

Adams County
Single Audit
For the Year Ended December 31, 2019



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KEITH FABER



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Board of Commissioners
Adams County
110 West Main Street
West Union, Ohio 45693

We have reviewed the *Independent Auditor's Report* of Adams County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2019 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

December 2, 2020

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Adams County
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Independent Auditor's Report

Board of Commissioners
Adams County
110 West Main Street
West Union, Ohio 45693

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Adams County, Ohio (the County), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Adams County, Ohio as of December 31, 2019, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Children Services Levy, ACBDD, Motor Vehicle Gas Tax, Job and Family Services, and Real Estate Assessment Funds, thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Emphasis of Matter

As discussed in note 18 to the financial statements, during fiscal year 2019, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. The 2019 financial statements have been restated due to this implementation. We did not modify our opinion regarding this matter.

As discussed in note 1 to the financial statements, during 2019, the Adams County Regional Medical Center no longer qualifies as a component unit of the County. We did not modify our opinion regarding this matter.

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

Other Matters

Supplemental Information

Our audit was conducted to opine on the financial statements taken as a whole

The Schedule of Federal Awards Expenditures presents additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the financial statements.

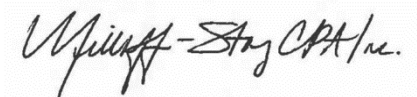
This Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2020 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 County's internal control over financial reporting and compliance.



Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

September 24, 2020

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

The discussion and analysis of Adams County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2019, within the limitations of the County's cash basis of accounting. Please read this in conjunction with the County's basic financial statements that begin on page 12.

Financial Highlights

Key financial highlights for 2019 are as follows:

Overall:

Total net position increased \$750,564 with governmental activities increasing by \$750,623 and business-type activities decreasing by \$59.

Total cash receipts were \$31,414,463 in 2019.

Total cash disbursements were \$30,663,899 in 2019.

Governmental Activities:

Total program cash receipts were \$21,911,529 in 2019, while program cash disbursements were \$30,662,486.

Program cash disbursements were primarily composed of Public Works, Human Services, Health, Public Safety, General Government-Judicial, and General Government-Legislative and Executive related cash disbursements which were \$4,822,535, \$10,003,604, \$2,697,919, \$4,327,407, \$1,747,224, and \$3,040,875, respectively, in 2019.

Business-Type Activities:

Program cash receipts were \$1,354 for business-type activities, while corresponding cash disbursements were \$1,413.

Using this Basic Financial Report

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

The *Statement of Net Position-cash basis* and *Statement of Activities-cash basis* provide information about the activities of the whole County, presenting an aggregate view of the County's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed and what remains for future spending on the cash basis. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column. In the case of the County, the General Fund, the Children Services Levy Fund, the Real Estate Assessment Fund, the Motor Vehicle Gas Tax Fund, the Job and Family Services Fund, and the ACBDD Fund are the most significant funds and have been presented as major funds.

Reporting the County as a Whole

The County's Reporting Entity Presentation

This annual report includes all activities for which the County is fiscally responsible. These activities, defined as the County's reporting entity, are operated within separate legal entities that make up the primary government and the other separate legal entity. The primary government consists of Adams County. The component unit presentation includes the Adams County Land Restoration Corporation on pages 12 and 13 presented on a cash basis.

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

Statement of Net Position-cash basis and the Statement of Activities-cash basis

While this document contains the large number of funds used by the County to provide programs and activities, the view of the County as a whole looks at all cash basis financial transactions and asks the question, "How did we do financially during 2019?" The Statement of Net Position-cash basis and the Statement of Activities-cash basis report information about the County as a whole and about its activities in a way that helps answer this question. These statements include *only net position* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid. These two statements report the County's *net position* and changes in that position. This change in net position is important because it tells the reader whether, for the County as a whole, the *cash basis financial position* of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

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

In the Statement of Net Position-cash basis and the Statement of Activities-cash basis, the County is divided into three distinct kinds of activities:

Governmental Activities – Most of the County's programs and services are reported here including general government, public safety, public works, health, human services, other, capital outlay, and debt service.

Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the cash disbursements of the goods or services provided. The County's wastewater treatment program and the airport fuel sales program are reported as business-type activities.

Component Unit Activities – As more fully described in Note 1 – Reporting Entity, there are several entities that are considered component units. Although Adams County Land Reutilization Corporation is a separate legal entity, the County includes their activities since the County is financially accountable for this entity. Adams County Regional Medical Center (Center) was previously considered to be a component unit; however, on October 1, 2019, the Center's operations were disposed of and transferred to a nonprofit corporation in Seaman, Ohio. The Center is no longer considered a component unit of the County. The Adams County Airport Authority (the Authority), Adams County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Adams County Commissioners appoint five Board members to direct the Authority in January of 2019. The County elected to exclude the Authority from the accompanying financial statements due to the minimal financial activity during fiscal year 2019. The Adams County Traveler and Visitors Bureau (the Bureau) is a non-profit organization established to promote travel and tourism within Adams County. The County does not appoint the board members for the Bureau; however, the County provided the primary financial support for the Bureau through the hotel-motel lodging tax levied by the County and passed through to the Bureau in 2019. The County elected to exclude the Bureau from the accompanying financial statements due to the minimal financial activity during fiscal year 2019.

Reporting the County's Most Significant Funds

Fund Financial Statements

The analysis of the County's major funds begins on page 9. Fund financial statements provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's most significant funds that have been presented as major governmental funds are the General Fund, the Children Services Levy Fund, the Real Estate Assessment Fund, the Motor Vehicle Gas Tax Fund, the Job and Family Services Fund, and the ACBDD Fund.

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

Governmental Funds Most of the County's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various County programs. Since the County is reporting on the cash basis of accounting, there are no differences in the net position and cash basis fund balances or changes in net position and changes in cash basis fund balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross receipts and disbursements on the fund financial statements to the Statement of Activities-cash basis due to transfers and advances netted on the Statement of Activities-cash basis. See Note 2 to the basic financial statements entitled *Government-Wide Financial Statements*.

Proprietary Funds The County's proprietary funds use the same basis of accounting (cash basis) as business-type activities; therefore, these statements will essentially match the information provided in statements for the County as a whole.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The basis of accounting used for fiduciary funds is the cash basis of accounting. The County's only fiduciary funds are custodial funds.

The County as a Whole

Recall that the Statement of Net Position-cash basis provides the perspective of the County as a whole. Table 1 provides a summary of the County's net position for 2019 as compared to 2018:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018 *	2019	2018	2019	2018 *
Assets						
Equity in Pooled Cash and Cash Equivalents	\$15,253,851	14,493,376	\$5,986	\$6,045	\$15,259,837	\$14,499,421
Cash and Cash Equivalents with Fiscal Agents	63,660	63,660	0	0	63,660	63,660
Cash and Cash Equivalents in Segregated Accounts	17,822	27,674	0	0	17,822	27,674
Total Assets	15,335,333	14,584,710	5,986	6,045	15,341,319	14,590,755
Net Position						
Restricted	11,307,215	10,435,808	0	0	11,307,215	10,435,808
Unrestricted	4,028,118	4,148,902	5,986	6,045	4,034,104	4,154,947
Total Net Position	\$15,335,333	\$14,584,710	\$5,986	\$6,045	\$15,341,319	\$14,590,755

* - Restated. See Note 18 of the notes to the basic financial statements.

Total net position increased by \$750,564 due to cash receipts exceeding cash disbursements.

Adams County, Ohio
Management's Discussion and Analysis
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Unaudited

Table 2 shows the changes in net position for 2019 as compared to 2018.

Table 2
Changes in Net Position

Cash Receipts						
<i>Program Cash Receipts</i>						
Charges For Services	\$5,241,209	\$4,673,725	\$1,354	\$5,101	\$5,242,563	\$4,678,826
Operating Grants and Contributions	14,307,135	13,390,015	0	0	14,307,135	13,390,015
Capital Grants and Contributions	2,363,185	2,145,602	0	0	2,363,185	2,145,602
Total Program Cash Receipts	21,911,529	20,209,342	1,354	5,101	21,912,883	20,214,443
<i>General Cash Receipts</i>						
Property Taxes	5,001,080	4,611,828	0	0	5,001,080	4,611,828
Sales Taxes	2,581,690	2,499,178	0	0	2,581,690	2,499,178
Other Local Taxes	49,008	0	0	0	49,008	0
Grants and Entitlements Not Restricted to Specific Programs	1,146,646	2,622,094	0	0	1,146,646	2,622,094
Miscellaneous	323,535	438,117	0	0	323,535	438,117
Interest	391,454	243,592	0	0	391,454	243,592
Proceeds from Bonds	0	129,500	0	0	0	129,500
Proceeds from Sale of Capital Assets	8,167	0	0	0	8,167	0
Total General Cash Receipts	9,501,580	10,544,309	0	0	9,501,580	10,544,309
Total Cash Receipts	31,413,109	30,753,651	1,354	5,101	31,414,463	30,758,752
Cash Disbursements						
<i>Program Cash Disbursements</i>						
<i>General Government</i>						
Legislative and Executive	3,040,875	3,010,585	0	0	3,040,875	3,010,585
Judicial	1,747,224	1,641,354	0	0	1,747,224	1,641,354
Public Safety	4,327,407	3,636,817	0	0	4,327,407	3,636,817
Public Works	4,822,535	4,197,505	0	0	4,822,535	4,197,505
Health	2,697,919	2,767,180	0	0	2,697,919	2,767,180
Human Services	10,003,604	9,589,886	0	0	10,003,604	9,589,886
Other	355,212	377,528	0	0	355,212	377,528
Capital Outlay	3,278,952	2,801,288	0	0	3,278,952	2,801,288
<i>Debt Service:</i>						
Principal Retirement	344,290	373,657	0	0	344,290	373,657
Interest and Fiscal Charges	44,468	62,331	0	0	44,468	62,331
Airport	0	0	0	687	0	687
Sewer	0	0	1,413	2,146	1,413	2,146
Total Cash Disbursements	30,662,486	28,458,131	1,413	2,833	30,663,899	28,460,964
Change in Net Position	750,623	2,295,520	(59)	2,268	750,564	2,297,788
Net Position at Beginning of Year - As Restated	14,584,710	N/A	6,045	3,777	14,590,755	N/A
Net Position at End of Year	\$15,335,333	\$14,584,710	\$5,986	\$6,045	\$15,341,319	\$14,590,755

* - The beginning balance for 2019 was restated as more fully described in Note 18. The cash receipts and disbursements for 2018 were not restated in the above table due to the implementation of GASB 84 for 2019.

Adams County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

Governmental Activities

Net position increased \$750,623 in governmental activities in 2019. Program cash receipts were composed of charges for services, operating grants and contributions and capital grants and contributions which were \$5,241,209, \$14,307,135, and \$2,363,185 respectively.

Cash receipts for governmental activities increased \$659,458 primarily due to the reclassification of several funds from Fiduciary Activities to Governmental Activities in 2019. Operating grants also increased due to increases in the children services and motor vehicle gas tax programs, which was partially offset by decreases in developmentally disabled programs. Grants and contributions not restricted to specific programs decreased due to the Medicaid Local Sales Tax program monies received from the State in the prior year.

Program cash disbursements increased \$2,204,355. Public safety increased primarily due to the reclassification of several funds from Fiduciary Activities to Governmental Activities in 2019. Human services disbursements increased due to increased services in the children services and public assistance programs. Public works disbursements increased due to increases in the motor vehicle gas tax program. Capital Outlay disbursements increased due to OPWC and FEMA monies spent during the current year.

Property taxes, sales taxes and operating grants and contributions made up 15.9, 8.2, and 45.5 percent, respectively for governmental activities for the County in 2019.

The Statement of Activities-cash basis shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental and business-type activities, the total cost of services and the net cost of services (on the cash basis) for the County. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements. The dependence upon tax receipts and intergovernmental monies for governmental activities is apparent. Human services activities are mainly supported through charges for services and operating grants and contributions; for all governmental activities general cash receipts support is 31 percent as shown in Table 2. The taxpayers and the State of Ohio, as a whole, provide the vast majority of resources for Adams County.

Adams County, Ohio
Management's Discussion and Analysis
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Table 3
 Total Cost of Program Services
 Governmental Activities and Business-Type Activities

	2019		2018 *	
	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>
Governmental Activities				
General Government				
Legislative and Executive	\$3,040,875	\$1,960,505	\$3,010,585	\$1,960,502
Judicial	1,747,224	1,313,934	1,641,354	1,256,129
Public Safety	4,327,407	2,182,172	3,636,817	2,198,427
Public Works	4,822,535	726,436	4,197,505	570,315
Health	2,697,919	251,692	2,767,180	355,346
Human Services	10,003,604	1,367,823	9,589,886	1,109,164
Other	355,212	281,978	377,528	301,992
Capital Outlay	3,278,952	277,659	2,801,288	60,926
Debt Service				
Principal Retirement	344,290	344,290	373,657	373,657
Interest and Fiscal Charges	44,468	44,468	62,331	62,331
Total Cash Disbursements - Governmental Activities	<u>\$30,662,486</u>	<u>\$8,750,957</u>	<u>\$28,458,131</u>	<u>\$8,248,789</u>
Business-Type Activities				
Airport	\$0	\$0	\$687	\$687
Sewer	1,413	59	2,146	(2,955)
Total Cash Disbursements - Business-Type Activities	<u>\$1,413</u>	<u>\$59</u>	<u>\$2,833</u>	<u>(\$2,268)</u>

* - The total cost of service and net cost of service for 2018 were not restated in the above table due to the implementation of GASB 84 for 2019.

Business-Type Activities

Business-type activities include wastewater treatment services and the County airport fuel sales program. Program cash receipts did not support the business-type activities with program cash disbursements exceeding program cash receipts. Overall net position decreased \$59 from 2018 to 2019.

The County's Funds

Information about the County's major funds starts on page 14. These funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts and other financing sources of \$31,905,939 and cash disbursements and other financing uses of \$31,155,316. The net change in fund balance for the year was most significant in the ACBDD fund. The fund balance in the ACBDD Fund increased \$461,551 due to cash receipts exceeding cash disbursements. The fund balance of the General Fund decreased \$138,788 due to a decrease in intergovernmental cash receipts. The fund balance of the Motor Vehicle Gas Tax Fund increased \$203,160 as a result of increased receipts, which was partially offset by increased disbursements. The fund balance in the Job and Family Services Fund decreased \$45,089. The fund balance of the Real Estate Assessment Fund increased \$113,381 as a result of receipts exceeding disbursements. The fund balance of the Children Services Levy fund increased \$15,939.

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General Fund Budgeting Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. For the General Fund, final budget basis receipts and other financing sources were \$7,400,625, above original budget estimates of \$7,277,300. Of this \$123,325 difference, charges for services and intergovernmental receipts increased, while interest receipts decreased. Actual cash basis receipts and other financing sources were \$483,140 higher than final budgeted receipts which were primarily due to higher than expected tax and interest receipts. Final budgeted appropriations and other financing uses were \$8,505,262, which were above original appropriations and other financing uses of \$8,340,941. Of the \$164,321 difference, final budgeted appropriations in public safety increased. Total actual disbursements and other financing uses on the budget basis (cash outlays plus encumbrances) were \$7,829,135, which was \$54,630 below cash receipts and other financing sources. The actual fund balance for the General Fund exceeded the final budgeted fund balance by \$1,159,267.

Capital Assets and Debt Administration

Capital Assets

The County does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The County had capital outlay disbursements of \$3,278,952 during 2019.

Debt

Under the cash basis of accounting, the County does not report bonds, long-term notes or short-term notes in the accompanying cash basis financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information about bonds, long-term notes and short-term notes. At December 31, 2019, the County had \$4,039,621, in bonds, leases, and related long-term debt for governmental activities. For additional information on debt, please see Note 9.

Table 4 summarizes bonds, loans and notes outstanding for Governmental Activities for the past two years:

Table 4
 Outstanding Debt at December 31
 Governmental Activities

	2019	2018
General Obligation Bonds	\$800,000	\$850,000
Special Assessment Bonds	204,930	212,622
Land Acquisition Bonds	112,190	120,820
OPWC Loans	1,342,917	1,423,205
OWDA Loan	1,509,584	1,587,264
Vehicle Acquisition Bonds	0	100,000
Courthouse Security & Renovation Bonds	0	6,000
West Fork Road Improvement Bonds	70,000	84,000
Totals	\$4,039,621	\$4,383,911

Adams County, Ohio
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Current Financial Related Activities

As the preceding information shows, the County heavily depends on its property taxpayers and sales taxpayers as well as intergovernmental monies. Since the property tax receipts do not grow at the same level as inflation and sales taxes are dependent upon the economy, the County will be faced with significant challenges over the next several years to contain costs and ultimately determine what options are available to the County to increase financial resources.

All of the County's financial abilities will be needed to meet the challenges of the future.

Additional Information

The United States and the State of Ohio declared a state of emergency in March 2020 due to the global Coronavirus Disease 2019 (COVID-19) pandemic. The financial impact of COVID-19 will impact subsequent periods of the County. The impact on the County's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

The investments of the pension and other employee benefit plan in which the County participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the County's cash basis finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact David Gifford, County Auditor of Adams County, 110 West Main Street, Room 104, West Union, Ohio 45693-1395, or email at david.gifford@auditor.adamscountyoh.gov.

Adams County, Ohio
Statement of Net Position - Cash Basis
As of December 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Adams County Land Reutilization Corporation
ASSETS:				
Equity in Pooled Cash and Cash Equivalents	\$15,253,851	\$5,986	\$15,259,837	\$0
Cash and Cash Equivalents with Fiscal Agents	63,660	0	63,660	0
Cash and Cash Equivalents in Segregated Accounts	17,822	0	17,822	0
Cash and Cash Equivalents	<u>0</u>	<u>0</u>	<u>0</u>	<u>169,663</u>
<i>Total Assets</i>	<u>15,335,333</u>	<u>5,986</u>	<u>15,341,319</u>	<u>169,663</u>
NET POSITION:				
Restricted for Debt Service	303,354	0	303,354	0
Restricted for Capital Outlay	112,751	0	112,751	0
Restricted for ACBDD	2,077,970	0	2,077,970	0
Restricted for Motor Vehicle Gas Tax	1,808,732	0	1,808,732	0
Restricted for Job and Family Services	882,223	0	882,223	0
Restricted for Ambulance & EMS	158,839	0	158,839	0
Restricted for Real Estate Assessment	1,650,105	0	1,650,105	0
Restricted for Child Support Enforcement	1,172,159	0	1,172,159	0
Restricted for Probation Services	201,798	0	201,798	0
Restricted for Children Services Levy	722,692	0	722,692	0
Restricted for Other Purposes	2,216,592	0	2,216,592	0
Unrestricted	<u>4,028,118</u>	<u>5,986</u>	<u>4,034,104</u>	<u>169,663</u>
<i>Total Net Position</i>	<u>\$15,335,333</u>	<u>\$5,986</u>	<u>\$15,341,319</u>	<u>\$169,663</u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
Statement of Activities - Cash Basis
For the Fiscal Year Ended December 31, 2019

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position			Component Unit Adams County Land Reutilization Corporation
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental Activities:								
General Government:								
Legislative and Executive	\$3,040,875	\$605,005	\$475,365	\$0	(\$1,960,505)	\$0	(\$1,960,505)	\$0
Judicial	1,747,224	354,680	78,610	0	(1,313,934)	0	(1,313,934)	0
Public Safety	4,327,407	1,264,345	880,890	0	(2,182,172)	0	(2,182,172)	0
Public Works	4,822,535	758,813	3,337,286	0	(726,436)	0	(726,436)	0
Health	2,697,919	422,665	2,023,562	0	(251,692)	0	(251,692)	0
Human Services	10,003,604	1,586,829	7,048,952	0	(1,367,823)	0	(1,367,823)	0
Other	355,212	73,234	0	0	(281,978)	0	(281,978)	0
Capital Outlay	3,278,952	175,638	462,470	2,363,185	(277,659)	0	(277,659)	0
Debt Service:								
Principal Retirement	344,290	0	0	0	(344,290)	0	(344,290)	0
Interest and Fiscal Charges	44,468	0	0	0	(44,468)	0	(44,468)	0
Total Governmental Activities	30,662,486	5,241,209	14,307,135	2,363,185	(8,750,957)	0	(8,750,957)	0
Business-Type Activities:								
Airport	0	0	0	0	0	0	0	0
Sewer	1,413	1,354	0	0	0	(59)	(59)	0
Total Business-Type Activities	1,413	1,354	0	0		(59)	(59)	0
Component Unit:								
Adams County Land Reutilization Corporation	26,738	2,000	114,608	0				89,870
Total Component Unit	26,738	2,000	114,608	0				89,870
Totals	\$30,690,637	\$5,244,563	\$14,421,743	\$2,363,185				89,870
General Cash Receipts								
Property Taxes Levied for:								
General Purposes								
				2,006,595	0	2,006,595		0
				903,414	0	903,414		0
				696,301	0	696,301		0
				1,052,714	0	1,052,714		0
				342,056	0	342,056		0
				2,581,690	0	2,581,690		0
				49,008	0	49,008		0
Grants and Entitlements Not								
Restricted to Specific Programs								
				1,146,646	0	1,146,646		0
				323,535	0	323,535		6,464
				391,454	0	391,454		0
				8,167	0	8,167		0
								0
Total General Cash Receipts				9,501,580	0	9,501,580		6,464
Change in Net Position				750,623	(59)	750,564		96,334
Net Position Beginning of Year - As Restated				14,584,710	6,045	14,590,755		73,329
Net Position End of Year				\$15,335,333	\$5,986	\$15,341,319		\$169,663

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
As of December 31, 2019

	<u>General</u>	<u>Children Services Levy</u>	<u>ACBDD</u>
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	\$4,010,114	\$722,692	\$2,014,310
Cash and Cash Equivalents with Fiscal Agents	0	0	63,660
Cash and Cash Equivalents in Segregated Accounts	0	0	0
<i>Total Assets</i>	<u>\$4,010,114</u>	<u>\$722,692</u>	<u>\$2,077,970</u>
FUND BALANCES:			
Nonspendable	\$33,813	\$0	\$0
Restricted	0	722,692	2,077,970
Assigned	145,847	0	0
Unassigned	3,830,454	0	0
<i>Total Fund Balances</i>	<u>\$4,010,114</u>	<u>\$722,692</u>	<u>\$2,077,970</u>

The notes to the basic financial statements are an integral part of this statement.

<u>Motor Vehicle Gas Tax</u>	<u>Job and Family Services</u>	<u>Real Estate Assessment</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$1,808,732	\$882,223	\$1,650,105	\$4,165,675	\$15,253,851
0	0	0	0	63,660
0	0	0	17,822	17,822
<u>\$1,808,732</u>	<u>\$882,223</u>	<u>\$1,650,105</u>	<u>\$4,183,497</u>	<u>\$15,335,333</u>
\$0	\$0	\$0	\$0	\$33,813
1,808,732	882,223	1,650,105	4,183,497	11,325,219
0	0	0	0	145,847
0	0	0	0	3,830,454
<u>\$1,808,732</u>	<u>\$882,223</u>	<u>\$1,650,105</u>	<u>\$4,183,497</u>	<u>\$15,335,333</u>

Adams County, Ohio
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Fiscal Year Ended December 31, 2019

	General	Children Services Levy	ACBDD
CASH RECEIPTS:			
Taxes	\$4,588,285	\$1,052,714	\$696,301
Special Assessments	0	0	0
Charges for Services	1,340,373	635,782	0
Licenses and Permits	1,794	0	0
Fines and Forfeitures	190,201	0	0
Intergovernmental	960,891	1,995,671	817,760
Interest	356,068	0	0
Other	175,332	0	15,318
<i>Total Cash Receipts</i>	<u>7,612,944</u>	<u>3,684,167</u>	<u>1,529,379</u>
CASH DISBURSEMENTS:			
Current:			
General Government:			
Legislative and Executive	2,300,725	0	0
Judicial	1,638,893	0	0
Public Safety	2,563,446	0	0
Public Works	223,511	0	0
Health	88,997	0	1,067,828
Human Services	261,749	3,643,452	0
Other	355,212	0	0
Capital Outlay	260,310	24,776	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Cash Disbursements</i>	<u>7,692,843</u>	<u>3,668,228</u>	<u>1,067,828</u>
<i>Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(79,899)</u>	<u>15,939</u>	<u>461,551</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from Sale of Capital Assets	8,167	0	0
Transfers In	201,925	0	0
Advances In	10,000	0	0
Transfers Out	(158,981)	0	0
Advances Out	(120,000)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(58,889)</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	(138,788)	15,939	461,551
<i>Fund Cash Balances at Beginning of Year - As Restated</i>	<u>4,148,902</u>	<u>706,753</u>	<u>1,616,419</u>
<i>Fund Cash Balances at End of Year</i>	<u>\$4,010,114</u>	<u>\$722,692</u>	<u>\$2,077,970</u>

The notes to the basic financial statements are an integral part of this statement.

Motor Vehicle Gas Tax	Job and Family Services	Real Estate Assessment	All Other Governmental Funds	Total Governmental Funds
\$0	\$0	\$0	\$1,294,478	\$7,631,778
0	0	0	18,229	18,229
2,828	149,092	485,051	1,741,348	4,354,474
0	0	0	0	1,794
10,835	0	0	665,676	866,712
4,383,472	4,897,965	0	4,761,207	17,816,966
35,364	0	0	22	391,454
58,508	46,972	1,962	25,443	323,535
<u>4,491,007</u>	<u>5,094,029</u>	<u>487,013</u>	<u>8,506,403</u>	<u>31,404,942</u>
0	0	373,632	366,518	3,040,875
0	0	0	108,331	1,747,224
0	0	0	1,763,961	4,327,407
3,683,401	0	0	915,623	4,822,535
0	0	0	1,541,094	2,697,919
0	5,209,078	0	889,325	10,003,604
0	0	0	0	355,212
408,120	3,953	0	2,581,793	3,278,952
189,418	0	0	154,872	344,290
6,908	0	0	37,560	44,468
<u>4,287,847</u>	<u>5,213,031</u>	<u>373,632</u>	<u>8,359,077</u>	<u>30,662,486</u>
<u>203,160</u>	<u>(119,002)</u>	<u>113,381</u>	<u>147,326</u>	<u>742,456</u>
0	0	0	0	8,167
0	73,913	0	86,992	362,830
0	0	0	120,000	130,000
0	0	0	(203,849)	(362,830)
0	0	0	(10,000)	(130,000)
<u>0</u>	<u>73,913</u>	<u>0</u>	<u>(6,857)</u>	<u>8,167</u>
203,160	(45,089)	113,381	140,469	750,623
1,605,572	927,312	1,536,724	4,043,028	14,584,710
<u>\$1,808,732</u>	<u>\$882,223</u>	<u>\$1,650,105</u>	<u>\$4,183,497</u>	<u>\$15,335,333</u>

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended December 31, 2019*

	General Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Taxes	\$4,231,269	\$4,232,435	\$ 4,588,285	\$355,850
Charges for Services	1,051,471	1,131,750	1,136,472	4,722
Licenses and Permits	1,660	2,250	1,794	(456)
Fines and Forfeitures	175,975	173,100	190,201	17,101
Intergovernmental	902,863	959,190	960,891	1,701
Interest	329,436	280,000	356,068	76,068
Other	156,325	159,900	168,962	9,062
<i>Total Receipts</i>	<u>6,848,999</u>	<u>6,938,625</u>	<u>7,402,673</u>	<u>464,048</u>
DISBURSEMENTS:				
Current:				
General Government:				
Legislative and Executive	2,406,280	2,426,949	2,205,603	221,346
Judicial	1,785,703	1,802,477	1,673,306	129,171
Public Safety	2,813,151	2,896,090	2,591,982	304,108
Public Works	234,105	240,965	226,441	14,524
Health	150,986	151,062	118,235	32,827
Human Services	292,591	295,096	286,796	8,300
Other	408,036	398,429	363,115	35,314
Capital Outlay	57,865	96,718	92,154	4,564
<i>Total Disbursements</i>	<u>8,148,717</u>	<u>8,307,786</u>	<u>7,557,632</u>	<u>750,154</u>
<i>Deficiency of Receipts Under Disbursements</i>	<u>(1,299,718)</u>	<u>(1,369,161)</u>	<u>(154,959)</u>	<u>1,214,202</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from Sale of Capital Assets	0	0	8,167	8,167
Transfers In	428,301	462,000	462,925	925
Transfers Out	(192,224)	(197,476)	(151,503)	45,973
Advances In	0	0	10,000	10,000
Advances Out	0	0	(120,000)	(120,000)
<i>Total Other Financing Sources (Uses)</i>	<u>236,077</u>	<u>264,524</u>	<u>209,589</u>	<u>(54,935)</u>
<i>Net Change in Fund Balances</i>	(1,063,641)	(1,104,637)	54,630	1,159,267
<i>Fund Balance at Beginning of Year</i>	1,231,051	1,231,051	1,231,051	0
<i>Prior Year Encumbrances Appropriated</i>	<u>216,589</u>	<u>216,589</u>	<u>216,589</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$383,999</u></u>	<u><u>\$343,003</u></u>	<u><u>\$1,502,270</u></u>	<u><u>\$1,159,267</u></u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended December 31, 2019*

	Children Services Levy Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Taxes	\$918,242	\$994,700	\$1,052,714	\$58,014
Charges for Services	554,568	637,149	635,782	(1,367)
Intergovernmental	1,740,747	1,913,123	1,995,671	82,548
<i>Total Receipts</i>	<u>3,213,557</u>	<u>3,544,972</u>	<u>3,684,167</u>	<u>139,195</u>
DISBURSEMENTS:				
Current:				
Human Services	3,573,090	3,883,090	3,819,731	63,359
<i>Total Disbursements</i>	<u>3,573,090</u>	<u>3,883,090</u>	<u>3,819,731</u>	<u>63,359</u>
<i>Net Change in Fund Balances</i>	<u>(359,533)</u>	<u>(338,118)</u>	<u>(135,564)</u>	<u>202,554</u>
<i>Fund Balance at Beginning of Year</i>	572,754	572,754	572,754	0
<i>Prior Year Encumbrances Appropriated</i>	134,000	134,000	134,000	0
<i>Fund Balance at End of Year</i>	<u>\$347,221</u>	<u>\$368,636</u>	<u>\$571,190</u>	<u>\$202,554</u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended December 31, 2019*

	ACBDD Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Taxes	\$547,740	\$610,000	\$696,301	\$86,301
Intergovernmental	540,710	488,500	817,760	329,260
Other	12,050	5,000	15,318	10,318
<i>Total Receipts</i>	<u>1,100,500</u>	<u>1,103,500</u>	<u>1,529,379</u>	<u>425,879</u>
DISBURSEMENTS:				
Current:				
Health	1,767,208	1,782,425	1,101,323	681,102
Capital Outlay	10,000	10,000	0	10,000
<i>Total Disbursements</i>	<u>1,777,208</u>	<u>1,792,425</u>	<u>1,101,323</u>	<u>691,102</u>
<i>Net Change in Fund Balances</i>	<u>(676,708)</u>	<u>(688,925)</u>	<u>428,056</u>	<u>1,116,981</u>
<i>Fund Balance at Beginning of Year</i>	1,540,101	1,540,101	1,540,101	0
<i>Prior Year Encumbrances Appropriated</i>	<u>76,318</u>	<u>76,318</u>	<u>76,318</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$939,711</u></u>	<u><u>\$927,494</u></u>	<u><u>\$2,044,475</u></u>	<u><u>\$1,116,981</u></u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended December 31, 2019*

	Motor Vehicle Gas Tax Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Fines and Forfeitures	\$8,565	\$15,000	\$10,835	(\$4,165)
Charges for Services	2,235	5,000	2,828	(2,172)
Intergovernmental	3,464,997	3,744,357	4,383,472	639,115
Interest	27,954	5,000	35,364	30,364
Other	46,249	15,000	58,508	43,508
<i>Total Receipts</i>	<u>3,550,000</u>	<u>3,784,357</u>	<u>4,491,007</u>	<u>706,650</u>
DISBURSEMENTS:				
Current:				
Public Works	3,092,740	4,024,871	3,964,001	60,870
Capital Outlay	844,168	1,161,060	1,100,493	60,567
Debt Service:				
Principal Retirement	192,878	194,704	189,418	5,286
Interest and Fiscal Charges	6,908	6,908	6,908	0
<i>Total Disbursements</i>	<u>4,136,694</u>	<u>5,387,543</u>	<u>5,260,820</u>	<u>126,723</u>
<i>Net Change in Fund Balances</i>	<u>(586,694)</u>	<u>(1,603,186)</u>	<u>(769,813)</u>	<u>833,373</u>
<i>Fund Balance at Beginning of Year</i>	1,018,879	1,018,879	1,018,879	0
<i>Prior Year Encumbrances Appropriated</i>	<u>586,694</u>	<u>586,694</u>	<u>586,694</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$1,018,879</u>	<u>\$2,387</u>	<u>\$835,760</u>	<u>\$833,373</u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended December 31, 2019*

	Job and Family Services Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS:				
Charges for Services	\$149,092	\$163,087	\$149,092	(\$13,995)
Intergovernmental	4,641,702	4,764,883	4,897,765	132,882
Other	46,972	59,552	46,972	(12,580)
<i>Total Receipts</i>	<u>4,837,766</u>	<u>4,987,522</u>	<u>5,093,829</u>	<u>106,307</u>
DISBURSEMENTS:				
Current:				
Human Services	5,636,329	5,818,085	5,244,163	573,922
Capital Outlay	50,090	18,090	3,953	14,137
<i>Total Disbursements</i>	<u>5,686,419</u>	<u>5,836,175</u>	<u>5,248,116</u>	<u>588,059</u>
<i>Deficiency of Receipts Under Disbursements</i>	<u>(848,653)</u>	<u>(848,653)</u>	<u>(154,287)</u>	<u>694,366</u>
OTHER FINANCING SOURCES:				
Transfers In	73,913	73,913	73,913	0
<i>Total Other Financing Sources</i>	<u>73,913</u>	<u>73,913</u>	<u>73,913</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(774,740)	(774,740)	(80,374)	694,366
<i>Fund Balance at Beginning of Year</i>	843,185	843,185	843,185	0
<i>Prior Year Encumbrances Appropriated</i>	<u>84,127</u>	<u>84,127</u>	<u>84,127</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$152,572</u></u>	<u><u>\$152,572</u></u>	<u><u>\$846,938</u></u>	<u><u>\$694,366</u></u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended December 31, 2019*

	Real Estate Assessment Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
RECEIPTS:				
Charges for Services	\$ 485,038	\$ 487,000	\$ 485,051	\$ (1,949)
Other	1,962	0	1,962	1,962
<i>Total Receipts</i>	<u>487,000</u>	<u>487,000</u>	<u>487,013</u>	<u>13</u>
DISBURSEMENTS:				
Current:				
Legislative and Executive	<u>863,378</u>	<u>863,378</u>	<u>415,504</u>	<u>447,874</u>
<i>Total Disbursements</i>	<u>863,378</u>	<u>863,378</u>	<u>415,504</u>	<u>447,874</u>
<i>Net Change in Fund Balances</i>	<u>(376,378)</u>	<u>(376,378)</u>	<u>71,509</u>	<u>447,887</u>
<i>Fund Balance at Beginning of Year</i>	1,500,356	1,500,356	1,500,356	0
<i>Prior Year Encumbrances Appropriated</i>	<u>36,368</u>	<u>36,368</u>	<u>36,368</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$1,160,346</u>	<u>\$1,160,346</u>	<u>\$1,608,233</u>	<u>\$447,887</u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
Statement of Cash Basis Assets and Net Position
Proprietary Funds
As of December 31, 2019

	<u>Other Enterprise Funds</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$5,986</u>
NET POSITION:	
Unrestricted	<u>\$5,986</u>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
*Statement of Cash Receipts, Cash Disbursements and
 Changes in Cash Basis Net Position
 Proprietary Funds
 For the Fiscal Year Ended December 31, 2019*

	Other Enterprise Funds
OPERATING CASH RECEIPTS:	
Charges for Services	\$1,354
<i>Total Operating Cash Receipts</i>	<i>1,354</i>
OPERATING CASH DISBURSEMENTS:	
Contractual Services	1,413
<i>Total Operating Cash Disbursements</i>	<i>1,413</i>
<i>Change in Net Position</i>	<i>(59)</i>
<i>Net Cash Position at Beginning of Year</i>	<i>6,045</i>
<i>Net Cash Position at End of Year</i>	<i>\$5,986</i>

The notes to the basic financial statements are an integral part of this statement.

Adams County, Ohio
Statement of Fiduciary Net Cash Position
Fiduciary Funds - Cash Basis
As of December 31, 2019

	<u>Custodial</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	\$2,420,409
Cash and Cash Equivalents in Segregated Accounts	<u>470,798</u>
<i>Total Assets</i>	<u>2,891,207</u>
NET POSITION:	
Restricted for Individuals, Organizations and Other Governments	<u>2,891,207</u>
<i>Total Net Position</i>	<u><u>\$2,891,207</u></u>

The notes to the basic financial statements are an integral part of this statement.

Adams County
*Statement of Cash Receipts, Cash Disbursements and
 Changes in Net Cash Position
 Fiduciary Funds
 For the Fiscal Year Ended December 31, 2019*

	Custodial
ADDITIONS:	
Intergovernmental	\$ 3,414,639
Amounts Received as Fiscal Agent	3,038,073
Licenses, Permits and Fees for Other Governments	1,720,535
Fines and Forfeitures for Other Governments	1,857,754
Amounts Held for Employees	433,526
Property Tax Collections for Other Governments	30,992,118
<i>Total Additions</i>	41,456,645
DEDUCTIONS:	
Distributions to the State of Ohio	3,613,429
Distributions of State Funds to Other Governments	3,999,247
Property Tax Distributions to Other Governments	30,854,093
Distributions on Behalf of Employees	699,059
Distributions as Fiscal Agent	5,931,836
<i>Total Deductions</i>	45,097,664
<i>Changes in Net Cash Position</i>	(3,641,019)
<i>Net Cash Position at Beginning of Year - As Restated</i>	6,532,226
<i>Net Cash Position at End of Year</i>	\$ 2,891,207

The notes to the basic financial statements are an integral part of this statement.

NOTE 1 - DESCRIPTION OF THE COUNTY AND REPORTING ENTITY

Adams County, Ohio (the County), is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County operates under the direction of a three-member elected Board of County Commissioners. The County Auditor and County Treasurer are responsible for fiscal control of the resources of the County which are maintained in the funds described below. Services provided by the County include: general government, public safety, public works, health, and human services.

Reporting Entity

The County utilizes the standards of Governmental Accounting Standards Board codification 2100, "Defining the Reporting Entity" for determining the reporting entity. The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the County are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For the County, this includes the Board of Developmental Disabilities and all departments and activities that are directly operated by the elected County officials.

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

Through October 1, 2019 Adams County Regional Medical Center (the Center) operated under Ohio Revised Code Section 339. The Center was served by a board of trustees appointed by the Adams County Commissioners and Adams County judges. The Center was not considered legally separate from the County. On October 1, 2019, the Center's operations were disposed of and transferred to a nonprofit corporation in Seaman, Ohio. As of this date, the revenue bonds payable and related accrued interest payable were satisfied. Effective with the disposal, due to the Center no longer participating in the Ohio Public Employees Retirement System (OPERS) as of October 1, 2019, the related deferred outflows, net pension asset, deferred inflows, and net pension and OPEB liabilities were no longer required to be recorded on the Center's balance sheet. All remaining assets and liabilities were transferred to the nonprofit corporation. The Center's financial activity through October 1, 2019 is not presented on the County's basic financial statements. Due to the disposal, the beginning balances is considered to be restated to \$-0-. Separately issued financial statements can be obtained from Adams County Regional Medical Center, 230 Medical Center Drive, Seaman, Ohio 45679.

The Adams County Airport Authority (the Authority), Adams County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Adams County Commissioners appoint five Board members to direct the Authority in January of 2019. The Board members are responsible for the safe and efficient operation and maintenance of the Authority. The County provided the primary financial support for the Authority in 2019 and normally the Authority would be considered a discretely presented component unit of the County. The County elected to exclude the Authority from the accompanying financial statements due to the minimal financial activity during fiscal year 2019. Separately issued financial statements can be obtained from the Authority, 215 N Cross Street, Suite 102, West Union, Ohio 45693.

The Adams County Traveler and Visitors Bureau (the Bureau) is a non-profit organization established to promote travel and tourism within Adams County. The County does not appoint the board members for the Bureau; however, the County provided the primary financial support for the Bureau through the hotel-motel lodging tax levied by the County and passed through to the Bureau in 2019. Normally the Bureau would be considered a discretely presented component unit of the County; however, the County elected to exclude the Bureau from the accompanying financial statements due to the minimal financial activity during fiscal year 2019. Separately issued financial statements can be obtained from the Bureau, 509 E Main Street, West Union, OH 45693

NOTE 1 - DESCRIPTION OF THE COUNTY AND REPORTING ENTITY (Continued)

The Adams County Land Reutilization Corporation was incorporated in February 2017 as a legally separate, not-for-profit corporation served by a seven-member self-appointed board. The Land Bank acquires abandoned, un-utilized or blighted properties, through tax foreclosure of delinquent lands, property donations and limited property purchases with the goal of redeveloping those properties to revitalize the County. The Land Bank operates on a fiscal year ending December 31. Separately issued financial statements can be obtained from the Land Bank, West Union, Ohio. The component unit column on the financial statements identifies the financial data of the Land Bank. The component unit is reported separately to emphasize that it is legally separate from the County. Information about the Land Bank is presented with the County's disclosures.

As the custodian of public funds, the County Treasurer invests all public monies on deposit in the County Treasury. In the case of separate agencies, boards, and commissions listed below, the County serves as fiscal agent, but is not financially accountable for their operations. Accordingly, the activity of the following districts and agencies is presented as custodial funds within the County's financial statements: Soil and Water Conservation District, Adams County Health District, and Family and Children First Council.

Entities for which the County provides services but are not included in this report are the Adams County Educational Service Center, Agricultural Society, and the Historical Society.

The County is a member of the Southern Ohio Council of Governments, a jointly governed organization which is described in Note 10 to the basic financial statements.

Management believes the financial statements included in this report represent all of the funds for which the County is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Cash disbursements are assigned to the fund from which they are paid. Under the cash basis of reporting, there is no difference between governmental fund assets and fund balance. The following are the County's major governmental funds:

General Fund

This fund is the general operating fund of the County and is used to account for all financial resources not accounted for or reported in another fund. The General Fund is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

Children Services Levy Fund

The Children Services Levy fund accounts for property taxes and federal funds restricted for programs designed to help abused, neglected, dependent, and troubled children and their families.

ACBDD Special Revenue Fund

This fund is used to provide assistance and training to developmentally disabled individuals. The primary sources of revenues are various federal and state grants and a property tax levy.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Motor Vehicle Gas Tax Special Revenue Fund

This fund is used for maintenance and repair of roads and bridges. The primary sources of revenues are monies received from state gasoline tax and motor vehicle registration fees designated.

Job and Family Services Special Revenue Fund

This fund is used to provide public assistance to general relief recipients, pay their providers of medical assistance, and for certain public social services. The primary sources of revenue are various federal and state grants as well as transfers from the General Fund.

Real Estate Assessment Fund

This fund accounts for state mandated county-wide real estate reappraisals that are funded by charges to the political subdivisions located within the County.

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

Proprietary Funds

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

Enterprise Funds

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. For the County, enterprise funds are the Sewer Fund, which is used to account for the activities related to wastewater treatment in the County, and the Airport Fuel Fund, which is used to account for fuel purchases and sales for the airport.

Fiduciary Funds

Fiduciary fund reporting focuses on cash basis assets and changes in net cash position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the County under a trust agreement, or equivalent arrangement that has certain characteristics, for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. The County has no trust funds. The County's only fiduciary funds are custodial funds that account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

Basis of Presentation

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the cash balance of the governmental and business-type activities of the County at year end. The statement of activities compares disbursements and program receipts for each program or function of the County's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the County is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program.

Receipts which are not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the County.

Fund Financial Statements

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

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

Fund Balances

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Basis of Accounting

The County's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the County's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the County are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

For comparability purposes, the Adams County Land Reutilization Corporation financial information has been presented on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP).

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate.

The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund, department, and object level for all funds.

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

Budgetary Process

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances

The County is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the disbursement of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated.

Cash and Cash Equivalents

Cash and cash equivalents consist of the total of fund cash balances of all funds as of December 31, 2019. To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. County funds are maintained in several checking accounts as well as invested in certificates of deposit with terms of twelve to twenty-four months.

Individual fund balance integrity is maintained through the County's records. Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit or investments. All interest receipts are reported in the General Fund except those specifically related to those funds deemed appropriate according to state statutes, grant requirements or debt related restrictions. Interest receipts credited to the General Fund, Motor Vehicle Gas Tax Fund and All Other Governmental Funds during 2019 were \$356,068, \$35,364 and \$22 respectively.

Adams County has several County departments that maintain segregated bank accounts for funds held in a custodial capacity. Elected or appointed departmental officials are responsible for the financial records. The County Auditor does not have any operating control over these monies. The balances of these accounts are reported in the accompanying financial statements as "Cash and cash equivalents in segregated accounts".

The County is a member of the Southern Ohio Council of Governments and has a cash balance held by them on the County's behalf. This balance is reported in the accompanying financial statements as "Cash and cash equivalents with fiscal agents".

Capital Assets and Depreciation

Capital assets (fixed assets) acquired or constructed for the County are recorded as disbursements at the time of acquisition. However, under the cash basis of accounting, capital assets and the related depreciation are not reported separately on the financial statements.

Compensated Absences

Vacation and sick leave benefits are not accrued under the cash basis of accounting as previously described. All leave will either be absorbed by time off from work or, within certain limitations, paid to the employees.

Long-Term Debt Obligations and Short-Term Debt Obligations

In general, bonds, long-term loans, capital leases, and short-term debt obligations are recorded as cash disbursements in the basic financial statements when paid.

Net Position – Cash Basis

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Of the County's \$11,307,215 of restricted net position, none is restricted by enabling legislation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/cash disbursements in proprietary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

Pensions and Other Post Employment Benefits (OPEB)

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

NOTE 3 – DEPOSITS AND INVESTMENTS

A. Primary Government

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of this state or the political subdivisions of this state, provided the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts, in eligible institutions pursuant to ORC sections 135.32;

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

A. Primary Government (continued)

6. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in (1) or (2) above; commercial paper as described in ORC section 135.143 (6); and repurchase agreements secured by such obligations, provided these investments are made only through eligible institutions;
7. The State Treasurer’s investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value, within certain limitations;
9. Up to forty percent of the County’s average portfolio, if training requirements have been met in either of the following:
 - a. Commercial paper notes in entities incorporated under the laws of Ohio, or any other State, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation, which mature within 270 days after purchase, and the investment in commercial paper notes of a single issuer shall not exceed the aggregate five percent of interim monies available for investment at the time of purchase.
 - b. Bankers acceptances of banks that are insured by the federal deposit insurance corporation and that mature not later than 180 days after purchase.
10. Up to fifteen percent of the County’s average portfolio in notes issued by U.S. corporations or by depository institutions doing business under authority granted by the U.S. or any state provided the notes are rated in the three highest categories by at least two nationally recognized standard rating services at the time of purchase and the notes mature not later than three years after purchase;
11. A current unpaid or delinquent tax line of credit, provided certain conditions are met related to a County land reutilization corporation organized under ORC Chapter 1724; and,
12. Up to two percent of the County’s average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government, subject to certain limitations. All interest and principal shall be denominated and payable in United States funds.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

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

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

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

A. Primary Government (continued)

At year end, the County had \$3,000 in undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents”.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$17,815,492 of the County’s bank balance of \$18,927,296 was exposed to custodial credit risk because those deposits were uninsured and collateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the County to a successful claim by the Federal Deposit Insurance Corporation.

The County has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the County and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

B. Component Unit – Adams County Land Reutilization Corporation (Land Bank)

At December 31, 2019, the carrying amount of Adams County Land Reutilization Corporation deposits was \$169,663. The total bank balance consists of a checking and a savings account and was covered by federal deposit insurance.

NOTE 4 - BUDGETARY BASIS FUND BALANCES

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – Budgetary Basis presented for the General Fund, Real Estate Assessment Fund, ACBDD Fund, Motor Vehicle Gasoline Tax Fund, Job and Family Services Fund, and Children Services Levy Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis are outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as a restriction, commitment or assignment of fund balance (cash basis). As part of the Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions,” certain funds that were previously reported as an Custodial or Special Revenue Fund are considered part of the General Fund on a cash basis.

These include the Unclaimed Monies Fund, County Medicaid Sales Tax Transition Fund, Certificate of Title Fund, and Public Defender Fund. These funds were excluded from the budgetary presentation for the General Fund.

NOTE 5 – TAXES

PERMISSIVE SALES AND USE TAX

The County Commissioners, by resolution, imposed a 1 percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles, not subject to the sales tax. In addition, the voters have authorized an additional 0.5 percent tax. The allocation of the sales tax is 1 percent to the County’s General Fund and 0.5 percent for Adams County Hospital. Effective April 1, 2020, the 0.5 percent that was going to Adams County Hospital will go to the County’s General Fund. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County to the Ohio Office of Budget and Management. The Tax Commissioner’s certification must be made within forty-five days after the end of each month.

PROPERTY TAX

Property taxes include amounts levied against all real and public utility property located in the County. Property tax receipts received during 2019 for real and public utility property taxes represent collection of 2018 taxes.

2019 real property taxes are levied after October 1, 2019 on the assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2019 real property taxes are intended to finance 2020.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes which became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2019 was \$11.70 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2019 property tax receipts were based are as follows:

Real Property	\$439,922,920
Public Utility Personal Property	<u>102,320,970</u>
Total	<u><u>\$542,243,890</u></u>

The Adams County Treasurer collects property taxes on behalf of all taxing districts within the County, including the County. The Adams County Auditor periodically remits to the taxing districts their portions of the taxes collected.

NOTE 6 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2019, the County contracted with County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. The CORSA program has a \$2,500 deductible. Coverage provided by CORSA is as follows:

	Limits of Coverage
General Liability	\$1,000,000
Employee Benefit Liability	1,000,000
Law Enforcement Professional Liability	1,000,000
Public Officials Errors and Omissions Liability	1,000,000
Automobile Liability	1,000,000
Uninsured Motorist Liability	250,000
Ohio Stop Gap (Additional Workers' Compensation Coverage)	1,000,000
Building and Contents	Replacement Cost
Flood and Earthquake	100,000,000
Crime Insurance:	
Faithful Performance	1,000,000
Money and Securities	1,000,000
Depositor's Forgery	1,000,000
Money Orders/Counterfeit Currency	1,000,000

NOTE 7 – DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability

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

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

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

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

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

Net Pension Liability/Net OPEB Liability (continued)

The net pension/OPEB liabilities are disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the cash basis framework.

The remainder of this note includes the pension disclosures. See Note 8 for the OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - County employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed 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 may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 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 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 plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

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

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA 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 purchase of a monthly defined benefit annuity from OPERS (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.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2019 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
2019 Actual Contribution Rates			
Employer:			
Pension *****	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits *****	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

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

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

*** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution to OPERS was \$1,319,891 for fiscal year 2019.

Net Pension Liability

The net pension liability for OPERS was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>OPERS</u>
Proportion of the Net Pension Liability Current Measurement Date	0.073873%
Proportion of the Net Pension Liability Prior Measurement Date	0.078336%
Change in Proportionate Share	<u>-0.004463%</u>
Proportionate Share of the Net Pension Liability	\$20,232,317

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2018, are presented below for the OPERS Traditional Plan.

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation at 3.25
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.2 percent
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.

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.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94% for 2018.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPERS (continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.79 %
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other investments	18.00	5.50
Total	<u>100.00 %</u>	<u>5.95 %</u>

Discount Rate The discount rate used to measure the total pension liability was 7.2% for the Traditional Pension 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 benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
County's proportionate share of the net pension liability	\$29,889,016	\$20,232,317	\$12,207,513

NOTE 8 - POSTEMPLOYMENT BENEFITS

Plan Description - Ohio Public Employees Retirement System

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

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

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

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring 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, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2019 is 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent.

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

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

Plan Description - Ohio Public Employees Retirement System (continued)

The County's contractually required contribution was \$0 for 2019.

Net OPEB Liability

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. for the defined benefit health care plans. In accordance with GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Member-Directed Plan health care is a defined benefit health care plan, although the pension plan is defined contribution. Interest of 4% is credited to member accounts as long as the Health Care portfolio earns a positive return. The County's proportion of the net OPEB liability was based on the County's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.069396%
Prior Measurement Date	0.073550%
Change in Proportionate Share	-0.0041540%
Proportionate Share of the Net OPEB Liability	\$9,047,600

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan 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, 2017, rolled forward to the measurement date of December 31, 2018. 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	3.96 percent
Prior Measurement date	3.85 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	3.71 percent
Health Care Cost Trend Rate	10.0 percent, initial 3.25 percent, ultimate in 2029
Actuarial Cost Method	Individual Entry Age

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions – OPERS (continued)

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

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

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

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 5.60% for 2018.

The allocation of investment assets with 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 table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	100.00 %	5.16 %

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions – OPERS (continued)

Discount Rate A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.71%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the County’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the County’s proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 percent, as well as what the County’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
County's proportionate share of the net OPEB liability	\$11,575,253	\$9,047,600	\$7,037,448

Sensitivity of the County’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 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 2019 is 10.00%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB liability	\$8,696,707	\$9,047,600	\$9,457,735

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 9 - DEBT OBLIGATIONS

Long-Term Debt Obligations:

Under the cash basis of accounting, debt obligations are not reported as a liability in the accompanying basic financial statements. However, information regarding the County's general long-term obligations during 2019 is as follows:

	Beginning			Ending	
	Balance 12/31/18	Additions	Payments	Balance 12/31/19	Due in One Year
General Obligation Bonds, 1.65% - 3.5%	\$850,000	\$0	\$50,000	\$800,000	\$50,000
Direct Borrowings					
Special Assessment Bonds, 3.25%	212,622	0	7,692	204,930	7,944
Vehicle Acquisition Bonds, 2.60%	100,000	0	100,000	0	0
Courthouse Security & Renovation Bonds, 2.99% 2015	6,000	0	6,000	0	0
West Fork Rd. Improvement Bonds, 3.50%	84,000	0	14,000	70,000	14,000
Land Acquisition Bonds 3.0%	120,820	0	8,630	112,190	8,630
OPWC Loan #CO02H, 0%	33,800	0	5,200	28,600	5,200
OPWC Loan #CO02P, 0%	325,000	0	13,000	312,000	13,000
OPWC Loan #CO030, 0%	138,086	0	5,876	132,210	5,876
OPWC Loan #CO05M, 0%	267,402	0	12,734	254,668	12,733
OPWC Loan #CO07S, 0%	142,624	0	6,792	135,832	6,792
OPWC Loan #CO09I, 0%	82,478	0	11,784	70,694	11,784
OPWC Loan #CO14Q, 0%	136,815	0	11,402	125,413	11,401
OPWC Loan #CO15L, 0%	297,000	0	13,500	283,500	13,500
OWDA Loan #4981, 1.00%	1,133,410	0	44,061	1,089,349	44,503
OWDA Loan #5956, 0%	453,854	0	33,619	420,235	33,619
	<u>\$4,383,911</u>	<u>\$0</u>	<u>\$344,290</u>	<u>\$4,039,621</u>	<u>\$238,982</u>

General Obligation Debt

During 2012, the County issued General Obligation Bonds in the amount of \$1,135,000. The General Obligation Bonds payments are being made annually and will mature in 2032. The bonds are being repaid from debt service funds.

Direct Borrowings

Special Assessment Debt

Outstanding special assessment bonds in the amount of \$320,163 were issued for the purpose of financing part of the cost of constructing a sanitary sewer line extension in the Peebles area. It is anticipated that the debt will be paid by the benefited property owners and not from the general funds of the County. However, County general funds are pledged for repayment. The bonds are payable over a period of thirty-nine years at 3.25% per annum, maturing June 1, 2039. The bonds are secured by the special assessment collections, but are backed by the full faith and credit of the County in the event that property owners fail to make payments. The bonds are being repaid from Debt Service Funds.

During 2014, the County Commissioners issued \$500,000 of Engineer's Office Vehicle Acquisition Bonds to purchase vehicles for the Engineer's Office. These bonds have a 2.6% interest rate and were paid in full in 2019 from the Motor Vehicle Gas Tax Fund.

During 2015, the County Commissioners authorized the issuance of \$144,000 in Courthouse Security Renovation bonds to replace the \$114,000 remaining balance of the 2014 Courthouse Security Renovation bonds and provide additional monies for construction. However, only \$114,000 of these bonds has been drawn down as of year-end. The bonds bear interest at 2.99% and were paid in full in 2019 from debt service funds.

NOTE 9 - DEBT OBLIGATIONS (Continued)

During 2014, the County Commissioners issued \$140,000 in West Fork Road Improvement bonds for the purpose of improving West Fork Road in the County. The bonds bear interest at 3.50% and mature in 2024. The bonds are being repaid from the Motor Vehicle Gas Tax Fund.

During 2018, the County Commissioners issued \$129,500 of Land Acquisition Bonds to purchase property. These bonds have a 3.0% interest rate and will mature in 2032. These bonds are being repaid from the Motor Vehicle Gas Tax Fund.

All general obligation bonds are supported by the full faith and credit of Adams County and are payable from unvoted property tax revenues to the extent that other resources are not available to meet annual principal and interest payments.

Ohio Public Works Commission (OPWC) Debt

During 2005, the County entered into two grant/loan agreements with OPWC. The first agreement, pertaining to the Pence Road and Church Road Bridge Replacements, included a grant in the amount of \$364,000 and a loan (Loan #CO02H) in the amount of \$104,000 at 0% interest, with semi-annual payments of \$2,600, maturing July 1, 2025. The second agreement, pertaining to the Buck Run Road Bridge Replacement, included a grant in the amount of \$100,000 and a loan (Loan #CO09I) in the amount of \$235,669 for 2005 represented in the amortization schedule at 0% interest, with semi-annual payments of \$5,892, maturing January 1, 2026. The OPWC loans are being repaid from the Motor Vehicle Gas Tax fund.

During 2009, the County entered into a grant/loan agreement with OPWC. The agreement, pertaining to Sproull Bridge Replacement, includes a grant of \$458,200 and a loan (Loan #CO05M) in the amount of \$382,000 at 0% interest. This loan is being paid in semi-annual installments of \$6,367, and matures on January 1, 2039. This loan is being repaid from the Motor Vehicle Gas Tax fund.

During 2008, the County entered into a grant/loan agreement with OPWC. The agreement, pertaining to the Schools' Access and Sewage Project – Phase I, includes a grant of \$404,800 (CO14L), and a loan (CO15L) in the amount of \$405,000. This loan (CO15L) has a 0.00% interest rate. This loan is being paid back in semi-annual installments of \$6,750 from debt service funds. This loan has a final loan maturity of July 1, 2040.

During 2011, the County entered into a grant/loan agreement (Loan CO030) with OPWC Issue I Round 25 County, Townships and Village Road Improvements for the purpose of obtaining funds in the amount of \$176,280 for 30 years at 0% with semi-annual payments of \$2,938. The loan is being repaid from the Motor Vehicle Gas Tax Fund.

During 2012, the County entered into a grant/loan agreement (Grant CO01P) and (Loan CO02P) with OPWC. This agreement pertains to Beasley Fork Road Bridge Replacement, which included a grant in the amount of \$350,000 and a loan in the amount of \$390,000 at 0% interest, with semi-annual payments of \$6,500. The loan is being repaid from the Motor Vehicle Gas Tax Fund.

During 2013, the County entered into a grant/loan agreement (Loan CO14Q) with OPWC, County, Townships, and Village Road Improvements, for the purpose of obtaining funds in the amount of \$193,820 for 17 years at 0% with semi-annual payments of \$5,701. The loan is being repaid from the Motor Vehicle Gas Tax Fund.

During 2016, the County entered into a grant/loan agreement (Loan CO07S) with OPWC County, Townships and Village Road and Bridges Improvements for the purpose of obtaining funds in the amount of \$163,000 for 30 years at 0% with semi-annual payments of \$3,396. The loan is being repaid from the Motor Vehicle Gas Tax Fund.

In the event of a default, (1) OPWC may apply late fees of 8 percent per year, (2) loans more than sixty days late will be turned over to the Attorney General's office for collection and, as provided by law, OPWC may require that such payment be taken from the County's share of the County undivided local government fund, and (3) the outstanding amounts shall, at OPWC's option, become immediately due and payable.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 9 - DEBT OBLIGATIONS (Continued)

Ohio Water Development Authority (OWDA) Debt

During 2008, the County entered into a loan agreement (Loan #4981) with OWDA for the purpose of obtaining funds in the amount of \$1,429,833 for phase one of the wastewater plant improvement project. This loan carries an interest rate of 1% and matures on January 1, 2042. This loan is being repaid from the debt service funds.

During 2011, the County entered into a grant/loan agreement with OWDA (#5956) and the American Reinvestment and Recovery Act (ARRA) for the purpose of obtaining \$2,282,938 for the Waste Water Treatment System. The project has been completed and the loan financed was \$672,377. The loan carries a zero percent interest rate and matures in 2032. The loan is being repaid from a debt service fund.

The OWDA loans contain provisions that in an event of default, (1) the amount of such default shall bear interest at the default rate from the due date until the date of payment, (2) if any of the charges have not been paid within thirty days, in addition to the interest calculated at the default rate, a late charge of 1 percent on the amount of each default shall also be paid to OWDA, and (3) for each additional thirty days during which the charges remain unpaid, the County shall continue to pay an additional late charge of 1 percent on the amount of the default until such charges are paid.

At December 31, 2019, the County's overall legal debt margin was \$11,073,907 with an unvoted debt margin of \$5,422,439.

Amortization of the above long-term debt obligations is as follows:

Special Assessment Bonds				OPWC Loans			
Due In	Principal	Interest	Total	Due In	Principal	Interest	Total
2020	\$7,944	\$6,596	\$14,540	2020	\$80,286	\$0	\$80,286
2021	8,206	6,336	14,542	2021	80,286	0	80,286
2022	8,474	6,067	14,541	2022	80,286	0	80,286
2023	8,752	5,789	14,541	2023	80,286	0	80,286
2024	9,039	5,503	14,542	2024	80,286	0	80,286
2025-2029	49,833	22,874	72,707	2025-2029	330,884	0	330,884
2030-2034	58,550	14,155	72,705	2030-2034	270,908	0	270,908
2035-2039	54,132	4,032	58,164	2035-2039	259,505	0	259,505
				2040-2043	80,190	0	80,190
Total	\$204,930	\$71,352	\$276,282	Total	\$1,342,917	\$0	\$1,342,917

General Obligation Bonds				OWDA Loans			
Due In	Principal	Interest	Total	Due In	Principal	Interest	Total
2020	\$50,000	\$24,363	\$74,363	2020	\$78,122	\$10,783	\$88,905
2021	55,000	23,237	78,237	2021	78,568	10,336	88,904
2022	55,000	22,000	77,000	2022	79,018	9,885	88,903
2023	55,000	20,488	75,488	2023	79,474	9,430	88,904
2024	55,000	18,975	73,975	2024	79,933	8,971	88,904
2025-2029	315,000	68,525	383,525	2025-2029	406,726	37,799	444,525
2030-2034	215,000	15,225	230,225	2030-2034	334,879	22,893	357,772
				2035-2039	263,661	12,765	276,426
				2040-2041	109,203	1,369	110,572
Total	\$800,000	\$192,813	\$992,813	Total	\$1,509,584	\$124,231	\$1,633,815

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 9 - DEBT OBLIGATIONS (Continued)

Amortization of the above long-term debt obligations is as follows:

West Fork Road Improvement Bonds				Land Acquisition Bonds			
Due In	Principal	Interest	Total	Due In	Principal	Interest	Total
2020	\$14,000	\$2,457	\$16,457	2020	\$8,630	\$3,365	\$11,995
2021	14,000	1,960	15,960	2021	8,630	3,106	11,736
2022	14,000	1,470	15,470	2022	8,630	2,848	11,478
2023	14,000	980	14,980	2023	8,630	2,590	11,220
2024	14,000	491	14,491	2024	8,630	2,330	10,960
				2025-2029	43,150	7,768	50,918
Total	<u>\$70,000</u>	<u>\$7,358</u>	<u>\$77,358</u>	2030-2032	25,890	1,552	27,442
				Total	<u>\$112,190</u>	<u>\$23,559</u>	<u>\$135,749</u>

NOTE 10 - JOINTLY GOVERNED ORGANIZATIONS

The County is a member of the Southern Ohio Council of Governments (the “Council”), which is a jointly governed organization created under Ohio Revised Code Section 167.01. The governing body consists of a fifteen member board with each participating County represented by its Director of its Board of Developmental Disabilities. Member counties include: Adams, Athens, Brown, Clinton, Fayette, Gallia, Highland, Jackson, Lawrence, Meigs, Pickaway, Pike, Ross, Scioto, and Vinton Counties. The Council acts as fiscal agent for the Adams County Board of Developmental Disabilities’ supportive living program monies. The County had a \$63,660 balance on hand with the Council which includes investments at cost. Financial statements can be obtained by writing to the Southern Ohio Council of Governments, VA Medical Center, Building 8, 17273 State Route 104, Chillicothe, Ohio, 45601.

NOTE 11 - PUBLIC ENTITY SHARED RISK POOLS

County Risk Sharing Authority, Inc.

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among sixty-five counties in Ohio. CORSA was formed as an Ohio not-for-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA.

Each member county has one vote, on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board of Trustees.

No county may have more than one representative on the Board of Trustees at any time. Each member county’s control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

NOTE 11 - PUBLIC ENTITY SHARED RISK POOLS (Continued)

County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

The County is participating in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool. A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at the meeting held in the month of December each year. No participant can have more than one member of the group executive committee in any year and each elected member shall be a County Commissioner.

NOTE 12 – HEALTH CARE BENEFITS

The County provides life insurance and accidental death and dismemberment insurance to most employees with Consumer Life through Medical Mutual of Ohio. The County has elected to provide employee medical/surgical benefits and dental benefits through Medical Mutual. The employees share the cost of the monthly premium with the Board of Commissioners. The premium varies with employee depending on the terms of the union contract or personnel policy. Vision insurance is provided to employees by the County through Vision Plus of America.

NOTE 13 - CONTINGENT LIABILITIES

A. Primary Government

Grants

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

Litigation

The County is party to legal proceedings. The County is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the County.

B. Component Unit – Adams County Land Reutilization Corporation

As of December 31, 2019, there was no pending litigation against the Adams County Land Reutilization Corporation.

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 14 – INTERFUND TRANSACTIONS

Transfers

	Transfers In	Transfers Out
<i>Major Funds:</i>		
General	\$201,925	\$158,981
Job and Family Services	73,913	0
Total Major funds	275,838	158,981
 Total Non-major Funds	 86,992	 203,849
 Total All Funds	 \$362,830	 \$362,830

Transfers are used to move revenues from the fund that collects them in accordance with statute or budget to the fund that is required to expend them in accordance with statute or budget and to provide resources for current operations. All transfers were done in accordance with the Ohio Revised Code. The Transfer in to the General fund was the result of expense reimbursements.

Advances

	Advances In	Advances Out
<i>Major Fund:</i>		
General	\$ 10,000	\$ 120,000
 <i>Non-major Special Revenue Funds:</i>		
STEP Sheriff	5,000	0
Safe Communities	10,000	10,000
Impaired Driver Enforcement	5,000	0
Total Non-major Special Revenue Funds	20,000	10,000
<i>Non-major Capital Projects Fund:</i>		
Splash Pad	100,000	0
Total All Funds	\$ 130,000	\$ 130,000

During the year, the County’s General Fund made advances to other funds in anticipation of intergovernmental grant revenue. Advances to the General Fund are for repayments of advances.

NOTE 15 – COMPLIANCE

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

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 16 – FUND BALANCES

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

Fund Balances	General	Children Services Levy	ACBDD	Motor Vehicle Gas Tax	Job and Family Services	Real Estate Assessment	All Other Governmental Funds	Total Governmental Funds
Nonspendable								
Unclaimed Monies	\$33,813	\$0	\$0	\$0	\$0	\$0	\$0	\$33,813
Restricted for								
Ambulance & EMS	0	0	0	0	0	0	158,839	158,839
Other Purposes	0	0	0	0	0	0	2,234,596	2,234,596
Motor Vehicle Gas Tax	0	0	0	1,808,732	0	0	0	1,808,732
ACBDD	0	0	2,077,970	0	0	0	0	2,077,970
Real Estate Assessment	0	0	0	0	0	1,650,105	0	1,650,105
Job and Family Services	0	0	0	0	882,223	0	0	882,223
Children Services Levy	0	722,692	0	0	0	0	0	722,692
Child Support Enforcement	0	0	0	0	0	0	1,172,159	1,172,159
Probation Services	0	0	0	0	0	0	201,798	201,798
Capital Improvements	0	0	0	0	0	0	112,751	112,751
Debt Service	0	0	0	0	0	0	303,354	303,354
Total Restricted	<u>0</u>	<u>722,692</u>	<u>2,077,970</u>	<u>1,808,732</u>	<u>882,223</u>	<u>1,650,105</u>	<u>4,183,497</u>	<u>11,325,219</u>
Assigned to								
Other Purposes	145,847	0	0	0	0	0	0	145,847
Total Assigned	<u>145,847</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>145,847</u>
Unassigned								
	<u>3,830,454</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,830,454</u>
Total Fund Balances	<u>\$4,010,114</u>	<u>\$722,692</u>	<u>\$2,077,970</u>	<u>\$1,808,732</u>	<u>\$882,223</u>	<u>\$1,650,105</u>	<u>\$4,183,497</u>	<u>\$15,335,333</u>

Adams County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 17 – SIGNIFICANT COMMITMENTS

Contractual Commitments

The County has entered into contracts for the following projects as of December 31, 2019:

<u>Project</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance at 12/31/2019</u>
Gas Station Cleanup	\$ 653,768	\$ 210,373	\$ 443,395
9-1-1 System Recorder	376,701	-	376,701
OPWC Projects	1,345,264	822,779	522,485
ODOT Projects	403,600	382,740	20,860
FEMA Projects	1,195,230	339,652	855,578

Encumbrances

At December 31, 2019, the County had a significant encumbrance commitments in the following governmental funds:

<u>Fund</u>	<u>Amount</u>
<i>Major Funds:</i>	
General Fund	\$145,847
Motor Vehicle Gas Tax	972,972
Children Services Levy	151,502
<i>Nonmajor Funds:</i>	
Gas Station Cleanup	443,395
FEMA Projects	855,578
OPWC Projects	522,485
Total Encumbrances	<u>\$3,091,779</u>

NOTE 18 – NEW ACCOUNTING PRINCIPLES AND BEGINNING BALANCE RESTATEMENT

For fiscal year 2019, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, Statement No. 84, *Fiduciary Activities* and Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Replacements*.

GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for certain asset retirement obligations (AROs). The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the County.

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. Due to the implementation of GASB Statement No. 84, the County will no longer be reporting agency funds. The County reviewed its agency funds and all agency funds, with the exception of the Lodging Tax Excise Fund and the Children Home Trust Fund, will be reported in the new fiduciary fund classification of custodial funds. These changes were incorporated in the County's 2019 financial statements.

NOTE 18 – NEW ACCOUNTING PRINCIPLES AND BEGINNING BALANCE RESTATEMENT (Continued)

Due to the implementation of GASB 84, the new classification of custodial funds is reporting a beginning net position of \$6,532,226. Also related to the implementation of GASB 84, the County will no longer be reporting agency funds. The balance as of December 31, 2018 of the custodial funds was decreased \$709,967 from \$7,242,193 to \$6,532,226. The General Fund balance increased \$317,878 from \$3,831,024 to \$4,148,902 and the Children Services Levy Fund increased \$169,295 from \$537,458 to \$706,753 due to the reclassification of the Medical Mutual Share Fund, which holds funds contributed from other funds for insurance costs. The balance as of December 31, 2018 of All Other Governmental Funds was increased \$222,794 from \$3,820,234 to \$4,043,028 due to the Children Home Trust fund and the Lodging Excise Tax fund being reclassified due to the implementation of GASB84. There was also the reclassification of certain activities that were previously recognized as agency funds to special revenue funds since these funds had their own revenue sources. Due to these reclassifications, net position of governmental activities increased \$709,967 from \$13,874,743 to \$14,584,710.

GASB Statement No. 88 establishes criteria to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did result in changes to the notes to the basic financial statements but did not have an effect on the net position of the County.

NOTE 19 – SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the global Coronavirus Disease 2019 (COVID-19) pandemic. The financial impact of COVID-19 will impact subsequent periods of the County. The impact on the County's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

The investments of the pension and other employee benefit plan in which the County participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

**ADAMS COUNTY, OHIO
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Passed Through to Subrecipients	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Dept. Job & Family Services</i>				
State Admin. Matching Grants For Supplemental Nutrition Assistance Program	G-1819-11-5703	10.561		\$ 95,874
State Admin. Matching Grants For Supplemental Nutrition Assistance Program	G-2021-11-5890	10.561		154,230
Total Supplemental Nutrition Assistance Program Cluster				<u>250,104</u>
Total U.S. Department of Agriculture				<u>250,104</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed Through Ohio Department of Developmental Disabilities:</i>				
Social Services Block Grant	N/A	93.667		22,640
<i>Passed Through Ohio Department of Job & Family Services:</i>				
Social Services Block Grant	G-1819-11-5703	93.667		291,519
Social Services Block Grant	G-2021-11-5890	93.667		110,448
Total Social Services Block Grant				<u>424,607</u>
<i>Passed Through Ohio Department of Developmental Disabilities:</i>				
Medicaid Administration Claiming	N/A	93.778		90,231
<i>Passed Through Ohio Department of Job & Family Services:</i>				
Medical Assistance Program	G-1819-11-5703	93.778		487,670
Medical Assistance Program	G-2021-11-5890	93.778		569,590
Total Medical Assistance Program				<u>1,147,491</u>
Total Medicaid Cluster				<u>1,147,491</u>
<i>Passed Through Ohio Department of Health:</i>				
Promoting Safe & Stable Families	N/A	93.556		18,200
<i>Passed Through Ohio Department of Job & Family Services:</i>				
Promoting Safe & Stable Families	G-1819-11-5704	93.556		15,704
Promoting Safe & Stable Families	G-2021-11-5891	93.556		6,997
Total Promoting Safe & Stable Families				<u>40,901</u>
Kinship Caregiver Program	G-2021-11-5890	93.558		1,764
Temporary Assistance for Needy Families	G-1819-11-5703	93.558	\$ 731,982	877,255
Temporary Assistance for Needy Families	G-2021-11-5890	93.558		946,150
Temporary Assistance for Needy Families	G-1819-11-5704	93.558		500
Total TANF Cluster			<u>731,982</u>	<u>1,825,669</u>
Child Care & Development Block Grant	G-1819-11-5703	93.575		14,237
Child Care & Development Block Grant	G-2021-11-5890	93.575		17,430
Total CCDF Cluster				<u>31,667</u>
Child Support Enforcement	G-1819-11-5703	93.563		337,710
Child Support Enforcement	G-2021-11-5890	93.563		279,980
Total Child Support Enforcement				<u>617,690</u>
Stephanie Tubbs Jones Child Welfare Services Program	G-1819-11-5704	93.645		48,675
Foster Care - Maintenance	G-1819-11-5704	93.658		542,188
Foster Care - Maintenance	G-2021-11-5891	93.658		506,106
Total Foster Care - Maintenance				<u>1,048,294</u>
Adoption Assistance - Administration	G-1819-11-5704	93.659		112,712
Adoption Assistance - Administration	G-2021-11-5891	93.659		36,742
Total Adoption Assistance - Administration				<u>149,454</u>
<i>Passed Through Ohio Department of Health:</i>				
Family Centered Services and Supports	N/A	93.645		2,249
<i>Passed Through Ohio Department of Job & Family Services:</i>				
Chafee Foster Care Independence Program	G-1819-11-5704	93.674		5,990
Chafee Foster Care Independence Program	G-2021-11-5891	93.674		332
Total Chafee Foster Care Independence Program				<u>6,322</u>
Children's Health Insurance Program	G-1819-11-5703	93.767		11,284
Children's Health Insurance Program	G-2021-11-5890	93.767		2,836
Total Children's Health Insurance Program				<u>14,120</u>
<i>Passed Through ADAMHS Board:</i>				
Block Grants for Community Mental Health Services	N/A	93.958		5,000
Total U.S. Department of Health and Human Services			<u>731,982</u>	<u>5,362,139</u>

(continued)

**ADAMS COUNTY, OHIO
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Passed Through to Subrecipients	Disbursements
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
<i>Passed Through Ohio Department of Public Safety - Ohio Emergency Management Agency:</i>				
Emergency Management Performance Grant	EMC-2018-EP-00008-S01	97.042		37,330
Disaster Grants - Public Assistance	FEMA-4360	97.036		<u>359,828</u>
Total U.S. Department of Homeland Security				<u>397,158</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Passed Through Ohio Development Services Agency:</i>				
Community Development Block Grant	B-F-16-1AA-1	14.228		15,000
Community Development Block Grant	B-C-17-1AA-1	14.228		<u>155,987</u>
Total Community Development Block Grant				170,987
Home Investment Partnerships Program	B-C-17-1AA-2	14.239		<u>125,662</u>
Total U.S. Department of Housing and Urban Development				<u>296,649</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Developmental Disabilities:</i>				
Help Me Grow (Part C)	H181A170024/H181A180024	84.181A		<u>77,787</u>
Total U.S. Department of Education				<u>77,787</u>
<u>U.S. ELECTION ASSISTANCE COMMISSION</u>				
<i>Passed Through Ohio Secretary of State:</i>				
Help America Vote Act Election Security Grant	N/A	90.404		<u>24,667</u>
Total U.S. Department of Election Assistance Commission				<u>24,667</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<i>Passed Through Ohio Department of Public Safety - Office of Criminal Justice Services:</i>				
State and Community Highway Safety	SC-2018-1-00-00-00470-00	20.600		13,742
Selective Traffic Enforcement Program	STEP-2019-00103	20.600		<u>1,660</u>
Total Highway Safety Cluster				15,402
National Priority Safety Programs				
Impaired Driver Enforcement Program	IDEP-2019-00103	20.608		<u>2,297</u>
Total National Priority Safety Programs				<u>2,297</u>
<i>Passed Through Ohio Department of Transportation:</i>				
Highway Planning and Construction	PID#97312	20.205		239,154
Highway Planning and Construction	PID#99190	20.205		284,395
Highway Planning and Construction	PID#99191	20.205		<u>143,586</u>
Total Highway Planning and Construction Cluster				667,135
Total U.S. Department of Transportation				<u>684,834</u>
GRAND TOTAL				<u>\$ 731,982</u> <u>\$ 7,093,338</u>

N/A - Pass-through entity number was not provided.
The accompanying notes to this schedule are an integral part of this schedule.

Adams County, Ohio
Notes to the Schedule of Federal Awards Expenditures
2 CFR 20.510(b)(6)
For the Year Ended December 31, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Federal Awards Expenditures (the Schedule) includes the federal award activity of Adams County (the County's) under programs of the federal government for the year ended December 31, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – SUBRECIPIENTS

The County passes certain federal awards received from Ohio Department of Jobs and Family Services to other governments or not-for-profit agencies (subrecipients). As Note 2 describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

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

NOTE 4 – MATCHING REQUIREMENTS

Certain Federal programs require that the County contribute non-federal funds (matching funds) to support the Federally-funded programs. The County has complied with applicable matching requirements. The expenditure of non-federal matching funds is not included in the schedule.

NOTE 5 – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS WITHOUT CONTINUING COMPLIANCE REQUIREMENTS

The County has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Development Services Agency. During 2019, administrative were costs incurred, while no loans were made. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans. These loans are collateralized by mortgages on the property.

Adams County, Ohio
Notes to the Schedule of Federal Awards Expenditures
2 CFR 20.510(b)(6)
For the Year Ended December 31, 2019

NOTE 6 – TRANSFER BETWEEN FEDERAL PROGRAMS

During 2019, the County made allowable transfers of \$320,000 from the Temporary Assistance for Needy Families (93.558) program to the Social Services Block Grant (93.667) program. The amount reported for the Temporary Assistance for Needy Families program on the Supplementary Schedule excludes the amount transferred to the Social Services Block Grant program. The amount transferred to the Social Services Block Grant program is included in the federal program expenditures for these programs. The following table shows the gross amount drawn for the Temporary Assistance for Needy Families program during 2019 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$ 2,145,669
Social Services Block Grant	<u>(320,000)</u>
Total Temporary Assistance for Needy Families	<u>\$1,825,669</u>

NOTE 7 – BOARD OF DEVELOPMENTAL DISABILITIES

During the calendar year, the County Board of Developmental Disabilities received a settlement payment for the 2015 and 2016 Cost Reports from the Ohio Department of Developmental Disabilities for the Medicaid Program (CFDA #93.778) in the amount of \$1,909.36 and \$1,027.25, respectively. The Cost Report Settlement payment was for settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. This revenue is not listed on the County's Schedule of Federal Awards Expenditures since the underlying expenses occurred in the prior reporting period.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board of Commissioners
Adams County
110 West Main Street
West Union, Ohio 45693

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Adams County, Ohio (the County) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 24, 2020, wherein we noted the County followed the cash basis of accounting rather than accounting principles generally accepted in the United States of America. We also noted the County adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* and restated beginning net position and fund balances as a result of this implementation. We also noted the Adams County Regional Medical Center is no longer considered a component unit of the County. We further noted that the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the County.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2019-002, that we consider to be a material weakness.

Compliance and Other Matters

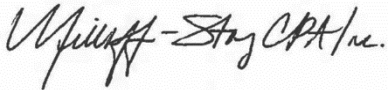
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2019-001.

County's Responses to Findings

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

Purpose of this Report

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



Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

September 24, 2020

**Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditor's Report

Board of Commissioners
Adams County
110 West Main Street
West Union, Ohio 45693

Report on Compliance for Each Major Federal Program

We have audited Adams County's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2019. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

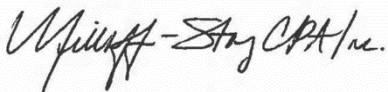
Report on Internal Control Over Compliance

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

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

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

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



Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

September 24, 2020

Adams County
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

Section I – Summary of Auditor’s Results

<i>Financial Statements</i>		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:		Unmodified (Cash Basis)
Internal control over financial reporting:		
Material weakness(es) identified?		Yes
Significant deficiency(ies) identified that are not considered to be material weaknesses?		No
Noncompliance material to financial statements noted?		Yes
<i>Federal Awards</i>		
Internal control over major program(s):		
Material weakness(es) identified?		No
Significant deficiency(ies) identified that are not considered to be material weaknesses?		No
Type of auditor’s report issued on compliance for major federal programs:		Unmodified
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		No
Identification of major program(s):		Temporary Assistance for Needy Families (CFDA #93.558), Medical Assistance Program (CFDA #93.778)
Dollar threshold used to distinguish between type A and type B programs:		Type A: >\$750,000 Type B: all others
Auditee qualified as low-risk auditee?		No

Section II – Financial Statement Findings

Finding 2019-001

Noncompliance – Annual Financial Reports

Ohio Revised Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code 117-2-03 further clarifies the requirements of Ohio Revised Code Section 117.38.

Ohio Administrative Code 117-2-03 (B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). This report is required to be filed with the Auditor of State’s office within 150 days of fiscal year-end. The County prepares its financial statements in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements and notes omit assets, liabilities, deferred inflows and outflows of resources, net position and fund equities, and disclosures that, while presumably material, cannot be reasonably determined at this time. The County can be fined and various other remedies may be taken against the County. As such, we recommend the County take the necessary steps to ensure that the financial report is prepared in accordance with generally accepted accounting principles.

Adams County
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

Finding 2019-001 (Continued)

Noncompliance – Annual Financial Reports (Continued)

Client Response:

See corrective action plan

Finding 2019-002

Material Weakness – Financial Reporting

A monitoring system by the County should be in place to prevent or detect misstatements for the fair presentation of the County's financial statements, and which would also include assurance that changes in accounting pronouncements are properly implemented, as applicable.

During the course of testing, we found various misstatements and misclassifications. Certain errors were deemed material and corrected within the financial report. Other errors were deemed immaterial and correction was waived. Material errors included unrecorded grant receipts in the ACBDD Fund; misapplication of the implementation of GASB 84 resulting in reclassification of certain custodial funds as governmental funds; errors in budgetary statements for the General Fund, Motor Vehicle Gas Tax Fund, and Job and Family Services Fund; and misapplication of GASB 88 resulting in the addition of note disclosures. Immaterial errors included unrecorded receipts in various funds for December receipts not recorded until January; misclassification of licenses, permits and fees for other governments within the custodial fund statements; misclassification of GIS disbursements and capital outlay within the General Fund; understated property taxes collections for and disbursements to other governments in the custodial fund statements; misclassification of stumpage receipts; posting of EMS charges for services net of fees; and misclassification of reimbursement receipts and disbursements as transfers. Additionally, although ultimately deemed to not be significant to the County as a whole, the County did not properly assess certain outside organizations as potential component units of the County.

The County should implement additional monitoring procedures to ensure that financial transactions are properly classified and recorded during the year, that potential component units are assessed annually and included within the annual financial report when deemed appropriate, and that new accounting pronouncements are analyzed and implemented when applicable.

Client Response:

See corrective action plan.

Section III – Federal Award Findings and Questioned Costs

None

Adams County Auditor

David Gifford

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110 West Main Street, West Union OH 45693

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Fax: (937) 544-1016

e-mail: david.gifford@auditor.adamscountyoh.gov

Website: adamscountyauditor.org

Corrective Action Plan

For the Year Ended December 31, 2019

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2019-001	Adams County officials have reviewed the cost of converting to GAAP reporting and have concluded that such conversion would not be financially feasible. Therefore, the County will continue on the OCBOA basis of financial reporting.	N/A	David Gifford, County Auditor
2019-002	The County takes all recommendations very seriously and will meet with our consultant to ensure that these matters are properly addressed for future financial statement reporting. The guidance specific to Ohio governments [for GASB 84] was not received until several days before the report was due so there were some reporting matters addressed in that guidance that were not able to be fully implemented. We will commit additional time during the report preparation and review process to ensure that all financial reporting matters are properly addressed prior to the issuance of our financial statements.	Not provided	David Gifford, County Auditor

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Adams County Auditor

David Gifford

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*Schedule of Prior Audit Findings
For the Year Ended December 31, 2019*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
Finding 2018-001	Noncompliance with ORC Section 117.38/OAC Section 117-2-03(B) – Annual Financial Reports	No	Reissued as Finding 2019-001
Finding 2018-002	Material Weakness – Omission of Adams County Regional Medical Center	N/A	Finding no longer valid – The Adams County Regional Medical Center’s operations were disposed of and transferred to a non-profit corporation.

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OHIO AUDITOR OF STATE KEITH FABER



ADAMS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/15/2020

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

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