payment plan or it is determined that the outstanding balance amount is uncollectible through the certification process, portions of the outstanding balance may be written off as uncollectible with the approval of the AGO. The allowance for doubtful accounts is shown as a reduction in operating revenue in the financial statements. During fiscal year 2021, the Office recorded $296,377 in Allowance for Doubtful Accounts. At the end of the fiscal year, billing reports are generated to calculate the amount of outstanding charges and work performed but not yet billed.

Pursuant to a service agreement with the Ohio Attorney General's Office, the Office can request the AGO to cancel or cause to be cancelled claims previously certified if uncollected after 15 years or upon request. Ohio Revised Code Section 131.02 (F)(2) requires the Attorney General to cancel or cause to be cancelled any unsatisfied claim that has not been collected for 40 years. In fiscal year 2021, the Attorney General canceled debt relating to one closed charter school totaling $890 and four local governments totaling $137,793.

J. Intergovernmental Receivable

The Office charges other State agencies for services provided. Charges to other State of Ohio agencies are recorded in the same manner as charges to local governments. As payroll is submitted, the hours are recorded to be billed to the State agency. At the end of the year, billing reports are generated to calculate the amount of outstanding charges and work performed but not yet billed.

K. Capital Assets

In order to be included as a capital asset, an individual asset's total acquisition cost must equal or exceed $1,000 and must have a useful life equal to or greater than 3 years. All costs incurred in acquiring capital assets, including shipping and handling, trade-in values, and installation fees, are capitalized. Normal maintenance costs and repairs that do not increase the value of the item are expensed when incurred. Any intangible assets identified pursuant to GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, have been classified separately from other assets capitalized by the Office. All capital assets are capitalized at cost and updated for additions and retirements during the year.

Depreciation is based on the straight-line method using the following useful lives:

Computer Equipment	3 years
Office Equipment	5 years
Furniture and Fixtures	15 years
Large Internal Software Projects	15 years

L. Appropriations Receivable

At June 30, 2021, the Office has outstanding payables that are supported through State appropriations. To ensure payment of these outstanding obligations, the Auditor must receive an appropriation from the State. The total of these reimbursable obligations equals the amount of appropriations receivable. Also included is the total of the Office's portion of the State's Workers' Compensation liability. More information in regards to workers compensation can be found in Note 11.

M. Compensated Absences

The Auditor's Office accounts for compensated absences in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation, compensatory time and personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributed to services already rendered and it is probable that the Office will compensate the employees for the benefits through paid time off or some other means, such as a termination or retirement payment. Leave time that has been earned, but is unavailable for use as paid time off or as some other form of compensation because an employee has not met a minimum service time requirement is accrued to the extent it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave benefits are accrued as a liability using the vesting method. The liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments, as of the Statement of Net Position date, and on leave balances accumulated by other employees who have been identified as probable to receive such payments in the future. Included in the compensated absences liability is an amount accrued for salary-related payments directly and incrementally associated with the payment of compensated absences upon termination. For additional information on these payments, see Note 7.

N. Net Position

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

Net Position can be displayed in three components as follows:

1. **Net Investment in Capital Assets** — This consists of capital assets, net of accumulated depreciation and related debt.
2. **Restricted** — This consists of Net Position that is legally restricted by law through the Ohio Revised Code. When both restricted and unrestricted resources are available for use, generally it is the Office's policy to use restricted resources first, then unrestricted resources when they are needed.
3. **Unrestricted** — This consists of Net Position that does not meet the definition of "Net Investment in Capital Assets," or "Restricted Net Position."

O. New Accounting Pronouncements

For fiscal year 2021, the Auditor's Office implemented GASB Statement No. 84, Fiduciary Activities, and the corresponding guidance from GASB Implementation Guide No. 2019-2, Fiduciary Activities. GASB Statement No. 84— established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. The implementation of this GASB Statement had no effect on beginning net position.

For fiscal year 2021, the Auditor's Office implemented the GASB Implementation Guide No. 2019-1. These changes were incorporated in the Auditor's Office's 2021 financial statements; however, there was no effect on beginning net position.

P. Unearned Revenue

Unearned Revenue represents the amount received for UAN billings billed in advance of services being provided.

Q. Pensions and 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 positon 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.

R. Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Office, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 5 and 6.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Office, deferred inflows of resources are reported on the statement of net position for pension and OPEB and are explained in Notes 5 and 6.

Note 2 – Description of Accounts

The Office operates on a basis other than GAAP during the year. Accounting transactions are conducted on a modified accrual basis through the State of Ohio's accounting system – the Ohio Administrative Knowledge System (OAKS). The Office has several accounts which are segregated for the purposes of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Each account is designated by

a specific number and an Appropriation Line Item (ALI) description. The account and ALI numbers detail the spending control by which the Office manages spending.

The General Assembly appropriates funds to the Office within the State of Ohio's General Revenue Fund (GRF). The GRF's appropriations are distributed to the Office's separate ALIs. An ALI limits the use of funds as approved by legislation.

The General Revenue Fund Appropriation Line Items include the following:

GRF-401(Audit Management and Services) — Audit Management and Services, is used pursuant to section 117.13 of the Revised Code to support costs of the Auditor of State that are not recovered through charges to local governments and state entities, including costs that cannot be recovered from audit clients under federal indirect cost allocation guidelines.

GRF-402 (Performance Audits) — Performance Audits, is used pursuant to section 117.13 of the Revised Code to support costs of the Auditor of State related to the provision of performance audits for local governments, school districts, state agencies, and colleges and universities that are not recovered through charges to those entities, including costs that cannot be recovered from audit clients under federal indirect cost allocation guidelines.

GRF-403 (Fiscal Watch/Emergency Technical Assistance) — The 403 ALI is established to fund the provision of technical assistance to entities in fiscal watch or fiscal emergency status.

GRF-404 (Fraud/Corruption Audits and Investigation) — Fraud/Corruption Audits and Investigation is used pursuant to section 117.13 of the Revised Code to support costs of the Auditor of State related to investigations and special audits conducted by the Special Investigations Unit (SIU), for which costs are not recovered through charges to local governments or state entities. SIU primarily investigates allegations of fraud, theft, and misappropriation of public funds in conjunction with law enforcement.

GRF-412 (Local Government Audit Support) — Local Government Audit Support, is used pursuant to section 117.13 of the Revised Code to support costs of the Auditor of State that are not recovered through charges to local governments, including costs that cannot be recovered from audit clients under federal indirect cost allocation guidelines.

Other State of Ohio Accounts for which the Auditor has responsibility are:

Account 1090 Public Audit Expense Intrastate — Ohio Revised Code (ORC), Section 117.13, establishes the Public Audit Expense - State Agencies. This Section allows the Auditor to charge state agencies for services provided.

Account 4220 Public Audit Expense Local Government — ORC Section 117.13 also establishes the Public Audit Expense - Local Governments. This section of ORC sets forth the costs that may be recovered by the Auditor in the audit and provision of accounting services to local governments.

Account 5840 Auditors' Training Expense — To enhance local government officials' knowledge of governmental accounting procedures, ORC Section 117.44 establishes an account for the Auditor to conduct training programs. ORC Section 117.44 allows the Auditor to determine the manner and content of the training and allows the Auditor to charge the political subdivision attending the training for the actual and necessary expenses of the training.

Account 6750 Uniform Accounting Network — ORC Section 117.101 establishes this account for the Auditor to create and maintain a uniform and compatible computerized financial management and accounting system. ORC Section 117.101 also allows the Auditor to charge participating political subdivisions for goods, materials, supplies, and services necessary to maintain the network.

Account 5JZ0 Leverage, Efficiency, Accountability and Performance Fund (LEAP) — ORC Section 117.47 establishes this account for the Auditor to lend political subdivisions money for the cost of a performance audit. The advances must be repaid within one year of completion. This account is also used for feasibility studies of local governments and schools at the request from the local entity.

Account 5VP0 — An additional $10 million account was authorized by the Ohio General Assembly effective July 1, 2019 for fiscal years 2020 and 2021. This account is to be used to provide supplementary funding for the Auditor of State to conduct financial and performance audits of political subdivisions in conjunction with Account 4220. This GRF money will be used to pay a portion of the costs of annual, biennial, and special audits performed on political subdivisions that would otherwise be covered by payments from those entities that are deposited into Account 4220.

Note 3 – Deposits and Investments

The deposit and investment policies of the Treasurer are governed by the Uniform Depository Act, Chapter 135, Ohio Revised Code. As required by the Ohio Revised Code, the Treasurer of State is custodian for the Office's cash and cash equivalents.

The Treasurer's cash and investment pool holds the Office's assets, valued at the Treasurer's reported carrying amount. The Auditor's Office Cash and Cash Equivalents consist of $27,907,674 with the Treasurer, as well as Restricted Cash and Cash Equivalents of $4,213,747 with the Treasurer.

Additional information regarding the classification of the State's deposits and investments is contained in the State's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021.

Note 4 – Capital Assets

Capital asset activity for fiscal year 2021 is as follows:

Assets at Cost:

	Beginning Balance	**Additions**	**Disposals**	**Ending Balance**
Computer Equipment	$1,320,253	$88,235	$(124,709)	$1,283,779
Office Equipment	651,093	5,154	(43,457)	612,790
Furniture & Fixtures	226,311	1,320	(28,234)	199,397
Large Internal Software Projects	1,424,498	0	0	1,424,498
Subtotal	**3,622,155**	**94,709**	**(196,400)**	**3,520,464**

Accumulated Depreciation:

Computer Equipment	(1,274,480)	(36,357)	124,709	(1,186,128)
Office Equipment	(480,666)	(47,320)	43,285	(484,701)
Furniture & Fixtures	(169,345)	(4,247)	28,234	(145,358)
Large Internal Software Projects	(973,412)	(94,967)	0	(1,068,379)
Subtotal	(2,897,903)	(182,891)	196,228	(2,884,566)
Net Capital Assets	**$724,252**	**($88,182)**	**($172)**	**$635,898**

More information on capital assets can be found in Note 1 K.

Note 5 – Defined Benefit Pension Plan

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

Net Pension Liability (Asset)/Net OPEB Asset

The net pension liability (asset) and the net OPEB 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) represent the Office'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) calculations are 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 Office's obligation for this liability to annually required payments. The Office cannot control benefit terms or the manner in which pensions are financed; however, the Office 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 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 *benefits payable*. The remainder of this note includes the required pension disclosures. See Note 6 for the required OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Office employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which 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.

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 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 tradition 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):

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

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 amount of a member's pension benefit vests upon receipt of the initial benefit payment.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible 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 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 & Local
Fiscal Year 2021 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
Fiscal Year 2021 Actual Contribution Rates	
Employer:	
Pension ****	14.0 %
Post-employment Health Care Benefits ****	0.0
Total Employer	14.0 %
Employee	10.0 %

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

**** These pension and employer health care rates are for the traditional and combined plans. The employer contribution rate for the member-directed plan is allocated 4 percent with the remainder going to pension.

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

For fiscal year 2021, the Office's contractually required contribution was $6,950,567 for the traditional plan, $256,981 for the combined plan and $209,392 for the member-directed plan. Of these amounts, $518,924 is reported as a benefits payable for the traditional plan, $19,114 for the combined plan, and $15,114 for the member-directed plan.

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 total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Office's proportion of the net pension liability (asset) was based on the Office'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 of the Office's defined benefit pension plans:

	OPERS Traditional Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability/Asset:			
Current Measurement Date	0.35354400%	0.43108300%	
Prior Measurement Date	0.35324500%	0.41555400%	
Change in Proportionate Share	0.00029900%	0.01552900%	
Proportionate Share of the:			
Net Pension Liability	$52,352,169	$0	$52,352,169
Net Pension Asset	0	1,244,379	1,244,379
Pension Expense	734,858	23,129	757,987

Fiscal year 2021 pension expense for the member-directed defined contribution plan was $209,392. The aggregate pension expense for all pension plans was $967,379 for 2021.

At June 30, 2021, the Office reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

	OPERS Traditional Plan	OPERS Combined Plan	Total
Deferred Outflows of Resources			
Changes of assumptions	$0	$77,712	$77,712
Changes in proportion and differences between Office contributions and proportionate share of contributions	41,170	13,814	54,984
Office contributions subsequent to the measurement date	3,553,410	130,888	3,684,298
Total Deferred Outflows of Resources	$3,594,580	$222,414	$3,816,994
Deferred Inflows of Resources			
Differences between expected and actual experience	$2,189,935	$234,764	$2,424,699
Net difference between projected and actual earnings on pension plan investments	20,405,347	185,058	20,590,405
Changes in proportion and differences between Office contributions and proportionate share of contributions	277,220	48,200	325,420
Total Deferred Inflows of Resources	$22,872,502	$468,022	$23,340,524

$3,684,298 reported as deferred outflows of resources related to pension resulting from Office 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 fiscal year 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:

Fiscal Year Ending June 30:	OPERS Traditional Plan	OPERS Combined Plan	Total
2022	($8,863,901)	($93,641)	($8,957,542)
2023	(2,866,531)	(61,131)	(2,927,662)
2024	(8,317,912)	(103,817)	(8,421,729)
2025	(2,782,988)	(50,727)	(2,833,715)
2026	0	(24,334)	(24,334)
Thereafter	0	(42,846)	(42,846)
Total	($22,831,332)	($376,496)	($23,207,828)

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 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 key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67:

	OPERS Traditional Plan	OPERS Combined Plan
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	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees	0.5 percent, simple through 2021, then 2.15 percent, simple	0.5 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

During 2020, the COLA for Post January 7, 2013, retirees changed from 1.4 percent simple through 2020 then 2.15 simple to 0.5 simple through 2021 then 2.15 simple.

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

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

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, with the exception of member directed accounts, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 11.7 percent for 2020.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans.

The long-term 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 rates of return were provided by the Board's investment consultant.

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

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 Office's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following table presents the Office'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 Office'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%)
Office's proportionate share of the net pension liability (asset)			
OPERS Traditional Plan	$99,862,038	$52,352,169	$12,847,789
OPERS Combined Plan	(866,477)	(1,244,379)	(1,526,034)

Note 6 – Defined Benefit OPEB Plans

See Note 5 for a description of the net OPEB asset.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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 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. For fiscal year 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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

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

The Office's contractually required contribution was $83,757 for fiscal year 2021. Of this amount, $4,318 is reported as a benefits payable.

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. The Office's proportion of the net OPEB asset was based on the Office's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.355858%
Prior Measurement Date	0.355985%
Change in Proportionate Share	-0.0001270%
Proportionate Share of the Net OPEB Asset	$6,339,894
OPEB Expense	($38,558,665)

At June 30, 2021, the Office reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Changes of assumptions	3,116,765
Changes in proportion and differences between Office contributions and proportionate share of contributions	4,767
Office contributions subsequent to the measurement date	41,397
Total Deferred Outflows of Resources	$3,162,929
Deferred Inflows of Resources	
Differences between expected and actual experience	$5,721,718
Changes of assumptions	10,272,529
Net difference between projected and actual earnings on OPEB plan investments	3,376,715
Changes in proportion and differences between City contributions and proportionate share of contributions	253,370
Total Deferred Inflows of Resources	$19,624,332

$41,397 reported as deferred outflows of resources related to OPEB resulting from Office contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in fiscal year 2022.

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

	OPERS
Fiscal Year Ending June 30:	
2022	($8,730,763)
2023	(5,906,773)
2024	(1,467,383)
2025	(397,881)
2026	0
Total	($16,502,800)

Actuarial Assumptions — OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 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	10.0 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. 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.

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020, measurement date health care valuation.

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made.

Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 10.5 percent for 2020.

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 rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by the Board's investment consultant.

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:

Asset Class	Target Allocation	(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 Office's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

The following table presents the Office's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the Office'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%)
Office's proportionate share of the net OPEB Asset	$1,576,451	$6,339,894	$10,255,828

Sensitivity of the Office'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 liability or asset. The following table presents the net OPEB liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or 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.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Office's proportionate share of the net OPEB Asset	$6,494,409	$6,339,894	$6,167,019

Note 7 – Compensated Absences

Employees of the Auditor of State can earn vacation, sick, and personal leave at various rates as specified by Ohio law. Employees accrue vacation leave at a rate of 3.1 hours every two weeks for the first four years of employment, up to a maximum of 9.2 hours every two weeks after twenty-four years of service. Employees may accrue up to a maximum of three years vacation leave credit, not to exceed the max accrual hours.

Length of Service	Accrual Rate Per Pay Period	Hours Per Year	Max Accrual
Less than 4 years	3.1	80	240 hours
4 but less than 9 years	4.6	120	360 hours
9 but less than 14 years	6.2	160	480 hours
14 but less than 19 years	6.9	180	540 hours
19 but less than 24 years	7.7	200	600 hours
24 years or more	9.2	240	720 hours

Fifty-two weeks equal one year of service.

Any employee who is in his or her 4th, 9th, 14th, 19th, or 24th year of service on August 30, 2009, shall receive an additional pro-rated credit of vacation leave.

An employee who separates from state service with less than 12 months of state service is not entitled to compensation for unused accrued vacation leave. Employees exceeding 12 months of service are paid at their full rate of pay for 100 percent of unused vacation. Employees who have a balance of 200 hours of accrued vacation leave, as of the last day of the first pay period in November, may convert up to 40 hours of vacation at 100 percent of the hourly base rate during the December conversions.

Sick leave for all employees is accumulated at a rate of 3.1 hours every two weeks. Part-time employees earn a percentage of this accrual rate based on the number of hours worked. Upon retirement, an employee may be reimbursed for 55 percent of unused sick leave; upon separation, an employee may be reimbursed for 50 percent of unused sick leave. Bargaining unit employees must be vested before receiving sick leave compensation. An employee who separates from state service with less than twelve months of state service is not entitled to compensation for unused accrued sick leave. Employees have the option of having unused sick leave earned paid out at a percentage of their current pay rate, based on the number of hours selected, during the December conversions.

Beginning with the pay period including December 1, full time permanent exempt employees who are in an active pay status will be credited with 32 hours personal leave to be used during the calendar year and to be paid at 100 percent of the hourly base rate. An employee's Personal Leave balance cannot exceed 40 hours within the year. Any unused personal leave from the previous calendar year up to 40 hours is paid to the employee at 100 percent of their current pay rate in a process called the December conversions. Exempt employees who begin employment after December are granted personal leave prorated at 1.23 hours per pay period. Non-overtime exempt employees may also be paid 100 percent of any unused compensatory time.

To lessen the impact of termination leave payouts, an accrued leave funding program was instituted by law in 1982. Agencies contributed 2.5 percent of gross payroll to Department of Administrative Services (DAS), for each pay period from July 2020-June 2021. These funds are deposited into Fund 8060, Accrued Leave Liability, which provides funding for compensated absences upon termination, and for the annual December conversions. If the cost of compensated absences paid for terminations or the December conversions during a pay period exceeds the amount of the assessment charged for that pay period, then the amount of the difference is charged to Fund 8060 and used to help pay those costs.

At fiscal year end, the Office had $917,888 recorded as Restricted Cash & Cash Equivalents in Fund 8060, Accrued Leave Liability Fund. The accumulated resources to fund future leave increased from the previous year. Therefore, we reported the net effect as a decrease in expense and an increase in restricted cash. The compensated absences liability reported for the Office does not reflect the total State of Ohio balance in DAS' Accrued Leave Liability Fund 8060.

Changes in the compensated absences liability for the fiscal year ended June 30, 2021, were as follows:

Beginning Amount	$10,606,286
Plus: Fiscal Year 2021 Additions	8,348,402
Less: Fiscal Year 2021 Reductions	(6,765,278)
Ending Amount	**$12,189,410**
Amount Due Within One Year	$1,961,339

Note 8 – Lease Commitments

Operating Leases

The Auditor leases various office space under cancelable operating leases. Leases are negotiated for two year terms at the start of each budget biennium by the Ohio Department of Administrative Services. The biennium for fiscal years 2020 and 2021, the Auditor had 12 cancelable operating leases. Operating lease expenses incurred during fiscal year 2021 totaled $1,276,332. Contracts were renegotiated for the fiscal years 2022 and 2023 biennium with an estimated annual payment of $1,124,124 for fiscal year 2022.

Note 9 – Risk Management

The State retains the risks associated with claims arising from vehicle liability, property loss and tort liability. The Office is responsible for the replacement of equipment that may be lost or damaged as a result of the operations of this Office. The State also maintains a public employee's fidelity blanket bond through a private carrier selected by the Ohio Department of Administrative Service's Risk Management Division for all Auditor of State employees. Individual faithful performance bonds are issued through a separate private carrier for the Auditor of State and the Chief Deputy Auditor.

In addition, employees of the Office who elect medical coverage are enrolled into the Ohio Med plan through either the Ohio Med Preferred Provider Organization (PPO) or the Ohio Med High Deductible Health Plan (HDHP) with a Health Savings Account administered through Optum Bank, which is offered through the State of Ohio. Each employee who is enrolled in the health plan will be automatically assigned a medical third party administrator, Anthem or Medical Mutual of Ohio, based on the first three digits of their Ohio home zip code.

The State's asset/liability position relative to estimated health benefits funding surplus versus unfunded incurred, but not reported (IBNR) claims liability balance is calculated on the basis of annual actuarial evaluations performed during the year for each plan. Additional disclosures, including other risk disclosures, can be found in the State of Ohio's ACFR for the fiscal year ended June 30, 2021. See Note 12 for additional information related to the health care plan.

Note 10 – Claims and Judgments Payable

The Office is involved in various lawsuits pertaining to matters which are incidental to performing routine government and other functions. Office management is of the opinion that the ultimate settlement of such claims will not result in a material adverse effect on the Office's financial position as of June 30, 2021.

Note 11– Workers' Compensation

The Office participates in a plan that pays workers' compensation benefits to beneficiaries who have been injured on the job with certain state agencies and state universities. The Ohio Bureau of Workers' Compensation calculates the estimated amount of funds needed in the subsequent fiscal year to pay the claims for these workers and sets rates to collect this estimated amount from participating state agencies and universities in that subsequent one-year period.

As these already-injured workers' claims will be paid out over a period of time, the Bureau actuarially calculates estimated amounts that will be paid in future periods. The Office's pro-rata share of this estimated liability for such future payments has been calculated by the State of Ohio Department of Administrative Services and the Bureau of Workers' Compensation on the basis of the Office's share of actual cash payments paid to the Bureau in the preceding fiscal year divided by such payments made by all participating entities.

As almost half of the funding for the Office's operations comes from the General Revenue Fund, which is accounted for as part of the General Fund, the liability allocated to the Office is assigned to the "General Government" function in governmental activities rather than to the Office's Enterprise fund when included in the State of Ohio's ACFR. Ohio Revised Code, Section 4123.39, provides specifically for payment of this workers' compensation liability from appropriate state appropriations. A workers' compensation liability has not been required to be recorded in the past two fiscal years.

Note 12 – Health Care Surplus

At the end of the year, the State allocated the incurred but not reported (IBNR) health claim liability (actuarially determined) or surplus to its departments based on the department's percent of total monthly premiums. At June 30, 2021, the Office recorded $3,295,859 as a surplus that is included in Restricted Cash and Cash Equivalents. The Office did not have any health benefits liability at year-end. Additional disclosures, including other risk disclosures, can be found in the State of Ohio's ACFR for the fiscal year ended June 30, 2021.

Note 13 – COVID-19 Pandemic

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 ensuing emergency measures may impact subsequent reporting periods of the Auditor's Office and the State of Ohio. The impact on the Auditor's Office's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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Required Supplementary Information (RSI) Schedules

Auditor of State of Ohio

Required Supplementary Information

Schedule of the Auditor of State of Ohio Proportionate Share of the Net Pension Liability

Ohio Public Employees Retirement System — Traditional Plan Last Eight Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014
Office's Proportion of the Net Pension Liability	0.35354400%	0.35324500%	0.35913700%	0.35434100%	0.34980700%	0.34262400%	0.34277800%	0.34277800%
Office's Proportionate Share of the Net Pension Liability	$52,352,169	$69,821,271	$98,360,343	$55,589,233	$79,435,221	$59,346,797	$41,342,858	$40,409,060
Office's Covered Payroll	$49,794,664	$49,701,214	$48,507,829	$46,826,623	$45,219,967	$42,642,958	$42,024,942	$43,855,892
Office's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.14%	140.48%	202.77%	118.71%	175.66%	139.17%	98.38%	92.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

(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 for each year were determined as of the Office's measurement date which is the prior year end.

See accompanying notes to the required supplementary information

Auditor of State of Ohio
Required Supplementary Information
Schedule of the Auditor of State of Ohio Proportionate Share of the Net Pension Asset
Ohio Public Employees Retirement System - Combined Plan
Last Three Years (1)

	2021	2020	2019
Office's Proportion of the Net Pension Asset	0.43108300%	0.41555400%	0.38513800%
Office's Proportionate Share of the Net Pension Asset	$1,244,379	$866,530	$430,671
Office's Covered Payroll	$1,899,786	$1,849,857	$1,647,207
Office's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	-65.50%	-46.84%	-26.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	157.67%	145.28%	126.64%

(1) Amounts for the combined plan are not presented prior to 2019 as the Office's participation in this plan was considered immaterial in previous years.

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

See accompanying notes to the required supplementary information.

Auditor of State of Ohio
Required Supplementary Information
Schedule of the Auditor of State of Ohio Proportionate Share of the Net OPEB Liability/Asset
Ohio Public Employees Retirement System - OPEB Plan
Last Five Years (1)

	2021	2020	2019	2018	2017
Office's Proportion of the Net OPEB Liability (Asset)	0.3558580%	0.3559850%	0.3638490%	0.3594900%	0.3546650%
Office's Proportionate Share of the Net OPEB Liability (Asset)	($6,339,894)	$49,170,777	$47,437,320	$39,037,965	$35,822,370
Office's Covered Payroll	$53,818,086	$53,781,631	$52,775,259	$50,919,600	$49,012,957
Office's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-11.78%	91.43%	89.89%	76.67%	73.09%
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 for each year were determined as of the Office's measurement date which is the prior year end.

See accompanying notes to the required supplementary information

Auditor of State of Ohio

Required Supplementary Information

Schedule of Auditor of State of Ohio Contributions

Ohio Public Employees Retirement System | Last Nine Fiscal Years (1)(2)

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net Pension Liability - Traditional Plan									
Contractually Required Contribution	$6,950,567	$7,111,412	$6,884,361	$6,406,967	$5,779,061	$5,261,771	$5,030,793	$4,901,471	$5,701,266
Contributions in Relation to the Contractually Required Contribution	(6,950,567)	(7,111,412)	(6,884,361)	(6,406,967)	(5,779,061)	(5,261,771)	(5,030,793)	(4,901,471)	(5,701,266)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0
Office Covered Payroll	$49,646,907	$50,795,800	$49,174,007	$47,456,016	$46,230,583	$43,848,092	$41,923,275	$40,845,591	$43,855,892
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.50%	12.50%	12.00%	12.00%	12.00%	13.00%
Net Pension Asset - Combined Plan (3)									
Contractually Required Contribution	$256,981	$268,615	$248,211	$221,352	$207,304	$169,339	$153,580		
Contributions in Relation to the Contractually Required Contribution	(256,981)	(268,615)	(248,211)	(221,352)	(207,304)	(169,339)	(153,580)		
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0	$0		
Office Covered Payroll	$1,835,579	$1,918,679	$1,772,936	$1,640,818	$1,657,629	$1,411,158	$1,279,833		
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.49%	12.51%	12.00%	12.00%		
Net OPEB Liability - OPEB Plan (4)									
Contractually Required Contribution	$83,757	$85,896	$101,457	$343,555	$812,773				
Contributions in Relation to the Contractually Required Contribution	(83,757)	(85,896)	(101,457)	(343,555)	(812,773)				
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0				
Office Covered Payroll	$53,576,405	$54,861,868	$53,483,363	$51,616,654	$50,257,922				
Contributions as a Percentage of Covered Payroll	0.16%	0.16%	0.19%	0.67%	1.62%				

(1) Information prior to 2013 is not available.

(2) The OPEB plan includes the members from the traditional plan, the combined plan, and the member directed plan. The member directed plan is a defined contribution plan: therefore, the pension side is not included above.

(3) Information prior to 2015 is not available.

(4) Information prior to 2017 is not available.

See accompanying notes to the required supplementary information.

AOS Notes to the Required Supplementary Information for the Fiscal Year Ended June 30, 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:

	2019	2017 and 2018	2016 and prior
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 to 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	.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 percent, simple through 2018, then 2.15 percent, simple
2016 and prior	3 percent, simple through 2018, then 2.8 percent, simple

Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010.

The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to 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.

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 – OPERS OPEB

Investment Return Assumption:	
Beginning in Fiscal year 2019	6.00 percent
Fiscal year 2018	6.50 percent
Municipal Bond Rate:	
Fiscal year 2021	2.00 percent
Fiscal year 2020	2.75 percent
Fiscal year 2019	3.71 percent
Fiscal year 2018	3.31 percent
Single Discount Rate:	
Fiscal year 2021	6.00 percent
Fiscal year 2020	3.16 percent
Fiscal year 2019	3.96 percent
Fiscal year 2018	3.85 percent
Medical Trend Assumption	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 5.00 percent
Health Care Cost Trend Rate:	
Fiscal year 2021	8.50 percent, initial
	3.5 percent, ultimate in 2035
Fiscal year 2020	10.0 percent, initial
	3.5 percent, ultimate in 2030
Fiscal year 2019	10.0 percent, initial
	3.25 percent, ultimate in 2029
Fiscal year 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 fiscal year 2021.

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Statistical Section

AOS Statistics

This part of the Auditor of State's (the Office's) comprehensive annual financial report presents detailed information as context for understanding what the information in the financial statements and note disclosures says about the Office's overall financial health.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

Additional demographic information can be located in the State of Ohio's ACFR for the fiscal year ended June 30, 2021.

Schedule 1: Changes in Net Position and Net Position by Type, Last Ten Fiscal Years

	Fiscal Year Ended June 30			
	2021	2020	2019	2018
OPERATING REVENUES				
Charges For Services - Local	$ 34,559,352	$ 37,495,825	$ 36,253,609	$ 36,154,946
Charges For Services - State	10,715,480	9,186,134	8,501,140	9,513,450
Other	16,407	113,903	381,323	394,264
Total Operating Revenues	45,291,239	46,795,862	45,136,072	46,062,660
OPERATING EXPENSES				
Personal Services	35,276,990	89,042,040	95,970,087	75,972,532
Maintenance	6,486,404	5,931,398	6,148,436	5,309,341
Depreciation	182,891	247,866	228,952	292,830
Other	0	0	0	0
Total Operating Expenses	41,946,285	95,221,304	102,347,475	81,574,703
Operating Income (Loss)	3,344,954	(48,425,442)	(57,211,403)	(35,512,043)
NON-OPERATING REVENUES/(EXPENSES)				
Intergovernmental Revenue	552,216	0	0	0
Investment Income	6,643	21,429	23,890	15,559
Gain/(Loss) on Sale of Capital Assets	(172)	14,603	38,077	(388)
State Appropriations	39,247,300	39,320,395	30,789,255	22,117,461
Total Non-Operating Revenues/(Expenses)	39,805,987	39,356,427	30,851,222	22,132,632
Transfers-In/Capital Contribution	0	0	0	0
CHANGE IN NET POSITION	$ 43,150,941	$ (9,069,015)	$ (26,360,181)	$ (13,379,411)
NET POSITION BY TYPE				
Investment in Capital Assets	$ 635,898	724,252	766,820	$ 938,461
Restricted Net Position	4,213,747	3,637,807	1,865,964	842,520
Unrestricted Net Position Deficit	(64,378,954)	(107,042,309)	(96,244,019)	(69,032,035)
Total (Deficit) Net Position	$ (59,529,309)	$ (102,680,250)	$ (93,611,235)	$ (67,251,054)

Source: Auditor of State of Ohio

	Fiscal Year Ended June 30					
	2017	2016	2015	2014	2013	2012
OPERATING REVENUES						
Charges For Services - Local	$ 36,956,336	$ 39,013,830	$ 33,663,217	$ 37,376,015	$ 37,521,241	$ 36,013,722
Charges For Services - State	9,609,197	9,914,574	9,459,733	9,180,403	9,559,872	10,575,886
Other	387,917	440,606	322,587	297,133	235,559	307,859
Total Operating Revenues	46,953,450	49,369,010	43,445,537	46,853,551	47,316,672	46,897,467
OPERATING EXPENSES						
Personal Services	83,139,543	72,512,431	64,566,700	63,245,026	60,089,588	63,094,181
Maintenance	7,656,835	6,105,878	3,476,221	6,934,392	5,325,643	5,674,926
Depreciation	306,387	320,185	418,172	406,798	428,534	395,287
Other	0	0	1,595,656	0	0	0
Total Operating Expenses	91,102,765	78,938,494	70,056,749	70,586,216	65,843,765	69,164,394
Operating Income (Loss)	(44,149,315)	(29,569,484)	(26,611,212)	(23,732,665)	(18,527,093)	(22,266,927)
NON-OPERATING REVENUES/(EXPENSES)						
Intergovernmental Revenue	0	0	0	0	0	0
Investment Income	11,566	8,150	5,144	3,196	2,945	2,952
Gain/(Loss) on Sale of Capital Assets	2,579	21,243	25,321	10,500	(219)	(9,950)
State Appropriations	30,603,048	30,332,459	28,261,895	27,822,384	26,869,868	26,412,888
Total Non-Operating Revenues/(Expenses)	30,617,193	30,361,852	28,292,360	27,836,080	26,872,594	26,405,890
Transfers-In/Capital Contribution	0	0	1,998	0	0	0
CHANGE IN NET POSITION	$ (13,532,122)	$ 792,368	$ 1,683,146	$ 4,103,415	$ 8,345,501	$ 4,138,963
NET POSITION BY TYPE						
Investment in Capital Assets	$ 1,193,477	$ 1,337,688	$ 1,353,708	$ 1,585,984	$ 1,890,639	$ 1,961,925
Restricted Net Position	843,637	787,861	1,837,623	3,014,482	2,353,747	1,227,315
Unrestricted Net Position Deficit	(55,908,757)	(6,838,369)	(8,696,519)	(11,788,800)	22,759,306	15,468,951
Total (Deficit) Net Position	$ (53,871,643)	$ (4,712,820)	$ (5,505,188)	$ (7,188,334)	$ 27,003,692	$ 18,658,191

Revenue by Type and Source, Schedule 2 • **Statistical Section**

Schedule 2: Revenue by Type and Source, Last Ten Fiscal Years

	Fiscal Year Ended June 30				Fiscal Year Ended June 30					
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
OPERATING REVENUES:										
Charges For Services - Local										
Audits - Local Governments	$ 27,290,296	$ 29,027,465	$ 28,881,630	$ 28,865,061	$ 28,753,452	$ 31,138,578	$ 27,514,634	$ 30,145,164	$ 29,536,330	$ 28,152,172
Local Government Services	3,093,744	3,151,321	2,899,586	2,942,475	3,240,235	3,064,604	2,682,898	3,101,446	3,192,097	3,067,852
Uniform Accounting Network Fees	4,175,312	5,317,039	4,472,393	4,347,410	4,862,650	4,717,821	3,468,376	4,062,934	4,542,052	4,478,699
LEAP Audits	0	0	0	0	99,999	92,827	(2,691)	66,471	250,762	314,999
Total Charges For Services - Local	34,559,352	37,495,825	36,253,609	36,154,946	36,956,336	39,013,830	33,663,217	37,376,015	37,521,241	36,013,722
Charges For Services - State										
Audits - State Agencies	8,752,551	7,783,784	6,525,108	6,872,709	6,358,461	7,102,382	6,556,141	6,280,745	6,973,140	8,189,449
Medicaid Contract Audits	1,962,929	1,402,350	1,976,032	2,640,741	3,250,736	2,812,192	2,903,592	2,899,658	2,586,732	2,386,437
Total Charges For Services - State	10,715,480	9,186,134	8,501,140	9,513,450	9,609,197	9,914,574	9,459,733	9,180,403	9,559,872	10,575,886
Other Operating Revenues	16,407	113,903	381,323	394,264	387,917	440,606	322,587	297,133	235,559	307,859
TOTAL OPERATING REVENUES	**45,291,239**	**46,795,862**	**45,136,072**	**46,062,660**	**46,953,450**	**49,369,010**	**43,445,537**	**46,853,551**	**47,316,672**	**46,897,467**
NON-OPERATING REVENUES:										
Intergovernmental Revenue	552,216	0	0	0	0	0	0	0	0	0
Investment Income	6,643	21,429	23,890	15,559	11,566	8,150	5,144	3,196	2,945	2,952
Gain on Sale of Capital Assets	0	14,603	38,077	0	2,579	21,243	25,321	10,500	0	2,935
State Appropriations	39,247,300	39,320,395	30,789,255	22,117,461	30,603,048	30,332,459	28,261,895	27,822,384	26,869,868	26,412,888
TOTAL NON-OPERATING REVENUES	**39,806,159**	**39,356,427**	**30,851,222**	**22,133,020**	**30,617,193**	**30,361,852**	**28,292,360**	**27,836,080**	**26,872,813**	**26,418,775**
TOTAL OFFICE REVENUES	**$ 85,097,398**	**$ 86,152,289**	**$ 75,987,294**	**$ 68,195,680**	**$ 77,570,643**	**$ 79,730,862**	**$ 71,737,897**	**$ 74,689,631**	**$ 74,189,485**	**$ 73,316,242**

Source: Auditor of State of Ohio

Schedule 3: Rate Schedule, Last Ten Fiscal Years

Fiscal Year	State Rate	Local Government Audit Rate	Local Government Services Rate
2021	$79.00	$41.00	$50.00 *
2020	$76.00	$41.00	$50.00
2019	$68.00	$41.00	$50.00
2018	$68.00	$41.00	$50.00
2017	$68.00	$41.00	$50.00
2016	$66.50	$41.00	$50.00
2015	$65.92	$41.00	$50.00
2014	$63.69	$41.00	$50.00
2013	$63.69	$41.00	$50.00
2012	$63.69	$41.00	$50.00

NOTES:

The State rate is an hourly rate charged to all State Agency audits and Medicaid Provider Audits. An independent third party firm calculates the maximum allowable rate consistent with Federal statewide indirect cost allocation guidelines.

Source: Auditor of State of Ohio

Local Government Services Tiered Fee Schedule
For Financial Reporting Compilation and Review Services, Fiscal Year 2021

	Counties	Municipalities & Other Local Govts	Schools	Local Government Services Tiered Rate*
Tier 1	$100,000,0001 or more	$50,000,0001 or more	$50,000,001 or more	$65.00
Tier II	$50,000,001 – $100,000,000	$10,000,001 – $50,000,000	$10,000,001 – $50,000,000	$60.00
Tier III	$50,000,0000 or less	$10,000,0000 or less	$10,000,000 or less	$55.00

*Beginning in Fiscal Year 2021, Local Government Services (LGS) will use a tiered fee schedule for financial reporting compilation and review services. AOS will base the tiered LGS billing rates upon a local government's total combined revenues as reported in the most recently audited financial statements. For services including, but not limited to: consulting, fiscal advisory and training services, LGS will charge $50, regardless of the size of the local government or its total revenues.

Source: Auditor of State of Ohio

-Continued

Schedule 3: Rate Schedule, Last Ten Fiscal Years, cont.

Uniform Accounting Network Monthly Fee Schedule

Revenue From	Revenue To	July 1, 2011 to June 30, 2021
$0	$ 50,000	$ 8
50,001	100,000	18
100,001	150,000	30
150,001	200,000	37
200,001	250,000	44
250,001	300,000	51
300,001	350,000	62
350,001	400,000	72
400,001	450,000	83
450,001	500,000	95
500,001	600,000	105
600,001	750,000	135
750,001	1,000,000	165
1,000,001	2,500,000	215
2,500,001	5,000,000	255
5,000,001	7,500,000	280
7,500,001	10,000,000	300
10,000,001	99,999,999	325

NOTES:

The Uniform Accounting Network (UAN) Program Participation Fees are composed of two components: A monthly User Fee based on the total resources of the entity as shown in the table above and a Hardware Surcharge of $50 per month for each entity.

Fees are determined by the clients' total resources as determined by the Auditor of State's Office. UAN clients are billed in advance.

Source: Auditor of State of Ohio, Uniform Accounting Network Department

Schedule 4: Number of Audits Released, by Type, Last Ten Fiscal Years

	FY 2021	FY 2020	FY 2019	FY2018	FY2017	FY2016	FY2015	FY 2014	FY 2013	FY 2012
Agreed Upon Procedures:										
Cities	1	1	0	0	0	0	1	0	6	0
Counties	6	2	1	0	0	1	2	3	3	0
School Districts	0	0	1	1	9	2	1	2	2	0
State Agencies	3	5	5	4	2	3	3	11	5	6
Medicaid Contract	26	1	18	22	91	74	58	54	59	60
Townships / Villages	299	384	326	325	376	283	243	325	421	335
Other	481	656	864	1008	624	362	372	407	482	482
	816	**1,049**	**1,215**	**1,360**	**1,102**	**725**	**680**	**802**	**978**	**883**
Basic Audit:										
Cities	0	0	0	0	0	0	0			
Counties	1	1	2	0	1	0	1			
School Districts	0	0	0	0	1	0	0			
State Agencies	0	0	0	0	0	0	0			
Medicaid Contract	0	0	0	0	0	0	0			
Townships / Villages	104	105	46	40	54	48	42			
Other	303	321	216	223	198	154	147			
	408	**427**	**264**	**263**	**254**	**202**	**190**	**0**	**0**	**0**
Financial Audits										
Cities	244	249	229	249	258	234	239	253	260	244
Colleges & Universities	38	39	40	40	39	40	41	81	82	77
Community School Districts	299	323	351	342	381	321	367	380	327	312
Counties	75	89	86	90	91	89	88	87	90	92
Libraries	70	68	64	66	17	86	94	61	78	62
School Districts	610	641	642	630	633	657	686	626	686	692
State Agencies	16	18	17	18	20	26	21	91	25	27
Townships	353	376	352	401	413	441	448	300	374	340
Villages	235	246	282	265	262	228	269	268	336	277
Other	776	814	810	799	884	751	734	786	721	679
	2,716	**2,863**	**2,873**	**2,900**	**2,998**	**2,873**	**2,987**	**2,933**	**2,979**	**2,802**

-Continued

Schedule 4: Number of Audits Released, by Type, Last Ten Fiscal Years, cont.

	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Medicaid Provider Audits	**23**	**17**	**16**	**24**	**20**	**26**	**20**	**22**	**19**	**12**
Performance Audits										
Cities	5	1	0	1	2	1	3	3	9	4
Colleges & Universities	0	0	1	0	0	0	0	0	0	0
Counties	1	0	0	0	0	0	2	1	1	2
School Districts	4	6	10	10	14	10	17	13	10	9
State Agencies	4	1	3	0	4	0	4	1	4	1
Townships / Villages	1	0	0	1	0	2	0	0	2	1
Other	0	2	0	1	1	1	0	0	0	2
	15	**10**	**14**	**13**	**21**	**14**	**26**	**18**	**26**	**19**
Special Audits										
Cities	0	2	0	0	0	0	1	0	1	1
Counties	0	0	0	0	0	1	3	1	1	1
School Districts	0	0	0	0	1	2	0	1	1	1
State Agencies	0	0	1	0	0	0	0	0	0	0
Townships / Villages	2	0	0	1	0	2	1	1	1	0
Other	2	0	1	0	3	4	3	2	5	3
	4	**2**	**2**	**1**	**4**	**9**	**8**	**5**	**9**	**6**
SOC 1 Reports	**21**	**21**	**20**	**20**	**22**	**24**	**25**	**24**	**23**	**26**
TOTAL	**4,003**	**4,389**	**4,404**	**4,581**	**4,421**	**3,873**	**3,936**	**3,804**	**4,034**	**3,748**

Source: Auditor of State's website, Audit Search (https://ohioauditor.gov/auditsearch/Search.aspx); Medicaid Contract Agreed Upon Procedures and Medicaid Provider Audits obtained from the Auditor of State Annual Report; SOC 1 obtained from the State Audit Region.

Basic Audits compiled as a separate audit type for FY 2015.

LGS Completed Projects, by Type, Schedule 5 • Statistical Section

Schedule 5: Local Government Services Completed Projects, by Type, Last Ten Fiscal Years

Project Type	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
GAAP Compilations:										
GPFS/ACFR Under GASB No. 34	55	53	55	54	56	61	62	65	61	60
Basic Financial Statements Under GASB No. 34	173	176	164	166	168	166	168	172	171	177
Consultation/Supervision Only	13	20	24	21	23	20	21	26	30	30
Cash Basis	40	42	50	62	51	55	57	46	50	51
Fiscal Emergency/Watch/Caution	37	31	60	59	54	67	73	83	72	76
Reconciliations & Reconstructions	19	35	25	18	12	22	13	18	8	11
Special Projects	82	35	27	28	28	19	21	19	9	7
General Assistance, Training	37	28	18	7	18	7	10	24	21	28
Manuals	3	4	5	5	4	4	4	3	4	3
Fund Requests	132	182	167	157	123	107	169	147	140	164
Contact Us Inquiry	70	61	90	196	110	N/A	N/A	N/A	N/A	N/A
Constituent/Client Contact	2,730	2,178	2055	1612	866	N/A	N/A	N/A	N/A	N/A
UAN Monitoring	26	33	25	26	25	26	25	25	33	37
Dissolution/Merger Assistance	3	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL	**3,420**	**2,881**	**2,765**	**2,411**	**1,538**	**554**	**623**	**628**	**599**	**644**

N/A - Started tracking this information in FY2017

Source: Local Government Services, Auditor of State Ohio

Schedule 6: Number of Employees by Division, Last Ten Fiscal Years

Fiscal Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Administration	55	43	47	44	45	44	37	44	47	44
Audit	572	558	568	577	578	569	593	539	537	575
Information Technology	49	54	49	52	54	53	51	53	53	53
Legal	8	9	7	7	6	7	10	8	10	12
Local Government Services	48	48	50	49	50	52	51	52	54	53
Ohio Performance Team	33	32	31	30	31	34	37	30	36	44
Special Investigations Unit*	31	27	28	28	24	24	17	44	43	42
TOTAL	**796**	**771**	**780**	**787**	**788**	**783**	**796**	**770**	**780**	**823**

Source: Auditor of State of Ohio/HR

Table includes permanent full-time and part-time employees.

* Formerly reported as Fraud and Investigative Audits

Schedule 7: Audit Regions Directory

Central	**Stacie Scholl, CPA, Chief Auditor**	
	88 East Broad Street, 5th Floor	Phone: (614) 466-3402 or (800) 443-9275
	Columbus, OH 43215	Fax: (866) 486-0007
	Counties served: Ashland, Crawford, Delaware, Fairfield, Franklin, Holmes, Knox, Licking, Madison, Marion, Morrow, Pickaway, Richland, Union, Wayne	
East	**Joey Jones, CPA, Chief Auditor**	
	Conference Center, Suite 154	Phone: (330) 438-0617 or (800) 443-9272
	6000 Frank Avenue, NW	Fax: (866) 238-0092
	North Canton, OH 44720	
	Counties served: Carroll, Columbiana, Jefferson, Mahoning, Portage, Stark, Summit, Trumb	
Northeast	**Allen Alred, CPA, CFE, Chief Auditor**	
	Lausche Bldg, 12th Floor	Phone: (216) 787-3665 or (800) 626-2297
	615 Superior Avenue, NW	Fax: (866) 486-0003
	Cleveland, OH 44113	
	Counties served: Ashtabula, Cuyahoga, Geauga, Lake, Lorain, Medina	
Northwest	**Jonathan Lawless, CFE, Chief Auditor**	
	One Government Center, Room 1420	Phone: (419) 245-2811 or (800) 443-9276
	Toledo, OH 43604-2246	Fax: (866) 486-0002
	Counties served: Defiance, Erie, Fulton, Hancock, Henry, Huron, Lucas, Ottawa, Paulding, Putnam, Sandusky, Seneca, Williams, Wood, Wyandot	
Southeast	**Shane Statler, CFE, Chief Auditor**	
	9711 East Pike Road	Phone: (740) 594-3300 or (800) 441-1389
	Cambridge, OH 43725	Fax: (866) 486-0006
	Counties served: Athens, Belmont, Coshocton, Gallia, Guernsey, Harrison, Hocking, Jacksc Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Tuscarawas, Vinton, Washington	
Southwest	**Cristal Jones, CPA, Chief Auditor**	
	11117 Kenwood Road	Phone: (513) 361-8550 or (800) 368-7419
	Blue Ash, OH 45242	Fax: (866) 381-0094
	Counties served: Adams, Brown, Butler, Clermont, Clinton, Fayette, Hamilton, Highland, Lawrence, Pike, Ross, Scioto, Warren	
State Audits	**Deborah Liddil, CPA, CGFM, Chief Auditor**	
	88 East Broad Street, 5th Floor	Phone: (614) 466-3402 or (800) 443-9275
	Columbus, OH 43215	Fax: (866) 486-0007
West	**Donna K. Waldron, CPA, CFE, MBA, Chief Auditor**	
	130 West Second Street, Suite 2040	Phone: (937) 285-6677 or (800) 443-9274
	Dayton, OH 45402	Fax: (866) 486-0010
	Counties served: Allen, Auglaize, Champaign, Clark, Darke, Greene, Hardin, Logan, Mercer, Miami, Montgomery, Preble, Shelby, Van Wert	

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This report was prepared by the Finance Department and Local Government Services.
Special thanks to the following staff for their contributions:

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Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021

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