

LAWRENCE COUNTY
SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2023



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Board of Commissioners
Lawrence County
111 South Fourth Street
Ironton, Ohio 45638

We have reviewed the *Independent Auditor's Report* of Lawrence County prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2023 through December 31, 2023. 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. Lawrence County is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

December 20, 2024

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Lawrence County
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Independent Auditor's Report

Board of Commissioners
Lawrence County
111 South Fourth Street
Ironton, Ohio 45638

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lawrence County, Ohio (the County), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2023, and the respective changes in cash-basis financial position thereof and the respective budgetary comparison for the General, Board of Developmental Disabilities, Motor Vehicle Gasoline Tax, and Emergency Medical Services Funds for the year then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

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

Emphasis of Matter – Accounting Basis

Ohio Administrative Code 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 of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter – COVID-19

As discussed in Note 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the County. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

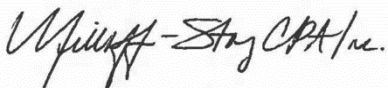
Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2024 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

October 24, 2024

Lawrence County
Management's Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

The discussion and analysis of Lawrence County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2023 within the limitations of the County's cash basis of accounting. Please read this in conjunction with the County's basic financial statements and notes to the basic financial statements.

Financial Highlights

Key financial highlights for 2023 are as follows:

Overall (Primary Government):

- Total net position increased \$9,198,973 with governmental activities increasing by \$1,806,688 and business-type activities increasing by \$7,392,285.
- Total cash receipts were \$88,120,140 in 2023.
- Total program cash disbursements were \$78,921,167 in 2023.

Governmental Activities:

- Total program cash receipts were \$32,715,958 in 2023, while program cash disbursements were \$58,648,191.
- Program cash disbursements were primarily composed of legislative and executive, judicial, public safety, public works, health, human services, community and economic development, and capital outlay, which were \$7,309,997, \$4,014,902, \$9,986,360, \$5,009,787, \$12,219,264, \$9,886,491, \$1,072,758, and \$7,472,524, respectively, in 2023.

Business-Type Activities:

- Total program cash receipts were \$2,158,471 for business-type activities, while corresponding program cash disbursements were \$20,272,976. Program cash disbursements were significantly higher than in prior years due to the pay-off of outstanding debt obligations from the proceeds of a special item for the sale of operations.

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 both an aggregate view of the County's cash basis finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column. In the case of Lawrence County, the general fund, the board of developmental disabilities fund, the motor vehicle gasoline tax fund, and the emergency medical services fund are the most significant governmental funds and have been presented as major governmental funds. The union-rome sewer fund is also considered a major enterprise fund.

Reporting the County as a Whole

The County's Reporting Entity Presentation

This annual report includes all activities for which Lawrence 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 three other separate legal entities that are presented as component units. The primary government consists of Lawrence County. The component unit presentation includes the following separate legal entities: the Lawrence

Lawrence County
Management's Discussion and Analysis
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County Land Reutilization Corporation, the Lawrence County Port Authority, and the Lawrence County Transportation Improvement District.

Statement of Net Position and the Statement of Activities

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 2023?" The statement of net position and the statement of activities 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 net 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 and the statement of activities, 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, community and economic development, other, capital outlay, intergovernmental, 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 is reported as business-type activities.
- **Component Unit Activities** – Although the Lawrence County Land Reutilization Corporation, the Lawrence County Port Authority and the Lawrence County Transportation Improvement District are separate legal entities, the County includes their activities since the County is financially accountable for these three entities.

Reporting the County's Most Significant Funds

Fund Financial Statements

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 board of developmental disabilities fund, the motor vehicle gasoline tax fund and the emergency medical services fund. The County's most significant fund that has been presented as a major enterprise fund is the union-rome sewer fund.

Lawrence County
Management's Discussion and Analysis
For the Year Ended December 31, 2023
(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 fund cash balances or changes in net position and changes in fund cash 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 due to transfers netted on the statement of activities. 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 the statements for the County as a whole.

Fiduciary Funds These funds are used to account for resources held for the benefit of parties outside the government. 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 accounting used for fiduciary funds is much like that of the proprietary funds.

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

The County as a Whole

Recall that the statement of net position provides the perspective of the County as a whole. Table 1 provides a summary of the County's net position for 2023 compared to the prior year:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Equity in Pooled Cash and Cash Equivalents	\$52,054,508	\$50,264,708	\$8,301,403	\$687,247	\$60,355,911	\$50,951,955
Cash and Cash Equivalents In Segregated Accounts	229,789	212,901	0	221,871	229,789	434,772
<i>Total Assets</i>	<i>52,284,297</i>	<i>50,477,609</i>	<i>8,301,403</i>	<i>909,118</i>	<i>60,585,700</i>	<i>51,386,727</i>
Net Position						
Restricted	41,565,458	40,389,671	0	0	41,565,458	40,389,671
Unrestricted	10,718,839	10,087,938	8,301,403	909,118	19,020,242	10,997,056
<i>Total Net Position</i>	<i>\$52,284,297</i>	<i>\$50,477,609</i>	<i>\$8,301,403</i>	<i>\$909,118</i>	<i>\$60,585,700</i>	<i>\$51,386,727</i>

Total assets and net position increased by \$9,198,973 from 2022 to 2023, which will be further discussed below.

Lawrence County
Management's Discussion and Analysis
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(Unaudited)

Table 2 shows the changes in net position for 2023 and 2022.

Table 2
Net Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Receipts						
Program Cash Receipts						
Charges for Services and Sales	\$10,078,412	\$10,204,663	\$2,158,471	\$3,064,841	\$12,236,883	\$13,269,504
Operating Grants, Contributions, and Interest	20,387,080	24,674,724	0	0	20,387,080	24,674,724
Capital Grants, Contributions, and Interest	2,250,466	2,129,375	0	0	2,250,466	2,129,375
<i>Total Program Cash Receipts</i>	<i>32,715,958</i>	<i>37,008,762</i>	<i>2,158,471</i>	<i>3,064,841</i>	<i>34,874,429</i>	<i>40,073,603</i>
General Cash Receipts						
Property Taxes	11,831,522	10,240,839	0	0	11,831,522	10,240,839
Sales Taxes	11,706,770	11,300,647	0	0	11,706,770	11,300,647
Other Local Taxes	216,330	287,548	0	0	216,330	287,548
Payments in Lieu Taxes	27,100	126,867	0	0	27,100	126,867
Unrestricted Grants and Entitlements	2,070,571	1,945,637	0	0	2,070,571	1,945,637
Proceeds from Sale of Assets	84,345	8,978	0	0	84,345	8,978
Interest	1,449,045	402,488	0	0	1,449,045	402,488
Insurance Recoveries	105,348	0	0	0	105,348	0
Other	247,890	262,295	3,565	12,947	251,455	275,242
<i>Total General Cash Receipts</i>	<i>27,738,921</i>	<i>24,575,299</i>	<i>3,565</i>	<i>12,947</i>	<i>27,742,486</i>	<i>24,588,246</i>
<i>Total Cash Receipts</i>	<i>60,454,879</i>	<i>61,584,061</i>	<i>2,162,036</i>	<i>3,077,788</i>	<i>62,616,915</i>	<i>64,661,849</i>
Cash Disbursements						
Program Cash Disbursements						
General Government						
Legislative and Executive	7,309,997	7,387,682	0	0	7,309,997	7,387,682
Judicial	4,014,902	3,981,016	0	0	4,014,902	3,981,016
Public Safety	9,986,360	9,505,113	0	0	9,986,360	9,505,113
Public Works	5,009,787	6,628,140	0	0	5,009,787	6,628,140
Health	12,219,264	11,070,501	0	0	12,219,264	11,070,501
Human Services	9,886,491	9,710,302	0	0	9,886,491	9,710,302
Comm. and Econ. Development	1,072,758	515,879	0	0	1,072,758	515,879
Other	109,550	420,308	0	0	109,550	420,308
Capital Outlay	7,472,524	5,742,717	0	0	7,472,524	5,742,717
Intergovernmental	400,734	503,949	0	0	400,734	503,949
Debt Service:						
Principal	965,703	426,352	0	0	965,703	426,352
Interest on Long-Term Debt	200,121	212,387	0	0	200,121	212,387
Wastewater Treatment	0	0	20,272,976	3,958,461	20,272,976	3,958,461
<i>Total Cash Disbursements</i>	<i>58,648,191</i>	<i>56,104,346</i>	<i>20,272,976</i>	<i>3,958,461</i>	<i>78,921,167</i>	<i>60,062,807</i>
Special Item – Sale of Operations	0	0	25,503,225	0	25,503,225	0

Lawrence County
Management's Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

Table 2
Net Change in Net Position
(Continued)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<i>Change in Net Position</i>	\$1,806,688	\$5,479,715	\$7,392,285	(\$880,673)	\$9,198,973	\$4,599,042
<i>Net Position at Beginning of Year</i>	50,477,609	44,997,894	909,118	1,789,791	51,386,727	46,787,685
<i>Net Position at End of Year</i>	<u>\$52,284,297</u>	<u>\$50,477,609</u>	<u>\$8,301,403</u>	<u>\$909,118</u>	<u>\$60,585,700</u>	<u>\$51,386,727</u>

Governmental Activities The decrease in operating grants, contributions, and interest is primarily due to the decrease in ARPA monies received during 2023 as compared to the prior year. Property taxes increased between years due to an increase in assessed values. Sales taxes increased between years due to an increase in local spending. Interest increased due to the investments held by the County during the year. Property taxes and sales taxes made up 20 percent and 19 percent, respectively, of cash receipts for governmental activities for Lawrence County in 2023. Operating grants, contributions, and interest and charges for services and sales made up 34 percent and 17 percent, respectively, of cash receipts for governmental activities for the County.

Public safety disbursements increased due to increases in costs for the EMS department and the Sheriff's office. Public works disbursements decreased due to a decrease in funds spent on repairs in the Motor Vehicle Gasoline Tax fund. Health disbursements increased due to an increase in costs for the department of developmental disabilities. Community and economic development increase due to additional monies received from and spent on CDBG grants. Capital outlay increased due to money spent for the Board of Elections capital improvements and county roads.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Tables 3 and 4 show, for governmental and business-type activities, the total cost of services and the net cost of services. 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 and business-type activities is apparent. Most of the human services and public works activities are supported through charges for services and operating grants, contributions, and interest; for all governmental activities, general cash receipts support is 44 percent as shown in Table 3. The taxpayers and the State of Ohio, as a whole, provide the vast majority of resources for Lawrence County. Tables 3 and 4 below show the total and net cost of services (on a cash basis) for the County.

Lawrence County
Management's Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

Table 3
Total and Net Cost of Program Services
Governmental Activities

	2023		2022	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General Government				
Legislative and Executive	\$7,309,997	\$4,295,330	\$7,387,682	\$2,798,167
Judicial	4,014,902	2,557,832	3,981,016	1,703,778
Public Safety	9,986,360	7,055,209	9,505,113	4,653,036
Public Works	5,009,787	(1,260,174)	6,628,140	50,026
Health	12,219,264	5,546,223	11,070,501	4,805,158
Human Services	9,886,491	337,411	9,710,302	269,137
Community and Economic Development	1,072,758	134,356	515,879	260,075
Other	109,550	94,140	420,308	209,699
Capital Outlay	7,472,524	5,637,585	5,742,717	3,247,730
Intergovernmental	400,734	400,734	503,949	503,949
Debt Service:				
Principal	965,703	934,674	426,352	417,352
Interest on Long-Term Debt	200,121	198,913	212,387	177,477
<i>Total Cash Disbursements</i>	<i>\$58,648,191</i>	<i>\$25,932,233</i>	<i>\$56,104,346</i>	<i>\$19,095,584</i>

Table 4
Total Cost of Program Services
Business-Type Activities

	2023		2022	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Wastewater Treatment	\$20,272,976	\$18,114,505	\$3,958,461	\$893,620
<i>Total Cash Disbursements</i>	<i>\$20,272,976</i>	<i>\$18,114,505</i>	<i>\$3,958,461</i>	<i>\$893,620</i>

Business-Type Activities Business-type activities include wastewater treatment services. Overall net position increased \$7,392,285 from 2022 to 2023. Program receipts were less than program disbursements for the wastewater treatment segment in the amount of \$18,118,505 primarily because of capital outlay related to the sewer system improvements project and debt service payments, which was offset by the proceeds received from the sale of the Union-Rome Sewer District, which was recognized as a special item in the accompanying financial statements.

The County's Funds

The County's funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts and other financing sources of \$69,558,546 and cash disbursements and other financing uses of \$67,751,858. The net change in fund balance for the year was most significant in the general fund, where the cash balance went from \$9,861,292 to \$10,500,302. This increase is due primarily to an increase in property and sales tax and a decrease in transfers and advances out, which was partially offset by an increase in disbursements.

The fund balance of the board of developmental disabilities fund increased \$125,751 as receipts exceeded disbursements. The fund balance of the motor vehicle gasoline tax fund increased \$58,670, due to a decrease in disbursements. The fund balance of the emergency medical services fund increased \$143,864 as receipts exceeded disbursements and other financing uses.

Lawrence County
Management's Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

General Fund Budgeting Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund. Final budgeted receipts and other financing sources were \$23,770,097, which is over original budgeted receipts of \$18,593,358 by \$5,176,739. These increases were primarily the result of an increase in expected property and sales taxes as well as transfers in. Total actual receipts and other financing sources were \$23,847,686 which above final budgeted amounts by \$77,589. This increase is due to more intergovernmental and interest receipts received than anticipated. Total actual disbursements and other financing uses on the budget basis (cash outlays plus encumbrances) were \$23,622,031. Original budgeted appropriations and other financing uses were \$22,379,680, while final budgeted amounts were \$23,622,031. Overall, total actual disbursements and other financing uses did not differ from the final budget. However, actual disbursements for judicial and actual transfers out were significantly higher than originally budgeted. Disbursements were lower than expected due to conservative budgeting by the County. Transfers out increased significantly from the original budget due to transfers for capital obligations and for transfers to budget stabilization funds.

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 \$7,472,524 and \$96,439 for its governmental activities and its business-type activities, respectively, during 2023.

Debt

Under the cash basis of accounting, the County does not report bonds, financed purchases, or long-term loans 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, leases, and long-term notes. At December 31, 2023, the County had \$4,404,041 outstanding in bonds and other long-term debt for governmental activities. The \$18,613,496 outstanding in bonds and other long-term debt for business-type activities balances as of December 31, 2022, were paid in full during the year from proceeds received from the sale of the Union-Rome Sewer District. For additional information regarding debt, please see note 10 to the basic financial statements.

Table 5 summarizes bonds and long-term debt outstanding for governmental activities for 2023 and 2022:

Table 5
Outstanding Debt at December 31
Governmental Activities

	2023	2022
General Obligation Bonds	\$4,234,000	\$5,126,400
Financed Purchase	170,041	243,344
Totals	<u>\$4,404,041</u>	<u>\$5,369,744</u>

Lawrence County
Management's Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

Table 6 summarizes bonds and long-term debt outstanding for business-type activities for 2023 and 2022:

Table 6
Outstanding Debt at December 31
Business-Type Activities

	2023	2022
OWDA Loans	\$0	\$17,139,246
OPWC Loans	0	206,250
Sewer Bonds	0	1,268,000
Totals	<u>\$0</u>	<u>\$18,613,496</u>

Current Financial Related Activities

As the preceding information shows, the County heavily depends on its property and sales taxpayers as well as intergovernmental monies. Since the property tax receipts do not grow at the same level as inflation, and sales tax receipts 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.

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 Paul D. Knipp, County Auditor at Lawrence County, 111 South Fourth Street, Ironton, Ohio 45638.

Lawrence County
Statement of Net Position - Cash Basis
As of December 31, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$52,054,508	\$8,301,403	\$60,355,911
Cash and Cash Equivalents in Segregated Accounts	229,789	0	229,789
<i>Total Assets</i>	<i>52,284,297</i>	<i>8,301,403</i>	<i>60,585,700</i>
Net Position			
Restricted for:			
Developmental Disabilities	7,021,432	0	7,021,432
Motor Vehicle Gasoline Tax	5,552,361	0	5,552,361
EMS	4,705,616	0	4,705,616
Court Development	317,879	0	317,879
Treasurer Delinquent Taxes	276,242	0	276,242
Indigent Drivers	190,223	0	190,223
Law Library	80,629	0	80,629
Juvenile and Probate Special Projects	134,050	0	134,050
Concealed Handgun Law	109,458	0	109,458
Drug Law Enforcement	87,897	0	87,897
Sheriff Continuing Education	83,915	0	83,915
Common Pleas Court In-House Mediation	299,802	0	299,802
County Court Computerization	300,296	0	300,296
Clerk of Courts Computerization	118,677	0	118,677
Electronic Monitoring	101,008	0	101,008
911 Emergency	116,672	0	116,672
Juvenile Court IV-D Contract	188,590	0	188,590
Recorder Special Projects	420,986	0	420,986
Supervisory Fees	161,187	0	161,187
T Cap	583,910	0	583,910
Healthy Aging Grant	321,216	0	321,216
Probate and Juvenile Court	241,208	0	241,208
Wireless 911 Assistance	125,538	0	125,538
Court Technology Grants	131,717	0	131,717
American Rescue Plan Act	490,208	0	490,208
LATCF	481,824	0	481,824
One Opiod	254,601	0	254,601
Juvenile Court IV-E	152,164	0	152,164
Job and Family Services	375,918	0	375,918
Real Estate Assessment	1,099,468	0	1,099,468
Rehab	106,849	0	106,849
Felony and Delinquent Care	219,180	0	219,180
Children Services	704,362	0	704,362
Child Support	2,036,204	0	2,036,204
Tax Credit Administration	280,975	0	280,975
Prosecutor	138,453	0	138,453
Unclaimed Monies	445,090	0	445,090
Debt Service	109,346	0	109,346
Capital Outlay	11,673,998	0	11,673,998
Other Purposes	1,326,309	0	1,326,309
Unrestricted	10,718,839	8,301,403	19,020,242
<i>Total Net Position</i>	<i>\$52,284,297</i>	<i>\$8,301,403</i>	<i>\$60,585,700</i>

See accompanying notes to the basic financial statements.

[illegible]

Lawrence County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2023

	Program Receipts			
	Disbursements	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest
Governmental Activities				
General Government:				
Legislative and Executive	\$7,309,997	\$2,670,966	\$343,701	\$0
Judicial	4,014,902	891,451	565,619	0
Public Safety	9,986,360	1,419,439	1,511,712	0
Public Works	5,009,787	131,328	6,138,633	0
Health	12,219,264	3,820,287	2,852,754	0
Human Services	9,886,491	1,017,213	8,531,867	0
Community and Economic Development	1,072,758	5,326	433,076	500,000
Other	109,550	15,410	0	0
Capital Outlay	7,472,524	74,755	9,718	1,750,466
Intergovernmental	400,734	0	0	0
Debt Service:				
Principal	965,703	31,029	0	0
Interest on Long-Term Debt	200,121	1,208	0	0
<i>Total Governmental Activities</i>	<u>58,648,191</u>	<u>10,078,412</u>	<u>20,387,080</u>	<u>2,250,466</u>
Business-Type Activities				
Wastewater Treatment	20,272,976	2,158,471	0	0
<i>Total Business-Type Activities</i>	<u>20,272,976</u>	<u>2,158,471</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government</i>	<u>\$78,921,167</u>	<u>\$12,236,883</u>	<u>\$20,387,080</u>	<u>\$2,250,466</u>
Component Units				
Lawrence County Land Reutilization Corporation	\$997,667	\$485,819	\$613,169	\$0
Lawrence County Port Authority	4,219,304	185,585	3,670,336	0
Lawrence County Transportation Improvement District	2,018	0	0	0
<i>Total Component Units</i>	<u>\$5,218,989</u>	<u>\$671,404</u>	<u>\$4,283,505</u>	<u>\$0</u>

General Receipts

Property Taxes Levied for:
 General Purposes
 Board of Developmental Disabilities
 Emergency Medical Services
 Emergency Medical Services Capital Purposes
Sales Taxes Levied for General Purposes
Other Local Taxes
Payments in Lieu of Taxes
Grants and Entitlements not Restricted to Specific Programs
Interest
Miscellaneous
Insurance Recoveries
Loans Issued
Proceeds from Sale of Assets
Total General Receipts

Special Item - Sale of Operations

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements.

Net (Disbursements) Receipts and Changes in Net Position

Primary Government			Component Units		
			Lawrence County Land Reutilization Corporation	Lawrence County Port Authority	Lawrence County Transportation Improvement District
Governmental Activities	Business-Type Activities	Total			
(\$4,295,330)	\$0	(\$4,295,330)	\$0	\$0	\$0
(2,557,832)	0	(2,557,832)	0	0	0
(7,055,209)	0	(7,055,209)	0	0	0
1,260,174	0	1,260,174	0	0	0
(5,546,223)	0	(5,546,223)	0	0	0
(337,411)	0	(337,411)	0	0	0
(134,356)	0	(134,356)	0	0	0
(94,140)	0	(94,140)	0	0	0
(5,637,585)	0	(5,637,585)	0	0	0
(400,734)	0	(400,734)	0	0	0
(934,674)	0	(934,674)	0	0	0
(198,913)	0	(198,913)	0	0	0
(25,932,233)	0	(25,932,233)	0	0	0
0	(18,114,505)	(18,114,505)	0	0	0
0	(18,114,505)	(18,114,505)	0	0	0
(25,932,233)	(18,114,505)	(44,046,738)	0	0	0
			101,321	0	0
			0	(363,383)	0
			0	0	(2,018)
			101,321	(363,383)	(2,018)
5,287,296	0	5,287,296	0	0	0
3,321,011	0	3,321,011	0	0	0
2,739,734	0	2,739,734	0	0	0
483,481	0	483,481	0	0	0
11,706,770	0	11,706,770	0	0	0
216,330	0	216,330	0	0	0
27,100	0	27,100	0	0	0
2,070,571	0	2,070,571	183,847	0	0
1,449,045	0	1,449,045	0	24,779	0
247,890	3,565	251,455	37	7,950	0
105,348	0	105,348	0	0	0
0	0	0	109,990	217,000	0
84,345	0	84,345	0	0	0
27,738,921	3,565	27,742,486	293,874	249,729	0
0	25,503,225	25,503,225	0	0	0
1,806,688	7,392,285	9,198,973	395,195	(113,654)	(2,018)
50,477,609	909,118	51,386,727	440,197	415,173	14,162
\$52,284,297	\$8,301,403	\$60,585,700	\$835,392	\$301,519	\$12,144

Lawrence County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
As of December 31, 2023

	General	Board of Developmental Disabilities	Motor Vehicle Gasoline Tax	Emergency Medical Services	All Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$9,995,332	\$7,021,432	\$5,551,365	\$4,705,616	\$24,335,673	\$51,609,418
Cash and Cash Equivalents in Segregated Accounts	59,880	0	996	0	168,913	229,789
Restricted Cash and Cash Equivalents	445,090	0	0	0	0	445,090
<i>Total Assets</i>	<u>\$10,500,302</u>	<u>\$7,021,432</u>	<u>\$5,552,361</u>	<u>\$4,705,616</u>	<u>\$24,504,586</u>	<u>\$52,284,297</u>
Fund Balances						
Nonspendable	\$445,090	\$0	\$0	\$0	\$0	\$445,090
Restricted	0	7,021,432	5,552,361	4,705,616	23,840,959	41,120,368
Committed	0	0	0	0	663,627	663,627
Assigned	4,738,983	0	0	0	0	4,738,983
Unassigned	5,316,229	0	0	0	0	5,316,229
<i>Total Fund Balances</i>	<u>\$10,500,302</u>	<u>\$7,021,432</u>	<u>\$5,552,361</u>	<u>\$4,705,616</u>	<u>\$24,504,586</u>	<u>\$52,284,297</u>

See accompanying notes to the basic financial statements.

Lawrence County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2023

	General	Board of Developmental Disabilities	Motor Vehicle Gasoline Tax	Emergency Medical Services	All Other Governmental Funds	Total Governmental Funds
Receipts						
Property Taxes	\$5,287,296	\$3,321,011	\$0	\$2,739,734	\$483,481	\$11,831,522
Sales Taxes	11,706,770	0	0	0	0	11,706,770
Other Local Taxes	0	0	0	0	216,330	216,330
Payments in Lieu of Taxes	23,922	1,541	0	1,391	246	27,100
Charges for Services	2,567,138	153,351	0	3,474,712	3,323,656	9,518,857
Licenses and Permits	2,625	0	0	0	65	2,690
Fines and Forfeitures	249,876	0	14,256	0	292,733	556,865
Intergovernmental	1,867,428	2,900,543	5,937,108	60,578	13,673,629	24,439,286
Interest	1,449,044	164,222	90,438	0	1,375	1,705,079
Contributions and Donations	450	550	0	0	11,797	12,797
Other	73,884	4,075	0	2,856	167,075	247,890
<i>Total Receipts</i>	<i>23,228,433</i>	<i>6,545,293</i>	<i>6,041,802</i>	<i>6,279,271</i>	<i>18,170,387</i>	<i>60,265,186</i>
Disbursements						
Current:						
General Government:						
Legislative and Executive	5,959,749	0	0	0	1,350,248	7,309,997
Judicial	3,243,909	0	0	0	770,993	4,014,902
Public Safety	5,955,938	0	0	0	4,030,422	9,986,360
Public Works	832,248	0	4,177,539	0	0	5,009,787
Health	390,191	6,388,968	0	5,134,285	305,820	12,219,264
Human Services	951,652	0	0	0	8,934,839	9,886,491
Community and Economic Development	37,861	0	0	0	1,034,897	1,072,758
Other	109,550	0	0	0	0	109,550
Capital Outlay	324,172	30,574	1,007,051	0	6,110,727	7,472,524
Intergovernmental	0	0	0	0	400,734	400,734
Debt Service:						
Principal	0	0	0	0	965,703	965,703
Interest	0	0	0	0	200,121	200,121
<i>Total Disbursements</i>	<i>17,805,270</i>	<i>6,419,542</i>	<i>5,184,590</i>	<i>5,134,285</i>	<i>24,104,504</i>	<i>58,648,191</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>5,423,163</i>	<i>125,751</i>	<i>857,212</i>	<i>1,144,986</i>	<i>(5,934,117)</i>	<i>1,616,995</i>
Other Financing Sources (Uses)						
Transfers In	26,573	0	0	0	9,077,094	9,103,667
Proceeds from Sale of Assets	0	0	81,994	0	2,351	84,345
Insurance Recoveries	31,043	0	0	0	74,305	105,348
Transfers Out	(4,841,769)	0	(880,536)	(1,001,122)	(2,380,240)	(9,103,667)
<i>Total Other Financing Sources (Uses)</i>	<i>(4,784,153)</i>	<i>0</i>	<i>(798,542)</i>	<i>(1,001,122)</i>	<i>6,773,510</i>	<i>189,693</i>
<i>Net Change in Fund Balances</i>	<i>639,010</i>	<i>125,751</i>	<i>58,670</i>	<i>143,864</i>	<i>839,393</i>	<i>1,806,688</i>
<i>Fund Balances at Beginning of Year</i>	<i>9,861,292</i>	<i>6,895,681</i>	<i>5,493,691</i>	<i>4,561,752</i>	<i>23,665,193</i>	<i>50,477,609</i>
<i>Fund Balances at End of Year</i>	<i>\$10,500,302</i>	<i>\$7,021,432</i>	<i>\$5,552,361</i>	<i>\$4,705,616</i>	<i>\$24,504,586</i>	<i>\$52,284,297</i>

See accompanying notes to the basic financial statements.

Lawrence County
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$4,450,010	\$5,285,055	\$5,285,055	\$0
Sales Taxes	9,515,456	11,706,770	11,706,770	0
Payments in Lieu of Taxes	19,444	23,922	23,922	0
Charges for Services	1,726,492	2,124,086	2,124,220	134
Licenses and Permits	2,134	2,625	2,625	0
Fines and Forfeitures	203,103	249,876	249,876	0
Intergovernmental	1,485,681	1,827,818	1,867,428	39,610
Interest	1,146,173	1,410,125	1,447,970	37,845
Other	44,865	55,197	55,197	0
<i>Total Receipts</i>	<i>18,593,358</i>	<i>22,685,474</i>	<i>22,763,063</i>	<i>77,589</i>
Disbursements				
Current:				
General Government:				
Legislative and Executive	7,326,422	5,624,480	5,624,480	0
Judicial	2,767,266	3,375,350	3,375,350	0
Public Safety	7,077,443	6,119,568	6,119,568	0
Public Works	879,489	859,694	859,694	0
Health	229,550	390,304	390,304	0
Human Services	878,940	965,900	965,900	0
Community and Economic Development	0	37,861	37,861	0
Other	107,500	109,550	109,550	0
Capital Outlay	184,010	333,046	333,046	0
<i>Total Disbursements</i>	<i>19,450,620</i>	<i>17,815,753</i>	<i>17,815,753</i>	<i>0</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(857,262)</i>	<i>4,869,721</i>	<i>4,947,310</i>	<i>77,589</i>
Other Financing Sources (Uses)				
Transfers In	0	1,084,623	1,084,623	0
Transfers Out	(2,929,060)	(5,806,278)	(5,806,278)	0
<i>Total Other Financing Sources (Uses)</i>	<i>(2,929,060)</i>	<i>(4,721,655)</i>	<i>(4,721,655)</i>	<i>0</i>
<i>Net Change in Fund Balances</i>	<i>(3,786,322)</i>	<i>148,066</i>	<i>225,655</i>	<i>77,589</i>
<i>Fund Balances at Beginning of Year</i>	<i>5,215,000</i>	<i>5,215,000</i>	<i>5,215,000</i>	<i>0</i>
<i>Prior Year Encumbrances Appropriated</i>	<i>503,223</i>	<i>503,223</i>	<i>503,223</i>	<i>0</i>
<i>Fund Balances at End of Year</i>	<i>\$1,931,901</i>	<i>\$5,866,289</i>	<i>\$5,943,878</i>	<i>\$77,589</i>

See accompanying notes to the basic financial statements.

Lawrence County
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual (Budget Basis)
Board of Developmental Disabilities Fund
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property Taxes	\$3,154,509	\$3,319,489	\$3,319,489	\$0
Payments in Lieu of Taxes	1,168	1,541	1,541	0
Charges for Services	116,266	153,351	153,351	0
Intergovernmental	2,200,042	2,901,783	2,900,543	(1,240)
Interest	124,508	164,222	164,222	0
Contributions and Donations	417	550	550	0
Other	3,090	4,075	4,075	0
<i>Total Receipts</i>	5,600,000	6,545,011	6,543,771	(1,240)
Disbursements				
Current:				
Health	6,556,246	6,371,185	6,371,185	0
Capital Outlay	42,500	30,574	30,574	0
<i>Total Disbursements</i>	6,598,746	6,401,759	6,401,759	0
<i>Net Change in Fund Balances</i>	(998,746)	143,252	142,012	(1,240)
<i>Fund Balances at Beginning of Year</i>	6,174,243	6,174,243	6,174,243	0
<i>Fund Balances at End of Year</i>	\$5,175,497	\$6,317,495	\$6,316,255	(\$1,240)

See accompanying notes to the basic financial statements.

Lawrence County
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual (Budget Basis)
Motor Vehicle Gasoline Tax Fund
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Fines and Forfeitures	\$32,681	\$13,887	\$13,887	\$0
Intergovernmental	13,972,216	5,937,108	5,937,108	0
Interest	212,834	90,438	90,438	0
<i>Total Receipts</i>	<u>14,217,731</u>	<u>6,041,433</u>	<u>6,041,433</u>	<u>0</u>
Disbursements				
Current:				
Public Works	16,413,035	5,448,136	5,448,136	0
Capital Outlay	1,241,774	1,052,051	1,052,051	0
<i>Total Disbursements</i>	<u>17,654,809</u>	<u>6,500,187</u>	<u>6,500,187</u>	<u>0</u>
<i>Excess of Receipts Under Disbursements</i>	(3,437,078)	(458,754)	(458,754)	0
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	0	81,994	81,994	0
Transfers Out	(2,100,000)	(880,536)	(880,536)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(2,100,000)</u>	<u>(798,542)</u>	<u>(798,542)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(5,537,078)	(1,257,296)	(1,257,296)	0
<i>Fund Balances at Beginning of Year</i>	4,442,652	4,442,652	4,442,652	0
<i>Prior Year Encumbrances Appropriated</i>	947,286	947,286	947,286	0
<i>Fund Balances at End of Year</i>	<u>(\$147,140)</u>	<u>\$4,132,642</u>	<u>\$4,132,642</u>	<u>\$0</u>

See accompanying notes to the basic financial statements.

Lawrence County
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual (Budget Basis)
Emergency Medical Services Fund
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property Taxes	\$2,500,000	\$2,738,480	\$2,738,480	\$0
Payments in Lieu of Taxes	896	1,391	1,391	0
Charges for Services	2,258,240	3,505,499	3,474,717	(30,782)
Intergovernmental	39,024	60,578	60,578	0
Other	1,840	2,856	2,856	0
<i>Total Receipts</i>	<u>4,800,000</u>	<u>6,308,804</u>	<u>6,278,022</u>	<u>(30,782)</u>
Disbursements				
Current:				
Health	5,333,570	5,093,859	5,093,859	0
<i>Total Disbursements</i>	<u>5,333,570</u>	<u>5,093,859</u>	<u>5,093,859</u>	<u>0</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(533,570)	1,214,945	1,184,163	(30,782)
Other Financing Sources (Uses)				
Transfers In	0	100,000	100,000	0
Transfers Out	(167,884)	(1,101,122)	(1,101,122)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(167,884)</u>	<u>(1,001,122)</u>	<u>(1,001,122)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(701,454)	213,823	183,041	(30,782)
<i>Fund Balances at Beginning of Year</i>	<u>3,900,421</u>	<u>3,900,421</u>	<u>3,900,421</u>	<u>0</u>
<i>Fund Balances at End of Year</i>	<u>\$3,198,967</u>	<u>\$4,114,244</u>	<u>\$4,083,462</u>	<u>(\$30,782)</u>

See accompanying notes to the basic financial statements.

Lawrence County
Statement of Fund Net Position - Cash Basis
Proprietary Fund
As of December 31, 2023

	Union- Rome Sewer
Assets	
Equity in Pooled Cash and Cash Equivalents	\$8,301,403
<i>Total Assets</i>	<u>8,301,403</u>
Net Position	
Unrestricted	8,301,403
<i>Total Net Position</i>	<u><u>\$8,301,403</u></u>

See accompanying notes to the basic financial statements.

Lawrence County
Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Fund
For the Year Ended December 31, 2023

	Union- Rome Sewer
Operating Receipts	
Charges for Services	\$2,158,471
Other	3,565
<i>Total Operating Receipts</i>	<u>2,162,036</u>
Operating Disbursements	
Salaries and Benefits	768,859
Contractual Services	649,002
Materials and Supplies	62,776
Capital Outlay	96,439
Other	28,552
<i>Total Operating Disbursements</i>	<u>1,605,628</u>
<i>Operating Income</i>	556,408
Nonoperating Disbursements	
Debt Service:	
Principal	(18,613,496)
Interest on Long-Term Debt	(53,852)
<i>Total Nonoperating Disbursements</i>	<u>(18,667,348)</u>
<i>Loss Before Special Items</i>	(18,110,940)
Special Item - Sale of Operations	<u>25,503,225</u>
<i>Change in Net Position</i>	7,392,285
<i>Net Position Beginning of Year</i>	<u>909,118</u>
<i>Net Position End of Year</i>	<u><u>\$8,301,403</u></u>

See accompanying notes to the basic financial statements.

Lawrence County
Statement of Fiduciary Net Position - Cash Basis
Custodial Funds
As of December 31, 2023

Assets

Equity in Pooled Cash and Cash Equivalents	\$5,930,249
Cash and Cash Equivalents in Segregated Accounts	<u>1,705,846</u>
<i>Total Assets</i>	<u>7,636,095</u>

Net Position

Restricted for Individuals, Organizations, and Other Governments	<u>7,636,095</u>
<i>Total Net Position</i>	<u><u>\$7,636,095</u></u>

See accompanying notes to the basic financial statements.

Lawrence County
Statement of Changes in Fiduciary Net Position - Cash Basis
Custodial Funds
For the Year Ended December 31, 2023

Additions

Intergovernmental	\$5,397,299
Amounts Received as Fiscal Agent	2,670,890
Licenses and Permits and Fees for Other Governments	12,248,979
Fines and Forfeitures for Other Governments	1,557,631
Property Tax Collections for Other Governments	48,748,045
Sheriff Sale Collections for Others	397,267
<i>Total Additions</i>	<u>71,020,111</u>

Deductions

Distributions as Fiscal Agent	2,883,216
Distributions of State Funds to Other Governments	5,894,862
Licenses and Permits and Fees Distributions to Other Governments	11,981,608
Fines and Forfeitures Distributions to Other Governments	998,103
Property Tax Distributions to Other Governments	47,993,314
Sheriff Sale Distributions to Others	312,669
<i>Total Deductions</i>	<u>70,063,772</u>

<i>Change in Net Position</i>	956,339
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<i>Net Position at Beginning of Year</i>	<u>6,679,756</u>
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<i>Net Position at End of Year</i>	<u><u>\$7,636,095</u></u>
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See accompanying notes to the basic financial statements.

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 1 – Description of the County and Reporting Entity

Lawrence County, Ohio (the County), was settled in 1797, and it was formally established on December 20, 1816 as a County by taking portions of Gallia and Scioto Counties. The County is comprised of fourteen townships. The County is governed by a three-member Board of County Commissioners elected by the voters of the County. The County Auditor is responsible for the fiscal controls of the resources of the County that are maintained in the funds described below. The County Treasurer is the custodian of funds and the investment officer. Other officials that manage various segments of the County's operations are the Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, two Common Pleas Court Judges, and one Judge for the Probate and Juvenile Courts. All of these officials are elected. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrator of public services for the County, including each of these departments.

Reporting Entity

The County utilizes the standards of Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statements No. 39 and 61, 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 Lawrence County, this includes the Board of Developmental Disabilities, the Union-Rome Sewer District, 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 may also include organizations that are fiscally dependent on the County in that the County approves the budget, the issuance of debt or the levying of taxes.

The County has the following component units:

Lawrence County Land Reutilization Corporation – The Corporation is a legally separate, not-for-profit corporation served by a five-member self-appointed board. The Corporation's board is comprised of two County Commissioners, the County Treasurer, the Mayor of the City of Ironton, and the fiscal officer for Upper Township. The Corporation 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 Corporation operates on a fiscal year ending December 31. Separately issued financial statements can be obtained from the Lawrence County Land Reutilization Corporation, Ironton, Ohio.

Lawrence County Port Authority – The Port Authority is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio pursuant to the authority of Sections 4582.21 to 4582.59 of the Ohio Revised Code. The Port Authority was established on December 2, 2004, by the Lawrence County Commissioners. The purpose of the Port Authority is to be involved in the activities that enhance, foster, aid, provide, or promote transportation, economic development, housing, recreation, education, governmental operations, culture, or research within Lawrence County. The Port Authority provides services that are enumerated in Sections 4582.21 to 4582.59 of the Ohio Revised Code. These services include, but are not limited to, the power to purchase, construct, reconstruct, enlarge, improve, equip, develop, sell, exchange, lease, convey other

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

interest in, and operate Port Authority facilities to accomplish these activities. The Lawrence County Port Authority operates on a fiscal year ending December 31. Separately issued financial statements can be obtained from the Lawrence County Port Authority, Ironton, Ohio.

Lawrence County Transportation Improvement District – The TID is a legally separate entity pursuant to the Ohio Revised Code Section 5540.03(A)(1). The purpose of the TID is to plan, construct and improve highways, roads, bridges, interchanges and accompanying capital improvements and developments throughout Lawrence County. The Board of Directors is appointed pursuant to the Ohio Revised Code Section 5540.02(C)(2). The Board of Directors is made up of five voting members appointed by the Lawrence County Commissioners, there are also two nonvoting members, one of which is appointed by the Speaker of the Ohio House of Representatives and the other is appointed by the president of the Ohio Senate. Separately issued financial statements can be obtained from the Lawrence County Transportation Improvement District, Ironton, Ohio.

The County has elected to include the above component units in the accompanying basic financial statements. See also note 2 to the basic financial statements entitled Government-wide Financial Statements.

The following potential component units have been excluded because the County is not financially accountable for these organizations nor are these entities for which the County approves the budget, the issuance of debt, or the levying of taxes.

- The Lawrence County Agricultural Society
- The Lawrence County Educational Service Center
- Collins Career Center
- The Lawrence County Historical Society
- The Lawrence County Extension Service
- The Lawrence County Economic Development Corporation
- The Lawrence County Domestic Violence Task Force, Inc.
- The Lawrence County Council on Aging
- The Lawrence County Airpark

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

- The Lawrence County Soil and Water Conservation District was statutorily created as a separate and distinct political subdivision of the State. The five supervisors of the Soil and Water Conservation District are elected officials authorized to contract and sue on behalf of the District. The supervisors adopt their own budget, authorize District expenditures, hire and fire staff, and do not rely on the County to finance deficits.
- Lawrence County Health District is governed by a five-member Board of Health which oversees the operation of the Health District. The Board is appointed by an advisory council comprised of the president of the township trustees, mayors of participating municipalities and one County Commissioner. The Board has sole budgetary authority, and controls surpluses and deficits. The County is not legally obligated for the Health District's debt. Funding is based on a rate per taxable valuation, along with state and federal grants applied for by the Health District.
- The Local Emergency Planning Commission was established by the State Emergency Response Commission, which designates Emergency Planning Districts within the State. Commission members are recommended by the County Commissioners and appointed by the State Emergency Response Commission. The Commission receives operating resources in the form of grants from the State.

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

The County is involved with the following organizations that are defined as jointly governed organizations. Additional financial information concerning the jointly governed organizations is presented in note 11.

- Adams, Lawrence, Scioto Alcohol, Drug Addiction, and Mental Health Services Board
- Private Industry Council
- Ironton-Lawrence County Community Action Organization
- The KYOVA Interstate Planning Commission
- Ohio Valley Regional Development Commission

The County is involved in the following organizations that are defined as public entity shared risk pools. Additional information concerning the public entity shared risk pools is presented in note 12.

- Buckeye Joint-County Self-Insurance Council
- County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

The County is involved in the following organization that is defined as a joint venture. Additional financial information concerning the joint venture is presented in note 13.

- Scioto-Lawrence Counties Joint Solid Waste District

The County is involved with the following organization that is defined as a related organization. Additional financial information concerning the related organization is presented in note 14.

- Briggs-Lawrence County Public Library

Note 2 – Summary of Significant Accounting Policies

The financial statements of Lawrence County have been prepared following the cash accounting basis. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements omit assets, liabilities, deferred inflows and outflows of resources, fund equities, and certain disclosures. The more significant accounting policies are described below.

Fund Accounting

The County's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific County functions or activities. The operation of each fund is accounted for within a separate self-balancing set of accounts.

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. The following are the County's major governmental funds:

General Fund – The general fund is the general operating fund of the County and is used to account for all financial resources except those accounted for 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.

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Board of Developmental Disabilities Special Revenue Fund – This fund is used to provide assistance and training to developmentally disabled individuals. The primary sources of funding are various federal and state grants and a property tax levy.

Motor Vehicle Gasoline Tax Special Revenue Fund – This fund is used for maintenance and repair of roads and bridges. The primary sources of funding are monies received from state gasoline tax and motor vehicle registration fees.

Emergency Medical Services Fund – This fund is used to account for monies received from a county-wide tax levy, grant monies and charges for services to operate the County's Emergency Medical Services.

The other governmental funds of the County account for grants and other resources, debt service, and capital projects, whose use is restricted, committed, or assigned 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. The following is the County's major enterprise fund:

Union-Rome Sewer Fund – The union-rome sewer fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered through user charges. The County's union-rome sewer fund accounts for wastewater treatment services for the County. The major ongoing source of funding is charges for services. During 2023, the County sold the Union-Rome Sewer to Aqua Ohio Wastewater, Inc. and all related debt was paid in full.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. The County's only fiduciary funds are custodial funds.

Custodial Funds – Custodial funds (assets equal net position) do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. The County's custodial funds account for assets held for political subdivisions in which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures that have been collected and which will be distributed to other political subdivisions.

Basis of Presentation

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

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statement of net position-cash basis presents the cash basis financial condition of the governmental and the business-type activities of the County at year-end. The statement of activities-cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the County's governmental and business-

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

type activities. Direct cash disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the County. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general cash receipts of the County.

The government-wide financial statements also display information regarding three legally separate entities, or component units, for which the County is fiscally responsible. These three component units: the Lawrence County Land Reutilization Corporation, the Lawrence County Port Authority, and the Lawrence County Transportation Improvement District are described further in note 1 to the basic financial statements.

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 fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by 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.

Basis of Accounting

Although required by Ohio Administrative Code Section 117-2-03(B) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP), the County chooses to prepare its financial statements and notes on the cash basis of accounting. This basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

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.

For comparability purposes, the component units' financial information has been presented on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP).

Cash Receipts – Exchange and Non-exchange Transactions

Cash receipts resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the cash basis when the exchange takes place. On a cash basis, receipts are recorded in the year in which the resources are received.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On a cash basis, receipts from property taxes are recognized in the year in which the taxes are received. Receipts from grants, entitlements and donations are also recognized in the year in which the monies have been received.

Cash Disbursements

On the cash basis of accounting, disbursements are recognized at the time payments are made.

Budgetary Process

Budget – In accordance with Section 5747.53 of the Ohio Revised Code, the County Budget Commission has provided for the apportionment of undivided local government funds under an alternative method that has been approved by governmental subdivisions within the County. Under this alternative method, the County Budget Commission has waived the requirement for the taxing authority of a subdivision to adopt a tax budget.

Estimated Resources – The County Budget Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources that states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the County must revise its budget so that the total contemplated disbursements from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1 unencumbered fund balances. However, those fund balances are available for appropriation.

Appropriations – A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

The legal level of control has been established by the County Commissioners at the fund, department, and object level for all funds. The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the County Commissioners. Several supplemental appropriation resolutions were legally enacted by the County Commissioners during the year. The original budget figures that appear in the statements of budgetary comparison represent the first appropriation measure that covered the entire fiscal year. The final budget figures that appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

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.

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Fund Balance

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

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

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.

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.

Cash and Cash Equivalents

Cash and cash equivalents consist of the total of fund cash balances of all funds as of December 31, 2023. To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary and fiduciary 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 one to twelve 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 Board of County Commissioners policy.

Cash and cash equivalents that are held separately within departments of the County are recorded as “cash and cash equivalents in segregated accounts”.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents.

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

During 2023, the County invested funds in the State Treasury Asset Reserve of Ohio (STAROhio), money market funds, mutual funds, equities, and fixed income securities. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The County measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. The County's other investments are reported at cost.

For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. Twenty-four hours advanced notice is appreciated for deposits and redemptions of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

For 2023, interest receipts amounted to \$1,705,079, of which \$1,449,044 was recorded in the general fund; \$164,222 was recorded in the board of developmental disabilities fund; \$90,438 was recorded in the motor vehicle gasoline tax fund; and \$1,375 was recorded in all other governmental funds.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the County are reported as restricted.

Inventory and Prepaid Items

The County reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

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 basic 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, be paid to the employees.

Employer Contributions to Cost-Sharing Pension Plans

The County recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in notes 8 and 9, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Long-Term Obligations

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

Leases and SBITAS

For 2023, GASB Statement No. 96, "Subscription-Based Technology Arrangements," was effective. This GASB pronouncement had no effect on beginning net position/fund balance.

The County is the lessee (as defined by GASB 87) in various leases related to equipment under noncancelable leases. Lease payables are not reflected under the County's cash basis of accounting. Lease disbursements are recognized when they are paid.

The County has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems and various other software. Subscription assets/liabilities are not reflected under the County's cash basis of accounting. Subscription disbursements are recognized when they are paid.

Net Position

Net position represents the cash basis assets held by the County at year end. 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. Net position restricted for other purposes include resources restricted for grants. The County applies restricted resources when a cash disbursement is made for purposes for which both restricted and unrestricted net position is available. None of the County's restricted net position is restricted by enabling legislation.

Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. In the government-wide financial statements, transfers within governmental activities or within business-type activities are eliminated. Transfers between governmental activities and business-type activities are shown in the same manner as general revenues. The County did not record any transfers between governmental activities and business-type activities during 2023.

Interfund Receivables/Payable

The County reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB systems. For this purpose, benefit payments (including refunds of

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB systems report investments at fair value.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. The County did not report any extraordinary items for 2023. Special items are transactions or events that are within the control of the Board of Commissioners and that are either unusual in nature or infrequent in occurrence. During fiscal year 2023, the County sold its Union Rome Sewer operations and received proceeds in the amount of \$25,503,225. This amount was recorded as a special item on the fund and government-wide financial statements.

Note 3 – Equity in Pooled Cash and Investments

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 can be deposited or invested with certain limitations in the following securities provided the County has filed a written investment policy with the 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 Ohio Revised Code (ORC) sections 135.32;
6. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in (1) or (2) above; commercial paper as described in ORC section 135.143 (6); and repurchase agreements secured by such obligations, provided these investments are made only through eligible institutions;
7. The 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

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

- 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. Except as noted above, an investment must mature within five years from the date of settlement, unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that they will be held to maturity.

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

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, the County's bank balance of \$7,780,482 was either covered by FDIC or collateralized in the manner described below.

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

- Eligible securities pledged to the County and deposited either with qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five 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.

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Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Investments

The County had the following investments as of December 31, 2023:

	Investment Balance	<1 Year	Maturity 1-2 Years	>2 Years	Percent Invested
Commissioners/EMS Amb Securities	\$539,000	\$28,000	\$30,000	\$481,000	0.88%
Fayette Twp 2021 Securities	43,200	43,200	0	0	0.07%
Fayette Twp 2019 Securities	16,700	16,700	0	0	0.03%
South Point Sewer 2017 Securities	504,000	36,000	36,000	432,000	0.82%
Rome Township 2020 Securities	190,152	24,741	25,508	139,903	0.31%
Union Township 2021 Securities	58,486	18,926	19,490	20,070	0.10%
Upper Township 2023 Securities	298,238	54,559	56,992	186,687	0.49%
Hamilton Township 2019 Securities	44,000	44,000	0	0	0.07%
Village of South Point 2023 Securities	413,270	53,108	54,972	305,190	0.68%
Lawrence Township 2021 Securities	40,800	20,200	20,600	0	0.07%
Windsor Township Securities	12,700	12,700	0	0	0.02%
City of Ironton Securities	74,897	74,897	0	0	0.12%
STAR Ohio	11,526,589	11,526,589	0	0	18.85%
First American Govt Money Market	54,343	54,343	0	0	0.09%
Federal Farm Credit Bank	7,561,435	569,704	712,446	6,279,285	12.36%
Federal Home Loan Bank	7,883,934	774,958	1,200,581	5,908,395	12.89%
Federal National Mortgage Association	1,144,178	197,496	610,356	336,326	1.87%
Federal Home Loan Mortgage Corporation	1,205,116	246,615	440,074	518,427	1.97%
Other Agency Bonds	837,609	0	404,531	433,078	1.37%
Commercial Paper	3,472,515	3,472,515	0	0	5.68%
Corporate Bonds	6,030,947	2,430,380	2,350,737	1,249,830	9.86%
Municipal Bonds	697,163	0	0	697,163	1.14%
Negotiable Certificates of Deposit	2,594,169	494,905	0	2,099,264	4.24%
Treasury Bonds	2,753,412	1,039,900	249,688	1,463,824	4.50%
Treasury Notes	13,161,444	883,014	2,055,700	10,222,730	21.52%
Total	\$61,158,297	\$22,117,450	\$8,267,675	\$30,773,172	100.00%

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County limits their investments to those authorized by State statute. Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association securities, and U.S. Treasury bonds and notes are rated AA+ by S&P. Commercial Paper securities and corporate bonds are rated ranging from A-1 to A-1+ by S&P. Municipal bonds are rated Aa1, Aaa, and Aa2 by Moody's. The First American Government Obligations money market fund and STAR Ohio are rated AAAM by S&P. Other agency bonds, negotiable certificates of deposit, and local government securities are not rated.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy allows investments in U.S Treasury obligations, federal agency obligations, repurchase agreements, commercial paper, bankers' acceptances, municipal obligations, bank deposits, state pool, registered investment companies (mutual funds), corporate bonds, certificates of deposit or within financial institutions with the State of Ohio as designated by the Federal Reserve Board and other investments permitted by the Ohio Revised Code.

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Custodial Credit Risk – Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County’s investments are held in the name of the County.

Component Units

At December 31, 2023, the Lawrence County Land Reutilization Corporation’s carrying amount and bank balance was \$835,392. The entire amount was covered by federal deposit insurance or collateralized by the Ohio Pooled Collateral System.

At December 31, 2023, the Lawrence County Port Authority’s carrying amount of deposits was \$301,519 and the depository balance was \$301,519. The Port Authority’s deposits at year-end consisted entirely of deposits with one financial institution. The depository balance in excess of \$250,000 is not insured by the Federal Deposit Insurance Corporation which totaled \$51,519. Management believes the financial institution has a strong credit rating and credit risk related to these deposits is minimal.

At December 31, 2023, the Lawrence County Transportation Improvement District’s deposit balance was \$12,144 which is held in Lawrence County’s deposit and investment pool.

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 statements of receipts, disbursements and changes in fund balance – budget and actual (budget basis) presented for the general and major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budget basis) rather than as restricted, committed or assigned fund balance (cash basis).
2. Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund and board of developmental disabilities fund on the cash basis.
3. Cash that is held by custodial funds on behalf of County funds on a budget basis are allocated and reported on the cash basis in the appropriate County fund.
4. Cash that is held in bank accounts by individual departments, not yet deposited in the County treasury are allocated and reported on the cash basis in the appropriate County fund.

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

	General Fund	Board of Developmental Disabilities	Motor Vehicle Gasoline Tax	Emergency Medical Services
Budgetary Basis Fund Balances	\$5,943,878	\$6,316,255	\$4,132,642	\$4,083,462
Encumbrances	575,143	0	1,323,027	0
Excluded Funds for Budget Purposes	3,222,703	295,213	0	0
Cash Held in Custodial Funds at Year-End	698,698	409,964	95,696	622,154
Cash Held in Segregated Accounts at Year-End	59,880	0	996	0
Fund Cash Balances	<u>\$10,500,302</u>	<u>\$7,021,432</u>	<u>\$5,552,361</u>	<u>\$4,705,616</u>

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 5 – Property Taxes

Property taxes include amounts levied against all real, and public utility property located in the County. Property tax revenue received during 2023 for real and public utility property taxes represents collection of 2022 taxes.

2023 real property taxes are levied after October 1, 2023 on the assessed value as of January 1, 2023, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2023 real property taxes are intended to finance 2024.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due by 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 property currently is assessed at varying percentages of true value; public utility property is assessed at 35 percent of true value. 2023 public utility property taxes became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 with real property taxes.

The assessed value for the taxes levied in 2023 was \$1,990,301,380 of which real property represented 66 percent (\$1,318,581,870) of the total and public utility property represented 34 percent (\$671,719,510) of the total. The full tax rate for all County operations for taxes collected in 2023 was \$7.60 per \$1,000 of assessed valuation.

The Lawrence County Treasurer collects property tax on behalf of all taxing districts within the County. The Lawrence County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collections of the taxes and remittance of them to the taxing districts are accounted for in various custodial funds of the County.

Note 6 – Permissive Sales and Use Tax

In February 1983, the Tax Commissioners adopted by resolution a one percent Permissive Sales and Use Tax. In April 1998 a one-half percent Permissive Sales and Use Tax, as allowed by Sections 5739.02 and 5742.02, Revised Code was also adopted. Sales and use tax revenue for 2023 amounted to \$11,706,770 and is recorded in the general fund.

Note 7 – 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. By contracting with Buckeye Joint-County Self-Insurance Council for auto, crime, liability and property insurance, the County has addressed these various types of risk.

In the event of losses, the first \$2,500 of any valid claim depending on the type of loss will be paid by the member. The next payment, with a maximum pay range from \$100,000 to \$1,000,000 per occurrence, will come from the self-insurance pool based on the member's percentage of contribution. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments. Lawrence County does not have any ongoing financial interest or responsibility.

Lawrence County
Notes to the Basic Financial Statements
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This jointly governed organization is a cost-sharing pool. Coverage provided to the County by the program is as follows:

Policy Type	Each Occurrence	Deductible
General Liability	\$1,000,000	\$2,500
Errors and Omissions	1,000,000 each occurrence/1,000,000 aggregate	2,500
Law Enforcement	1,000,000	2,500
Auto Liability	1,000,000	2,500
Employers Liability/Stop GAP	1,000,000	2,500
Gross Earnings/Extra Expense	2,500,000	2,500
Electronic Data Processing Equipment	250,000	2,500
Boiler and Machinery	107,394,000	2,500
Inland Marine	4,939,092	2,500
Cyber Extortion	50,000 each occurrence/50,000 aggregate	2,500
Employees Benefits Liability	1,000,000	2,500

Settled claims have not exceeded this commercial coverage in any of the past three years. The County reviewed its coverage and adjusted certain values from the prior year as deemed appropriate.

For 2023, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (see note 12). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

Note 8 – Defined Benefit Pension Plans

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

Net Pension Liability (Asset)/Net OPEB Asset

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

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

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

GASB 68/75 assumes the liability 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.

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

The remainder of this note includes the pension disclosures. See note 9 for the OPEB disclosures.

Ohio Public Employees Retirement System (OPERS)

Plan Description – County employees, other than licensed teachers and other faculty members, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

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

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

	State and Local		Public	Law
	Traditional	Combined	Safety	Enforcement
<i>2023 Statutory Maximum Contribution Rates</i>				
Employer	14.0 %	14.0 %	18.1 %	18.1 %
Employee*	10.0 %	10.0 %	**	***
<i>2023 Actual Contribution Rates</i>				
Employer:				
Pension****	14.0 %	12.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits****	0.0	2.0	0.0	0.0
Total Employer	14.0 %	14.0 %	18.1 %	18.1 %
Employee	10.0 %	10.0 %	12.0 %	13.0 %

*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 at 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Employer contribution rates are actuarially determined within the constraints of statutory limits for each division and are expressed as a percentage of covered payroll.

For 2023, the County's contractually required contribution to OPERS was \$3,412,542 for the traditional plan, \$50,617 for the combined plan, and \$18,142 for the member-directed plan.

State Teachers Retirement System (STRS)

Plan Description – County licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that

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Notes to the Basic Financial Statements
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includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E), the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until Aug. 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

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

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

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benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2023 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2023, the full employer contribution was allocated to pension.

The County's contractually required contribution to STRS Ohio was \$81,373 for 2023.

Pension Liability (Asset)

The net pension liability (asset) for OPERS was measured as of December 31, 2022, and the net pension liability for STRS was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of the respective measurement dates. The County's proportion of the net pension liability (asset) was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability (Asset):				
Current Measurement Date	0.1291918%	0.0670400%	0.0041929%	
Prior Measurement Date	<u>0.1305721%</u>	<u>0.0630920%</u>	<u>0.0039824%</u>	
Change in Proportionate Share	<u>-0.0013803%</u>	<u>0.0039480%</u>	<u>0.0002105%</u>	
Proportionate Share of the:				
Net Pension Liability	\$38,163,302	\$0	\$902,937	\$39,066,239
Net Pension Asset	0	(158,006)	0	(158,006)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67:

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	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	2.75 percent	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2023, then 2.05 percent, simple	3.0 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

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

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 12.1 percent for 2022.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized below:

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Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	22.00 %	2.62 %
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total pension liability for the current year was 6.9 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate The following table presents the County's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 6.9 percent, as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
County's proportionate share of the net pension liability (asset)			
OPERS Traditional Plan	\$57,167,353	\$38,163,302	\$22,355,342
OPERS Combined Plan	(82,459)	(158,006)	(217,880)

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2023 actuarial valuation are presented below:

Inflation	2.50 percent
Projected Salary Increases	From 2.50 percent to 8.50 percent based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent

Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on

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Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

Asset Class	Target Allocation*	Long-Term Expected Rate of Return**
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00 %</u>	

*Final target weights reflected at October 1, 2022.

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

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$1,388,516	\$902,937	\$492,269

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the Public Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the Public Employees Retirement System/State Teachers Retirement System. As of December 31, 2023, no members of the County have elected Social Security. The County's liability is 6.2 percent of wages paid.

Note 9 – Defined Benefit OPEB Plans

Net OPEB Liability (Asset)

See note 8 for a description of the net OPEB liability (asset).

Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees – Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees – Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A – 30 years of qualifying service credit at any age;

Group B – 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C – 32 years of qualifying service credit and minimum age 55; or,

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A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, 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.

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Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a two percent allocation to health care for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2023 was 4.0 percent; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$7,257 for 2023.

State Teachers Retirement System (STRS Ohio)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For 2023, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability (Asset)

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. For STRS, the net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an independent actuarial valuation as of that date. The County's proportion of the net OPEB liability (asset) was based on the County's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Asset:			
Current Measurement Date	0.1230397%	0.0041929%	
Prior Measurement Date	<u>0.1242372%</u>	<u>0.0039824%</u>	
Change in Proportionate Share	<u>-0.0011975%</u>	<u>0.0002105%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$775,789	\$0	\$775,789
Net OPEB Asset	\$0	(\$81,546)	(\$81,546)

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Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases,	2.75 to 10.75 percent
	including wage inflation
Single Discount Rate	5.22 percent
Prior Year Single Discount Rate	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	4.05 percent
Prior Year Municipal Bond Rate	1.84 percent
Health Care Cost Trend Rate	5.5 percent, initial
	3.50 percent, ultimate in 2036
Actuarial Cost Method	Individual Entry Age

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

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

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 15.6 percent for 2022.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a

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discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	2.56 %
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other Investments	6.00	1.84
Total	<u>100.00 %</u>	

Discount Rate – A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 4.05 percent (Fidelity Index's "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, 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 5.22 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 (4.22 percent) or one-percentage-point higher (6.22 percent) than the current rate:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
County's proportionate share of the net OPEB liability (asset)	\$2,640,432	\$775,789	(\$762,846)

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

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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 2023 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	Current Health Care Cost Trend Rate		
	<u>1% Decrease</u>	<u>Assumption</u>	<u>1% Increase</u>
County's proportionate share of the net OPEB asset	\$727,165	\$775,789	\$830,518

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2023 actuarial valuation compared to the prior year are presented below:

	June 30, 2023	June 30, 2022
Projected Salary Increases	Varies by service from 2.50 percent to 8.50 percent	Varies by service from 2.50 percent to 8.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent	3.00 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends:		
Medical:		
Pre-Medicare	7.50 percent initial, 4.14 percent ultimate	7.50 percent initial, 3.94 percent ultimate
Medicare	-10.94 percent initial, 4.14 percent ultimate	-68.78 percent initial, 3.94 percent ultimate
Prescription Drug:		
Pre-Medicare	-11.95 percent initial, 4.14 percent ultimate	9.00 percent initial, 3.94 percent ultimate
Medicare	1.33 percent initial, 4.14 percent ultimate	-5.47 percent initial, 3.94 percent ultimate

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

Healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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Actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected Rate of Return**</u>
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	<u>1.00</u>	1.00
Total	<u>100.00 %</u>	

*Final target weights reflected at October 1, 2022.

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2023.

Sensitivity of the County's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OEPB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
County's proportionate share of the net OPEB asset	(\$69,018)	(\$81,546)	(\$92,456)

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
County's proportionate share of the net OPEB asset	(\$92,963)	(\$81,546)	(\$67,795)

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 10 – Debt Obligations

Primary Government

Under the cash basis of accounting, debt obligations are not reported as a liability in the accompanying basic financial statements. However, information regarding such changes in the County's long-term obligations during 2023 is as follows:

Governmental Activities Long-Term Obligations

	Outstanding 12/31/22	Additions	Deletions	Outstanding 12/31/23	Due in One Year
<i>General Obligation Bonds:</i>					
2019 Center Street Acq Bonds 3.25%	\$389,000	\$0	(\$389,000)	\$0	\$0
2019 BOE Equipment Acq Bonds 3.10%	242,400	0	(242,400)	0	0
2019 Ambulance Acq Bonds 4.00%	53,000	0	(53,000)	0	0
2020 EMS Building Notes 3.175%	567,000	0	(28,000)	539,000	28,000
 Direct Borrowing:					
2018 VP Improvement Bonds 3.76%	3,875,000	0	(180,000)	3,695,000	185,000
Subtotal General Obligation Bonds	5,126,400	0	(892,400)	4,234,000	213,000
 Direct Borrowing:					
Financed Purchase Agreement 2010 5.877%	243,344	0	(73,303)	170,041	77,577
 <i>Total Governmental Long-Term Obligations</i>	<u>\$5,369,744</u>	<u>\$0</u>	<u>(\$965,703)</u>	<u>\$4,404,041</u>	<u>\$290,577</u>

Union-Rome Sewer Fund Obligations

	Outstanding 12/31/22	Additions	Deletions	Outstanding 12/31/23	Due in One Year
<i>OWDA Loans:</i>					
Direct Borrowings:					
2007 OWDA Loan #4781 3.25%	\$16,261,736	\$0	(\$16,261,736)	\$0	\$0
2009 OWDA Loan #5423 1.00%	597,710	0	(597,710)	0	0
2009 OWDA Loan #5424 1.00%	279,800	0	(279,800)	0	0
Subtotal OWDA Loans	17,139,246	0	(17,139,246)	0	0
 <i>OPWC Loan:</i>					
Direct Borrowing:					
2009 OPWC Loan 0.00%	206,250	0	(206,250)	0	0
 <i>General Obligation Bonds:</i>					
2020 Sewer Improvement Bonds 3.10%	1,268,000	0	(1,268,000)	0	0
 <i>Total Union-Rome Sewer Fund Obligations</i>	<u>\$18,613,496</u>	<u>\$0</u>	<u>(\$18,613,496)</u>	<u>\$0</u>	<u>\$0</u>

The Center Street Building Acquisition Bonds Series 2019 in the amount of \$415,000 were issued in October 2019 with a final maturity date of October 2049. These bonds were paid in full from the 415 Center Street building debt service fund during 2023.

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

The Board of Elections Equipment Acquisition Bonds Series 2019 in the amount of \$331,500 were issued in October 2019 with a final maturity date of October 2029. These bonds were repaid in full from the 2019 BOE equipment debt service fund during 2023.

The Ambulance Acquisition Bonds Series 2019 in the amount of \$200,000 were issued in May 2019 with a final maturity date of May 2023. These bonds were repaid in full from the 2019 ambulance debt service fund during 2023.

The EMS Building Improvement Bonds Series 2020 in the amount of \$620,000 were issued in July 2020 with a final maturity date of July 2038. These bonds will be repaid from the Rock Hill EMS Station debt service fund.

The Various Purpose Improvement Bonds Series 2018 in the amount of \$4,060,000 were issued in December 2018 with a final maturity of December 2038. These bonds will be repaid from the general debt service fund.

Financed Purchase

The County entered into a financed purchase agreement in February 2010 in the amount of \$820,522 for the purpose of various energy conservation improvements. In 2012, an addition was made to this financed purchase in the amount of \$215,000. Under financed purchase agreements ownership of underlying assets transfer to the County by the end of the contract. The finance purchase agreement is being retired from the debt service fund, with the final payment made in 2019 on the 2012 portion of the agreement. The original balance will mature in February 2025.

Default Stipulations for Direct Borrowings and Remedies

In accordance with the lease agreement, upon the occurrence of an event of default, the lessor may, at its sole discretion, exercise any or all of the following remedies: 1) enforce the agreement by appropriate action to collect amounts due or to become due thereunder, by acceleration or otherwise, or to cause lessee to perform its other obligations thereunder in which event lessee shall be liable for all costs and expenses incurred by lessor; 2) enter upon lessee's premises and take possession of the equipment, without demand or notice and without court order or any process of law, and remove the same and re-lease or otherwise dispose of the equipment for lessee's account, in which event lessee waives any and all damages resulting therefrom and shall be liable for all costs and expenses, incurred by lessor in connection therewith and the difference, if any, between the amounts to be paid pursuant to paragraph 2 of the lease agreement and the amounts received and to be received by lessor in connection with any such re-letting; 3) terminate the agreement and repossess the equipment, in which event lessee shall be liable for any amounts payable thereunder through the date of such termination and all costs and expenses incurred by lessor in connection therewith; or 4) pursue and exercise any other remedy available at law or in equity, in which event lessee shall be liable for any and all costs and expenses incurred by lessor in connection therewith. In addition, as provided in paragraph 2 of the lease agreement, under no circumstances shall lessee be liable, under the Default and Lessor's Remedies paragraph, subsection (b) of the lease agreement, for any amount in excess of the sum appropriated for the previous and current fiscal years, less all amounts previously due and paid during such previous and current fiscal years from amounts so appropriated. Further, if lessee fails to pay any rental payment and such failure constitutes an event of default according to section 13(a)(i) of the lease agreement, lessee shall pay to lessor interest on such delinquent payment from the due date until paid at the highest legal rate per annum available under State law.

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Annual debt service requirements to maturity for general obligation debt are as follows:

Year Ending December 31,	General Obligation Principal	General Obligation Interest	Financed Purchase Agreement Principal	Financed Purchase Agreement Interest
2024	\$213,000	\$152,567	\$77,577	\$9,423
2025	225,000	144,534	92,464	5,162
2026	230,000	136,156	0	0
2027	242,000	127,495	0	0
2028	247,000	118,489	0	0
2029-2033	1,399,000	444,843	0	0
2034-2038	1,678,000	162,541	0	0
Total	<u>\$4,234,000</u>	<u>\$1,286,625</u>	<u>\$170,041</u>	<u>\$14,585</u>

The County received an OWDA Loan (#4781) dated 2007 for Union Rome Wastewater Treatment Plant improvements in the total amount of \$24,740,171. This loan originally had a 30 year payment period to be paid off in July 2040.

The County received two OWDA loans to assist with the Union Rome Collection System Rehabilitation project. The first loan was for a total amount of \$2,002,432 and was repaid with ARRA principal forgiveness grants in prior years. The second loan (#5423) was for a total amount of \$1,329,787 with an original 20 year payment period to be paid off 2031.

The County received two OWDA loans to assist with the Union Rome Wastewater Treatment Plant Biosolids project. The first loan was for a total amount of \$732,403 and was repaid with ARRA principal forgiveness grants in prior years. The second loan (#5424) was for a total amount of \$622,500 with an original 20 year payment period to be paid off in July 2031.

The County received an Ohio Public Works Commission loan in 2009 in the amount of \$550,000 for wastewater treatment plant improvements. This loan was set to mature in January 2030.

The Sewer Improvement Bonds Series 2020 in the amount of \$1,540,000 were issued in February 2020 with a final maturity date set in March 2030.

During 2023, the County sold the Union-Rome Sewer to Aqua Ohio Wastewater, Inc. in the amount of \$25,503,225 and all above related debt was paid in full.

At December 31, 2023, the County's overall legal debt margin was \$48,257,535 with an unvoted debt margin of \$19,903,014.

Component Units

Lawrence County Port Authority

On March 18, 2021, the Port Authority entered into a loan agreement with Citizens Deposit Bank (now Peoples Bank). The Loan Agreement was for \$224,063 for twenty years and is collateralized by an open-end mortgage on the property. The terms of the note provide, among other things, for repayment in equal monthly installments including principal at 4.0% initial interest. The note matures in April 2041. The balance outstanding at December 31, 2023 was \$203,248.

Lawrence County
Notes to the Basic Financial Statements
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On December 12, 2022, the Port Authority entered into a loan agreement with The Ohio Valley Bank. The loan agreement was for \$250,000 for twenty years and is collateralized by assignment of leases and rents. The terms of the note provide, among other things, for repayment in equal monthly payments including principal and initial interest which is indexed at the 5 year treasury index plus 3.125%. The note matures in December 2042. The balance outstanding at December 31, 2023 was \$244,085.

On April 12, 2023, the Port Authority entered into a loan agreement with Ironton-Lawrence County Community Action Organization, Inc. (ILCAO). The loan agreement is for \$50,000 for 90 days with 0% interest. The note was repaid in full on May 31, 2023.

On September 18, 2023, the Port Authority entered into a loan agreement with Ironton-Lawrence County Community Action Organization, Inc. (ILCAO). The loan agreement is for \$167,000 for five years with 0% interest. The note matures with a balloon payment in September 2028. The balance outstanding at December 31, 2023 was \$167,000.

In addition to the notes payable noted above, the Port Authority also has significant balances due to affiliates as follows: Ironton Lawrence County Area Community Action Organization, Inc. (\$445,336), City of Ironton (\$500,000), Lawrence County (\$500,000), and Lawrence Economic Development Corporation (\$202,843).

Lawrence County Land Reutilization Corporation

The Corporation entered into an interest free loan agreement with Lawrence County. This loan had an outstanding balance of \$630,446 at December 31, 2023. The Corporation borrowed an additional \$109,990 during 2023 and paid \$111,031 in principal during 2023.

Note 11 – Jointly Governed Organizations

Adams, Lawrence, Scioto Alcohol, Drug Addiction, and Mental Health Services (ADAMH) Board

The ADAMH Board is responsible for the delivery of comprehensive mental health and substance abuse services in Adams, Lawrence, and Scioto Counties. The Board provides no direct services but contracts for their delivery. The Board's function is to assess needs, and to plan, monitor, fund, and evaluate the services provided. The Board is managed by eighteen members, two appointed by the Commissioners of Adams County; three by the Commissioners of Lawrence County; five by the Commissioners of Scioto County; four by the Ohio Department of Alcohol and Drug Addiction Services; and four by the Ohio Department of Mental Health.

Each participating county's influence is limited to the number of members each appoints to the Board. The Board exercises total control of the budgeting, appropriation, contracting, and management. Revenues are provided by state and federal grants awarded to the multi-county board. Continued existence of the Board is not dependent on the County's continued participation, no debt exists, and the County does not have an equity interest in the Board.

Private Industry Council (PIC)

The PIC is a jointly governed organization consisting of representatives from the private and public sectors of Athens, Gallia, Hocking, Lawrence, Meigs, Perry, and Vinton Counties appointed by the County Commissioners from each county. The advisory council is the Governing Board of the PIC. The Board sets policies for the private industry council. State grants are received from the Ohio Department of Job and Family Services in the name of the Ironton-Lawrence County Community Action Organization, which acts as the council's administrative agent. The grants are disbursed among the participating counties based on population. The County does not have any financial interest or responsibility. No contributions were provided to the Board by Lawrence County during 2023.

Ironton-Lawrence County Community Action Organization (CAO)

The CAO is an IRS 501(c)(3) non-profit organization established to plan, develop, and coordinate programs and services designed to combat problems of poverty and seek the elimination of the conditions of poverty that affect the residents of Lawrence County. The CAO administers Community Development and Litter Control Block Grants for Lawrence County as well as similar grants for the City of Ironton. The CAO Board is comprised of public officials from the County, municipalities, villages, and townships within the County. Other members are representatives of the poor in the area served and officials or members of the private sector of the community. The CAO controls its own operations and budget. In 2023, the County paid the CAO \$226,797 for various services which include: provision of workforce investment act services, residential development services, the planning commission, and floodplain management. Additionally, the County paid Choices, Inc., whose properties, liabilities and assets are now managed by the CAO, \$8,744 during 2023.

The KYOVA Interstate Planning Commission

The KYOVA Interstate Planning Commission was established by joint resolution adopted by the State of West Virginia and Ohio. The objectives and policies of the Commission are prescribed in the West Virginia State Code, Chapter 8, Article 4C-4 and the Ohio Revised Code, Section 713.30 et seq. Membership is comprised of elected or appointed county and municipal officials or their officially appointed designees as determined by the three county governing bodies of Cabell and Wayne Counties, West Virginia, and Lawrence County, Ohio, and by the governing bodies of the cities of Huntington, West Virginia, and Ironton, Ohio. The Commission is not dependent upon Lawrence County for its continued existence. In 2023, the County paid \$33,094 in dues to the Commission.

Ohio Valley Regional Development Commission

The Ohio Valley Regional Development Commission is a jointly governed organization that serves a twelve-county economic development planning district in southern Ohio.

The Commission was formed to influence favorably the future economic, physical and social development of Adams, Brown, Clermont, Fayette, Gallia, Highland, Jackson, Lawrence, Pike, Ross, Scioto, and Vinton Counties. Membership is comprised of elected and appointed county, municipal and township officials or their officially appointed designees, as well as members of the private sector, community action agencies and regional planning commissions. The Commission is not dependent upon Lawrence County for its existence. In 2023, the County made \$21,648 in contributions to the Commission.

Note 12 – Public Entity Shared Risk Pools

Buckeye Joint-County Self-Insurance Council

The Buckeye Joint-County Self-Insurance Council is a public entity shared risk pool that serves Athens, Hocking, Jackson, Lawrence, Meigs, Monroe, Morgan, Noble, Perry, Pike, Vinton, and Washington Counties. The Council was formed as an Ohio non-profit corporation for the purpose of establishing a shared risk pool to provide general liability, law enforcement, professional, and fleet insurance. Member counties provide operating resources to the Council based on actuarially determined rates. The degree of control exercised by any participating government is limited to its representation on the Board. The Governing Board is composed of at least one County Commissioner from each of the participating counties. The Governing Board annually elects officers which include a President, Vice President, Second Vice President and two Governing Board Members. The expenditures and investment of funds by the officers must be approved by the Governing Board unless specific limits have been set by the Governing Board to permit otherwise.

Lawrence County does not have any ongoing financial interest or responsibility. The agreement between the County and the Council indicates that a voluntary withdrawal or termination by the County shall constitute a forfeiture of

Lawrence County
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any pro rata share of the Council reserve fund. In the event of the termination of the Council, current members shall be paid in an amount they have contributed to the Council as of the last month of the Council's existence. Current calculation of the potential residual interest is therefore not possible. During 2023, Lawrence County paid \$322,649 to the Council for basic insurance coverage and claims.

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 13 – Joint Venture

The Scioto-Lawrence Counties Joint Solid Waste District

The Scioto-Lawrence Counties Joint Solid Waste District is jointly operated by Scioto and Lawrence Counties for the purpose of making disposal of waste in the two-county area more comprehensive in terms of recycling, incinerating and landfill. The Board of Directors consists of nine members, including one County Commissioner from each County.

Lawrence County contributed \$392,220 to the District during 2023. The Joint Venture was funded by Special Assessment monies collected. Continued existence of the District is dependent upon the County's continued participation; however, the County does not have an equity interest in the District. The District is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on the County.

Note 14 – Related Organization

Briggs-Lawrence County Public Library

The Briggs-Lawrence County Public Library is statutorily created as a separate and distinct political subdivision of the State. The Library is governed by a six member Board of Trustees appointed by the Judge of the Court of Common Pleas. While the County Budget Commission approves the budget and any tax levies the Library desires to place on the ballot, these are ministerial functions. The Trustees adopt their own appropriations, hire and fire their own staff, authorize the Library expenditures and do not rely on the County to finance deficits.

Note 15 – Contingent Liabilities

Primary Government

The County received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

on the overall financial position of the County at December 31, 2023, if applicable, cannot be determined at this time, except as disclosed in the following paragraph.

The County is currently party to legal proceedings. However, management is of the opinion that the ultimate outcome of those proceedings will not have a material adverse effect on the County's financial position.

Component Units

Currently, there is no pending litigation against the Lawrence County Port Authority, the Lawrence County Transportation Improvement District or the Lawrence County Land Reutilization Corporation.

Note 16 – Interfund Activity

Interfund Transfers

	Transfers In	Transfers Out
<i>Major Funds</i>		
General Fund	\$26,573	\$4,841,769
Motor Vehicle Gasoline Tax Fund	0	880,536
Emergency Medical Services Fund	0	1,001,122
 All Other Governmental Funds	 9,077,094	 2,380,240
Total All Funds	<u>\$9,103,667</u>	<u>\$9,103,667</u>

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; to segregate money for anticipated capital projects; to provide resources for current operations; or to service debt. Transfers into the general fund where as a result of a court order. Transfers from the motor vehicle gasoline tax fund, the emergency medical services fund, and other governmental funds to other governmental funds were for debt service and capital improvement projects. All transfers were done in accordance with the Ohio Revised Code.

Note 17 – Related Party Transactions

Lawrence County Land Reutilization Corporation (the Corporation), a component unit of Lawrence County, entered into a reimbursement agreement with the County. The agreement provided that Lawrence County would incur costs related to County employees working on the land bank operations and other operational start up costs up front and those costs would be reimbursed to the County once the Corporation was financially able. As of December 31, 2023, the total balance was \$630,446. The amounts related to the services provided are expected to be repaid as the Corporation has available resources. The liability or related receivable have not been recorded in the accompanying financial statements as these statements are reported on the cash basis.

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Lawrence County Commissioners to receive 5 percent of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that are deposited into the County's Delinquent Tax Assessment Collection fund and will be available for appropriation by the Corporation to fund operations. Lawrence County paid a total of \$183,847 to the Corporation in DTAC funds in 2023.

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 18 – Fund Balances

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

Fund Balances	General	Board of Developmental Disabilities	Motor Vehicle Gasoline Tax	Emergency Medical Service	Nonmajor Funds	Total Governmental Funds
<i>Nonspendable</i>						
Unclaimed Monies	\$445,090	\$0	\$0	\$0	\$0	\$445,090
<i>Restricted</i>						
Developmental Disabilities	0	7,021,432	0	0	0	7,021,432
Motor Vehicle and Gas Tax	0	0	5,552,361	0	0	5,552,361
Emergency Medical Service	0	0	0	4,705,616	0	4,705,616
Court Development	0	0	0	0	317,879	317,879
Treasurer Delinquent Taxes	0	0	0	0	276,242	276,242
Indigent Drivers	0	0	0	0	190,223	190,223
Law Library	0	0	0	0	80,629	80,629
Juvenile/Probate Spec. Proj.	0	0	0	0	134,050	134,050
Concealed Handgun Law	0	0	0	0	109,458	109,458
Drug Law Enforcement	0	0	0	0	87,897	87,897
Sheriff Continuing Education	0	0	0	0	83,915	83,915
CP Ct. In-House Mediation	0	0	0	0	299,802	299,802
County Ct. Computerization	0	0	0	0	300,296	300,296
Clk. of Cts. Computerization	0	0	0	0	118,677	118,677
Electronic Monitoring	0	0	0	0	101,008	101,008
911 Emergency	0	0	0	0	116,672	116,672
Juvenile Ct. IV-D	0	0	0	0	188,590	188,590
Recorder Special Projects	0	0	0	0	420,986	420,986
Supervisory Fees	0	0	0	0	161,187	161,187
T Cap	0	0	0	0	583,910	583,910
CP Re-entry Grant	0	0	0	0	79,862	79,862
Healthy Aging Grant	0	0	0	0	321,216	321,216
Probate and Juvenile Court	0	0	0	0	241,208	241,208
Wireless 911 Assistance	0	0	0	0	125,538	125,538
Technology Grant	0	0	0	0	131,717	131,717
American Rescue Plan	0	0	0	0	490,208	490,208
LATCF	0	0	0	0	481,824	481,824
One Opiod	0	0	0	0	254,601	254,601
Juvenile Court IV-E	0	0	0	0	152,164	152,164
Job and Family Services	0	0	0	0	375,918	375,918
Real Estate Assessment	0	0	0	0	1,099,468	1,099,468
Rehab	0	0	0	0	106,849	106,849
Care and Custody	0	0	0	0	219,180	219,180
Children Services	0	0	0	0	704,362	704,362
Child Support	0	0	0	0	2,036,204	2,036,204
Tax Claim Administration	0	0	0	0	280,975	280,975
Prosecutor	0	0	0	0	138,453	138,453
Debt Service	0	0	0	0	109,346	109,346

Lawrence County
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For the Year Ended December 31, 2023

Fund Balances	General	Board of Developmental Disabilities	Motor Vehicle Gasoline Tax	Emergency Medical Services	Nonmajor Funds	Total Governmental Funds
Capital Projects	\$0	\$0	\$0	\$0	\$11,673,998	\$11,673,998
Other Purposes	0	0	0	0	1,246,447	1,246,447
Total Restricted	0	7,021,432	5,552,361	4,705,616	23,840,959	41,120,368
<i>Committed</i>						
Capital Projects	0	0	0	0	636,962	636,962
Other Purposes	0	0	0	0	26,665	26,665
Total Committed	0	0	0	0	663,627	663,627
<i>Assigned</i>						
Future Appropriations	3,079,805	0	0	0	0	3,079,805
Purchases on Order	590,004	0	0	0	0	590,004
Other Purposes	1,069,174	0	0	0	0	1,069,174
Total Assigned	4,738,983	0	0	0	0	4,738,983
Unassigned	5,316,229	0	0	0	0	5,316,229
Total Fund Balances	\$10,500,302	\$7,021,432	\$5,552,361	\$4,705,616	\$24,504,586	\$52,284,297

Note 19 – Significant Commitments

Contracts

At December 31, 2023, the County had the following significant contractual commitments in place.

Contractor/Contract	Contract Amount	Amount Paid as of 12/31/23	Unpaid Balance
Allard Excavation	\$2,863,700	\$170,000	\$2,693,700
The Shelly Company	1,702,213	0	1,702,213

Encumbrances

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

<i>Major Governmental Funds:</i>	
General	\$590,004
Motor Vehicle Gasoline Tax	1,323,027
Nonmajor Governmental Funds	4,342,867
All Governmental Funds	<u>\$6,255,898</u>

Lawrence County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 20 – Compliance

The 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. Contrary to this requirement, the County elects to prepare its annual financial report in accordance with the cash basis of accounting. The County also did not file its annual financial report within sixty days as required by Ohio Revised Code Section 117.38 for cash basis entities.

Note 21 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. The County will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Note 22 – Sale of Operations

On December 27, 2022, the County entered into an agreement with Aqua Ohio Wastewater, Inc., which were subject to amendments on February 25, 2023 and March 24, 2023, to the sale of the Union Rome Sewer operation. As a result of the sale of operations, the County recognized a special item for proceeds received from the sale in the amount of \$25,503,225. From these proceeds, the County repaid outstanding Ohio Water Development Authority loans in the amount of \$17,139,246, Ohio Public Works Commission loans in the amount of \$206,250, and its 2020 Sewer Improvement Bonds in the amount of \$1,268,000, all of which related to Union Rome Sewer.

Note 23 – Subsequent Event

In May of 2024, the County issued building improvement bonds in the amount of \$6,579,000. These bonds are to be used to remodel various departments within the County.

Lawrence County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Grantor <i>Pass-Through Grantor</i> Cluster/Program Title	Federal AL Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
United States Department of Agriculture			
<i>Passed Through Ohio Department of Education:</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$27,951
National School Lunch Program	10.555	N/A	49,577
National School Lunch Program-Noncash Assistance	10.555	N/A	2,920
Total Child Nutrition Cluster			80,448
<i>Passed Through Ohio Department of Job and Family Services:</i>			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-2223-11-6947	85,869
COVID-19 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-2223-11-6947	28,000
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-2425-11-6156	38,168
Total SNAP Cluster			152,037
<i>Direct from the Federal Government:</i>			
Law Enforcement Agreements	10.704	N	4,320
Total United States Department of Agriculture			236,805
United States Department of Housing and Urban Development			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-D-21-1BN-1	452,674
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-F-21-1BN-1	164,600
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			617,274
Total United States Department of Housing and Urban Development			617,274
United States Department of Justice			
<i>Passed through the State of Ohio Attorney General:</i>			
Crime Victim Assistance:			
Crime Victim Assistance	16.575	2023-VOCA-135106864	46,391
Crime Victim Assistance	16.575	2024-VOCA-135499881	14,970
Total Crime Victim Assistance			61,361
<i>Passed Through Ohio Department of Public Safety-Office of Criminal Justice Services:</i>			
Edward Byrne Memorial Justice Assistance Grant Program:			
Lawrence Drug and Major Crimes Task Force	16.738	2022-JG-A01-6284	18,634
Total Edward Byrne Memorial Justice Assistance Grant Program			18,634
Comprehensive Opioid, Stimulant, and Other Substances Use Program:			
Lawrence County DTF/Quick Response Team	16.838	2021-CS-LEF-507A	164,362
Total Comprehensive Opioid, Stimulant, and Other Substances Use Program			164,362
Total United States Department of Justice			244,357
United States Department of Transportation			
<i>Direct from the Federal Government:</i>			
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs:			
COVID-19 Airport Improvement Program	20.106	N	151
COVID-19 Airport Improvement Program	20.106	N	54
Airport Improvement Program	20.106	N	26,865
Airport Improvement Program	20.106	N	47,398
Airport Improvement Program	20.106	N	18,832
Total Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs			93,300
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction:			
Highway Planning and Construction-LAW TID-US52/SR243-J&C	20.205	PID #106508	313,250
Total Highway Planning and Construction			313,250

(continued)

Lawrence County
Schedule of Expenditures of Federal Awards (continued)
For the Year Ended December 31, 2023

Federal Grantor	Federal	Pass-Through Entity	Total
<i>Pass-Through Grantor</i>	AL	Identifying Number	Federal
Program Title	Number		Expenditures
<i>Passed Through Ohio Emergency Management Agency:</i>			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	693JK32240034HMEP	\$6,076
Total United States Department of Transportation			412,626
United States Department of the Treasury			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds:			
<i>Passed Through Ohio Department of Public Safety-Office of Criminal Justice Services:</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds-Pandemic Impact Reduction Rescue	21.027	2022-AR-CCB-1128	142,193
COVID-19 Coronavirus State and Local Fiscal Recovery Funds-Lawrence Drug and Major Crimes	21.027	2022-AR-LEP-1040	8,215
<i>Passed Through Ohio Department of Job and Family Services:</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds-Medicaid Unwinding Regular	21.027	G-2223-11-6947	360,600
<i>Direct from the Federal Government:</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N	758,769
Total COVID-19 Coronavirus State and Local Fiscal Recovery Funds			1,269,777
Total United States Department of the Treasury			1,269,777
United States Department of Education			
<i>Passed Through Ohio Department of Education:</i>			
Special Education Cluster (IDEA):			
Special Education Grants to States	84.027	N/A	54,213
Special Education Preschool Grants	84.173	N/A	14,927
Total Special Education Cluster (IDEA)			69,140
Education Stabilization Fund:			
COVID-19 Governor's Emergency Education Relief (GEER) Fund	84.425C	N/A	775
Total Education Stabilization Fund			775
Total United States Department of Education			69,915
United States Department of Health and Human Services			
<i>Passed Through Ohio Department of Job and Family Services:</i>			
Temporary Assistance for Needy Families (TANF):			
Temporary Assistance for Needy Families	93.558	G-2223-11-6947	1,596,065
Temporary Assistance for Needy Families	93.558	G-2425-11-6156	165,538
Total Temporary Assistance for Needy Families (TANF)			1,761,603
Child Support Services:			
Child Support Services	93.563	G-2223-11-6947	403,835
Child Support Services	93.563	G-2425-11-6156	165,111
Total Child Support Services			568,946
CCDF Cluster:			
Child Care and Development Block Grant	93.575	G-2223-11-6947	65,880
Child Care and Development Block Grant	93.575	G-2425-11-6156	24,809
Total CCDF Cluster			90,689
Foster Care Title IV-E:			
Foster Care Title IV-E	93.658	G-2223-11-6947	638,522
Foster Care Title IV-E	93.658	G-2425-11-6156	198,314
Total Foster Care Title IV-E			836,836
Adoption Assistance	93.659	G-2223-11-6947	3,732
Social Services Block Grant:			
<i>Passed Through Ohio Department of Job and Family Services:</i>			
Social Services Block Grant	93.667	G-2223-11-6947	708,987
Social Services Block Grant	93.667	G-2425-11-6156	239,724
<i>Passed Through Ohio Department of Developmental Disabilities:</i>			
Social Services Block Grant	93.667	2301OHSOSR	38,758
Total Social Services Block Grant			987,469

(continued)

Lawrence County
Schedule of Expenditures of Federal Awards (continued)
For the Year Ended December 31, 2023

Federal Grantor	Federal	Pass-Through Entity	Total
<i>Pass-Through Grantor</i>	AL	Identifying Number	Federal
Program Title	Number		Expenditures
<i>Passed Through Ohio Department of Job and Family Services:</i>			
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G-2425-11-6156	\$870
COVID-19 Elder Abuse Prevention Interventions Program	93.747	G-2223-11-6947	44,691
Medicaid Cluster:			
Medical Assistance Program	93.778	G-2223-11-6947	721,636
Medical Assistance Program	93.778	G-2425-11-6156	145,035
Total Medicaid Cluster			<u>866,671</u>
Total United States Department of Health and Human Services			5,161,507
United States Department of Homeland Security			
<i>Passed Through Ohio Department of Natural Resources Division of Parks and Watercraft:</i>			
Boating Safety Financial Assistance	97.012	70Z02322MO0000873	16,457
<i>Passed Through Ohio Emergency Management Agency:</i>			
Emergency Food and Shelter National Board Program:			
Emergency Food and Shelter National Board Program	97.024	FEMA-DR-4360-OH	380,536
Emergency Food and Shelter National Board Program	97.024	FEMA-DR-4424-OH	121,685
Total Emergency Food and Shelter National Board Program			<u>502,221</u>
Emergency Management Performance Grants	97.042	EMC-2022-EP-00006	<u>24,277</u>
Total United States Department of Homeland Security			<u>542,955</u>
Total Federal Awards Expenditures			<u><u>\$8,555,216</u></u>

N - direct from federal government.

N/A - pass-through entity number not available.

See the accompanying notes to the schedule of expenditures of federal awards .

Lawrence County
2 CFR 200.510(b)(6)
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Lawrence County (the County) under programs of the federal government for the year ended December 31, 2023. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position of the County.

Note 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.

Note 3 – Indirect Cost Rate

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

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 – Food Donation

The County reports commodities consumed on the schedule at the entitlement value. The County allocated donated food commodities to the respective program(s) that benefitted from the use of those donated food commodities.

Note 6 – Child Nutrition Cluster

The County commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this schedule, the County assumes it expends federal monies first.

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
Lawrence County
111 South Fourth Street
Ironton, Ohio 45638

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lawrence County, Ohio (the County) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 24, 2024, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the County. This report does not include the results of the testing of internal control over financial reporting or compliance and other matters that are reported on separately for the discretely presented component units.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the 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 were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-002 and 2023-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

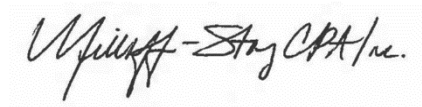
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002.

County's Response to Finding

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

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.
Wheelersburg, Ohio

October 24, 2024

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

Independent Auditor's Report

Lawrence County
111 South Fourth Street
Ironton, Ohio 45638

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the compliance of Lawrence County, Ohio, (the County) with the types of compliance requirements identified as subject to audit 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, 2023. 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.

Qualified Opinion on the Assistance Listing (AL) No. 21.027 Coronavirus State and Local Fiscal Recovery Funds Program

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinion section of our report, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the AL No. 21.027 Coronavirus State and Local Fiscal Recovery Funds Program for the year ended December 31, 2023.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2023.

Basis for Qualified and Unmodified Opinions

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

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

Matter Giving Rise to Qualified Opinion on the AL No. 21.027 Coronavirus State and Local Fiscal Recovery Funds Program

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding Assistance Listing No. 21.027 Coronavirus State and Local Fiscal Recovery Funds Program as described in finding number 2023-004 for Procurement, Suspension, and Debarment.

Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-004 to be a material weakness.

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

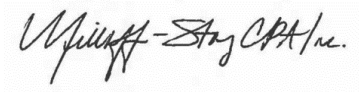
Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Lawrence County

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

Page 4

A handwritten signature in black ink, appearing to read "Millhuff-Stang CPA/Inc.", is written over a light gray rectangular background.

Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

October 24, 2024

Lawrence County
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Year Ended December 31, 2023

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?	Yes
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:	Qualified – COVID-19 Coronavirus State and Local Fiscal Recovery Funds (AL #21.027) Unmodified - TANF (AL #93.558), Medicaid Cluster (AL #93.778)
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
Identification of major program(s):	COVID-19 Coronavirus State and Local Fiscal Recovery Funds (AL #21.027) TANF (AL #93.558), Medicaid Cluster (AL #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 2023-001

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,

Lawrence County
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Year Ended December 31, 2023

Finding 2023-001 – Noncompliance – Annual Financial Reports (Continued)

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.

Client Response:

See corrective action plan.

Finding 2023-002 – Noncompliance/Material Weakness – Title Reconciliation

Ohio Revised Code Section 2335.25 states that each clerk of a court of record, the sheriff, and the prosecuting attorney shall enter in a journal or cashbook, provided at the expense of the county, an accurate account of all moneys collected or received in his official capacity, on the days of the receipts, and in the order of time so received, with a minute of the date and suit, or other matter, on account of which the money was received. The cashbook shall be a public record of the office, and shall, on the expiration of the term of each such officer, be delivered to his successor in office. The clerk shall be the receiver of all moneys payable into his office, whether collected by public officers of the court or tendered by other persons and, on request, shall pay the moneys to the persons entitled to receive them. The clerk of the court of common pleas or of the county court may deposit moneys payable into his office in a bank or building and loan association, as defined in section 1151.01 of the Revised Code, subject to section 131.11 of the Revised Code.

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Clerk of Courts Title Office Clerk is responsible for reconciling the Clerk of Courts book (fund) balance to the total bank balance on a monthly basis, and the Clerk of Courts is responsible for reviewing the reconciliations and related support.

The Clerk of Courts uses one checking account to account for the disbursement and depository activity of the Court's activities. We identified the following conditions related to the Clerk of Courts book to bank reconciliation process:

- The Deputy Clerk of Courts prepared monthly cash reconciliations for the checking account which consisted of a month end bank balance, reconciling items (outstanding checks and deposits in transit), and a calculated amount due to the County; this calculated amount due to the County reconciles to the monthly County Remittance Summary, but there are several unexplainable additions and subtractions to produce this balance.
- The Clerk of Courts does not maintain a cash book with a running cash balance that could be used in the reconciliation process.
- There was no evidence that the cash balance is reconciled monthly to open items.
- There was no evidence that anyone in the Clerk of Courts Office reviewed and approved the monthly calculation of book balances for the checking account under the control of the Clerk of Courts. Also, there was no evidence of an appropriate reconciliation of the cash book balances to the bank statements.

Lawrence County
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Year Ended December 31, 2023

Finding 2023-002 – Noncompliance/Material Weakness – Title Reconciliation (Continued)

In addition, the Clerk of Courts Office included on its reconciliation a list of outstanding checks. However, this listing was not true outstanding checks as many of the disbursements had not been authorized to be electronically transferred as of December 31, 2023. The balance utilized by the County in the compilation of the financial statements was the bank balance and therefore was overstated by the actual outstanding checks.

Failure to maintain an appropriate cash book with a running cash balance results in insufficient record-keeping to allow for proper reconciliation processes. Failure to prepare complete and accurate reconciliations between the cash book balances, the bank statements, and the open items increases the possibility that the Clerk of Courts will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could allow other irregularities to go undetected.

We recommend that the Clerk of Courts implement the use of a cash book, complete with a running cash balance. Additionally, a reconciliation process should be implemented to account for the difference between the cash balances in the cash book and the cash balance according to the bank statement. We also recommend a reconciliation process be implemented to reconcile the bank balance and the open items. We recommend the preparers of reconciliations sign and date when the reconciliation is completed and that any variance between the reconciled cash book balance and the bank statement activity be timely investigated, documented and corrected by the Clerk of Courts. We further recommend that management review and approve in writing all cash reconciliations prepared for the checking account under the control of the Clerk of Courts.

Client Response:

See corrective action plan.

Finding 2023-003 –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 testing it was noted all budgeted amounts tested were properly approved and input into the County's accounting system, however the financial budgetary statement omitted a \$2,929,060 entry for transfers out in the original budgeted amount in the general fund.

The County should implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the basic financial statements prior to filing them in the Hinkle system.

Lawrence County
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Year Ended December 31, 2023

Section III – Federal Award Findings and Questioned Costs

ALN Title and Number	COVID-19 Coronavirus State and Local Fiscal Recovery Funds, AL #21.027		
Federal Award Number and Year	2023		
Federal Agency	United States Department of the Treasury		
Pass-Through Entity	N/A		
Repeat Finding from Prior Audit?	No	Finding Number (if repeat)	N/A

Finding 2023-004 – Noncompliance/Material Weakness – Suspension, and Debarment

31 CFR 19 gives regulatory effect to the Department of Treasury for 2 CFR Section 180.305 which states that Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred, unless the Federal agency responsible for the transaction grants an exception under 2 CFR Section 180.135. “Covered transactions” include nonprocurement or procurement transactions at the primary tier, between a Federal agency and a person; or at the lower tier, between a participant in a covered transaction and another person. Procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) are covered transactions if the contracts are expected to equal or exceed \$25,000 or meet certain other specified criteria outlined in 2 CFR § 180.220s. All nonprocurement transactions (i.e. subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless listed in the exemptions in 2 CFR § 180.215.

When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity, as defined in 2 CFR 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by:

- (1) checking the System for Award Management (Sam.gov),
- (2) collecting a certification from the entity, or
- (3) adding a clause or condition to the covered transaction with that entity (2 CFR 180.300).

The County did not have the proper internal controls in place to verify that all entities, with whom the County had entered into covered transactions, had not been suspended or debarred. Due to the deficient internal control structure, the required verification was not completed for all covered transactions in the Coronavirus State and Local Fiscal Recovery Funds tested during Fiscal Year 2023. These covered transactions had a payment to a vendor of equal or greater than \$25,000 and there was no evidence the County checked the SAM exclusions, collected a certification from the entity, or added a clause or condition to the covered transaction with the vendor.

Failing to have the appropriate internal controls in place may result in suspended or debarred vendors receiving federal funds.

Prior to contracting with vendors that will be paid with federal funds, the County should verify the vendor is not suspended or debarred by checking the SAM exclusions, collecting a certification from the vendor, or adding a clause or condition to the covered transaction with the vendor.

Client Response:

See accompanying corrective action plan.

Lawrence County Auditor

Paul David Knipp

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Corrective Action Plan

2 CFR Section 200.511(c)

For the Year Ended December 31, 2023

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2023-001	The County plans to continue to file OCBOA statements as it isn't financially sound for us to do otherwise.	Unknown	Auditor
2023-002	The County is working to solve the problem.	Unknown	Clerk of Courts
2023-003	It was an error in how we reported the information to our compiler. We already have a plan in place to keep this from happening in the future.	Unknown	Auditor
2023-004	The County will implement procedures to ensure this isn't an issue in the future.	Immediately	Commissioners

Lawrence County Auditor

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Schedule of Prior Audit Findings

2 CRF Section 200.511(b)

For the Year Ended December 31, 2022

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding 2022-001	Noncompliance with ORC Section 117.38/OAC Section 117-2-03(B) – Annual Financial Reports	No	Reissued as Finding 2023-001

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OHIO AUDITOR OF STATE KEITH FABER



LAWRENCE 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 1/2/2025

65 East State 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