



OHIO AUDITOR OF STATE  
**KEITH FABER**





**HOLMES COUNTY  
DECEMBER 31, 2020**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Management's Discussion and Analysis .....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	19
Statement of Activities.....	20
Fund Financial Statements:	
Balance Sheet	
Governmental Funds .....	22
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	23
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds.....	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	25
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)	
General Fund.....	26
County Board of DD Fund.....	27
Motor Vehicle License Fund.....	28
Statement of Net Position	
Proprietary Funds .....	29
Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds.....	30
Statement of Cash Flows	
Proprietary Funds .....	31
Statement of Fiduciary Net Position	
Fiduciary Funds .....	32
Statement of Changes in Fiduciary Net Position Fiduciary Funds .....	33
Notes to the Basic Financial Statements .....	34

**HOLMES COUNTY  
DECEMBER 31, 2020**

**TABLE OF CONTENTS  
(Continued)**

<b>TITLE</b>	<b>PAGE</b>
Required Supplementary Information:	
Schedule of the County's Proportionate Share of the Net Pension Liability/Net Pension Asset Ohio Public Employees Retirement System (OPERS) .....	102
Schedule of the County's Proportionate Share of the Net Pension Liability State Teachers Retirement System (STRS) of Ohio .....	104
Schedule of County Pension Contributions Ohio Public Employees Retirement System (OPERS) .....	106
State Teachers Retirement System (STRS) of Ohio .....	108
Schedule of the County's Proportionate Share of the Net OPEB Liability Ohio Public Employees Retirement System (OPERS).....	110
Schedule of the County's Proportionate Share of the Net OPEB Asset State Teachers Retirement System (STRS) of Ohio.....	111
Schedule of County OPEB Contributions Ohio Public Employees Retirement System (OPERS) .....	112
State Teachers Retirement System (STRS) of Ohio.....	114
Notes to Required Supplementary Information .....	116
Schedule of Expenditures of Federal Awards .....	119
Notes to the Schedule of Expenditures of Federal Awards.....	121
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	123
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	125
Schedule of Findings.....	127

# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Holmes County  
2 Court Street, Suite 14  
Millersburg, Ohio 44654

To the Board of Commissioners:

### ***Report on the Financial Statements***

We have audited the accompanying 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 Holmes County, Ohio (the County), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, County Board of Developmental Disabilities and Motor Vehicle License funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 3 to the financial statements, during 2020, the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

Also, as discussed in Note 26 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the County. We did not modify our opinion regarding this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis* and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### *Supplementary and Other Information*

Our audit was conducted to opine on the County's basic financial statements taken as a whole.

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

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

***Other Reporting Required by Government Auditing Standards***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

August 5, 2021

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## HOLMES COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020

The management's discussion and analysis of Holmes County's (the "County") financial performance provides an overall review of the County's financial activities for the year ended December 31, 2020. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the notes to the basic financial statements and the basic financial statements to enhance their understanding of the County's financial performance.

#### **Financial Highlights**

Key financial highlights for 2020 are as follows:

- The total net position of the County increased \$7,981,046 from the 2019 restated net position of \$48,071,640. Net position of governmental activities increased \$8,159,175, which represents a 19.72% increase from the 2019 restated net position of \$41,364,922. Net position of business-type activities decreased \$178,129 or 2.66% from the 2019 net position of \$6,706,718.
- General revenues accounted for \$23,971,822 or 48.67% of total governmental activities revenue. Program specific revenues accounted for \$25,277,561 or 51.33% of total governmental activities revenue.
- The County had \$41,090,208 in governmental activities expenses; \$25,277,561, or 61.52%, of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$23,971,822 were adequate to provide for these programs.
- The general fund, the County's largest major governmental fund, had revenues and other financing sources of \$18,988,882 in 2020, an increase of \$2,136,835 or 12.68% from 2019. The general fund had expenditures and other financing uses of \$13,537,231 in 2020, an increase of \$800,465 or 6.28% from 2019. The net changes in revenues and expenditures contributed to the general fund balance increase of \$5,451,651 or 38.15% from 2019's restated fund balance.
- The county board of developmental disabilities (DD) fund, a major governmental fund, had revenues and other financing sources of \$5,283,923 in 2020, a decrease of \$599,800 or 10.19% from 2019. The DD fund had expenditures and other financing uses of \$5,303,050 in 2020, a decrease of \$515,643 or 8.86% from 2019. The net changes in revenues and expenditures contributed to the DD fund balance decrease of \$19,127 or 0.77% from 2019 to 2020.
- The motor vehicle license fund, a major governmental fund, had revenues of \$6,402,576 in 2020, a decrease of \$975,059 or 13.22% from 2019. The motor vehicle license fund had expenditures of \$5,037,065 in 2020, a decrease of \$2,411,377 or 32.37% from 2019. The motor vehicle license fund balance increased \$1,365,511 or 70.54% from 2019 to 2020.
- Net position for the business-type activities, which consists of the sewer district, decreased in 2020 by \$178,129 or 2.66% from the 2019 net position of \$6,706,718.

#### **Using the Basic Financial Statements (BFS)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the County as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column. In the case of the County, there are three major governmental funds. The general fund is the largest major fund.

## HOLMES COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020

#### **Reporting the County as a Whole**

##### ***Statement of Net Position and the Statement of Activities***

The statement of net position and the statement of activities answer the question, "How did we do financially during 2020?" These statements include *all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is 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 that, for the County as a whole, the 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, and other factors.

In the statement of net position and the statement of activities, the County is divided into two distinct kinds of activities:

Governmental activities - most of the County's programs and services are reported here including human services, health, public safety, public works and general government. These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-type activities - these services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided.

#### **Reporting the County's Most Significant Funds**

##### ***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds.

The County's major governmental funds are the general fund, county board of developmental disabilities (DD) fund, and motor vehicle license fund. The County's major enterprise fund is the sewer district.

##### ***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

## HOLMES COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020

The County maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

#### ***Proprietary Funds***

The County maintains two different types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for its sewer district. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for its employee medical and prescription drug self-insurance program.

#### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statement 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 used for proprietary funds. Custodial funds are the County's only fiduciary fund type.

#### ***Notes to the 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.

#### ***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's net pension liability/asset and net other postemployment benefits liability.

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**HOLMES COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Government-Wide Financial Analysis**

The statement of net position provides the perspective of the County as a whole. The table below provides a summary of the County's net position at December 31, 2020 and December 31, 2019 restated net position.

	<b>Net Position</b>					
			(Restated)			
	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	(Restated) Total
	2020	2019	2020	2019	2020	2019
<u>Assets</u>						
Current and other assets	\$ 62,773,167	\$ 52,023,625	\$ 1,298,950	\$ 1,159,959	\$ 64,072,117	\$ 53,183,584
Capital assets, net	<u>38,893,860</u>	<u>37,062,755</u>	<u>12,176,522</u>	<u>12,660,860</u>	<u>51,070,382</u>	<u>49,723,615</u>
Total assets	<u>101,667,027</u>	<u>89,086,380</u>	<u>13,475,472</u>	<u>13,820,819</u>	<u>115,142,499</u>	<u>102,907,199</u>
<u>Deferred Outflows of Resources</u>	<u>5,122,491</u>	<u>8,517,445</u>	<u>29,390</u>	<u>57,594</u>	<u>5,151,881</u>	<u>8,575,039</u>
<u>Liabilities</u>						
Current and other liabilities	2,529,505	1,757,410	138,967	124,867	2,668,472	1,882,277
Long-term liabilities outstanding:						
Due within one year	1,783,641	1,528,589	253,401	192,572	2,037,042	1,721,161
Net pension liability	18,469,245	25,558,721	105,423	162,274	18,574,668	25,720,995
Net OPEB liability	12,208,938	11,461,855	72,279	75,142	12,281,217	11,536,997
Other amounts	<u>7,653,274</u>	<u>7,892,292</u>	<u>6,355,741</u>	<u>6,603,006</u>	<u>14,009,015</u>	<u>14,495,298</u>
Total liabilities	<u>42,644,603</u>	<u>48,198,867</u>	<u>6,925,811</u>	<u>7,157,861</u>	<u>49,570,414</u>	<u>55,356,728</u>
<u>Deferred Inflows of Resources</u>	<u>14,620,818</u>	<u>8,040,036</u>	<u>50,462</u>	<u>13,834</u>	<u>14,671,280</u>	<u>8,053,870</u>
<u>Net Position</u>						
Net investment in capital assets	34,758,436	32,974,628	5,574,414	5,871,303	40,332,850	38,845,931
Restricted	14,971,805	13,389,198	-	-	14,971,805	13,389,198
Unrestricted (deficit)	<u>(206,144)</u>	<u>(4,998,904)</u>	<u>954,175</u>	<u>835,415</u>	<u>748,031</u>	<u>(4,163,489)</u>
Total net position	<u>\$ 49,524,097</u>	<u>\$ 41,364,922</u>	<u>\$ 6,528,589</u>	<u>\$ 6,706,718</u>	<u>\$ 56,052,686</u>	<u>\$ 48,071,640</u>

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the County's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB, net pension/OPEB asset.

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

## HOLMES COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2020, the County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$56,052,686. This amounts to \$49,524,097 in governmental activities and \$6,528,589 in business-type activities.

Capital assets reported on the government-wide statements represent the largest portion of the County's assets. At year-end, capital assets represented 44.35% of total governmental and business-type assets. Capital assets include land, improvements other than buildings, buildings and improvements, machinery and equipment, vehicles, construction in progress, and infrastructure. The net investment in capital assets at December 31, 2020, was \$40,332,850. These capital assets are used to provide services to citizens and are not available for future spending.

**HOLMES COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

A portion of the County's net position, \$14,971,805 or 30.23%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$206,144.

Overall, total current assets increased over the prior year primarily in cash and cash equivalents which increased due to current year operations. Capital asset, net increased as acquisitions exceeded depreciation expense in 2020.

The following table shows the changes in net position for governmental and business-type activities for 2020 and restated 2019. Due to practicality, 2019 revenues and expenses in the table below have not been adjusted to reflect the implementation of GASB Statement No. 84. Rather, the cumulative impact of applying GASB Statement No. 84 is reflected in the beginning net position of 2019.

	<b>Change in Net Position</b>					
	Governmental	Business-type	Governmental	Business-type	2020	2019
	Activities	Activities	Activities	Activities	Total	Total
<b><u>Revenues</u></b>	2020	2020	2019	2019	Total	Total
<b>Program revenues:</b>						
Charges for services and sales	\$ 7,407,423	\$ 1,223,396	\$ 7,875,480	\$ 1,381,267	\$ 8,630,819	\$ 9,256,747
Operating grants and contributions	17,114,540	-	13,702,896	-	17,114,540	13,702,896
Capital grants and contributions	755,598	-	1,120,468	-	755,598	1,120,468
<b>Total program revenues</b>	<b>25,277,561</b>	<b>1,223,396</b>	<b>22,698,844</b>	<b>1,381,267</b>	<b>26,500,957</b>	<b>24,080,111</b>
<b>General revenues:</b>						
Property taxes	7,921,088	-	7,312,628	-	7,921,088	7,312,628
Sales tax	12,727,746	-	11,293,827	-	12,727,746	11,293,827
Unrestricted grants	1,735,039	-	1,814,995	-	1,735,039	1,814,995
Investment earnings	893,505	-	1,092,287	-	893,505	1,092,287
Other	694,444	168,102	286,742	3,003	862,546	289,745
<b>Total general revenues</b>	<b>23,971,822</b>	<b>168,102</b>	<b>21,800,479</b>	<b>3,003</b>	<b>24,139,924</b>	<b>21,803,482</b>
<b>Total revenues</b>	<b>49,249,383</b>	<b>1,391,498</b>	<b>44,499,323</b>	<b>1,384,270</b>	<b>50,640,881</b>	<b>45,883,593</b>
<b><u>Expenses</u></b>						
<b>Program Expenses:</b>						
<b>General government:</b>						
Legislative and executive	9,314,244	-	7,482,907	-	9,314,244	7,482,907
Judicial	2,319,029	-	2,833,491	-	2,319,029	2,833,491
Public safety	6,187,897	-	6,500,177	-	6,187,897	6,500,177
Public works	7,323,570	-	8,447,759	-	7,323,570	8,447,759
Health	594,567	-	626,392	-	594,567	626,392
Human services	14,710,969	-	15,941,625	-	14,710,969	15,941,625
Conservation and recreation	516,543	-	464,600	-	516,543	464,600
Interest and fiscal charges	123,389	-	126,541	-	123,389	126,541
Sewer district	-	1,569,627	-	1,594,672	1,569,627	1,594,672
<b>Total expenses</b>	<b>41,090,208</b>	<b>1,569,627</b>	<b>42,423,492</b>	<b>1,594,672</b>	<b>42,659,835</b>	<b>44,018,164</b>
<b>Change in net position</b>	<b>8,159,175</b>	<b>(178,129)</b>	<b>2,075,831</b>	<b>(210,402)</b>	<b>7,981,046</b>	<b>1,865,429</b>
<b>Net position at beginning of year (restated)</b>	<b>41,364,922</b>	<b>6,706,718</b>	<b>39,289,091</b>	<b>6,917,120</b>	<b>48,071,640</b>	<b>46,206,211</b>
<b>Net position at end of year</b>	<b>\$ 49,524,097</b>	<b>\$ 6,528,589</b>	<b>\$ 41,364,922</b>	<b>\$ 6,706,718</b>	<b>\$ 56,052,686</b>	<b>\$ 48,071,640</b>

## HOLMES COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020

#### Governmental Activities

Governmental activities net position increased by \$8,159,175 in 2020 as total revenues once again exceeded expenses.

Total governmental activities expenses decreased \$1,333,284 from 2019. The decrease is primarily due to spending cuts the County made due to the COVID-19 pandemic. Human services, which support the operations of the county home, county board of DD, job and family services (public assistance), veteran services, and the children services board, accounted for \$14,710,969 of expenses, or 35.80% of total governmental expenses of the County. These expenses were funded by \$1,660,445 in charges to users of services and \$6,269,228 in operating grants and contributions in 2020. General government expenses, which include legislative and executive and judicial programs, accounted for \$11,633,273 or 28.31% of total governmental expenses. General government expenses were funded by \$4,012,521 of direct charges to users in 2020. Public works expenses, the County's third largest category of expenses, totaled \$7,323,570 in 2020 or 17.82% of total governmental expenses. The County's public works programs consist primarily of the motor vehicle license program, which funds road and other infrastructure repairs and improvements throughout the County.

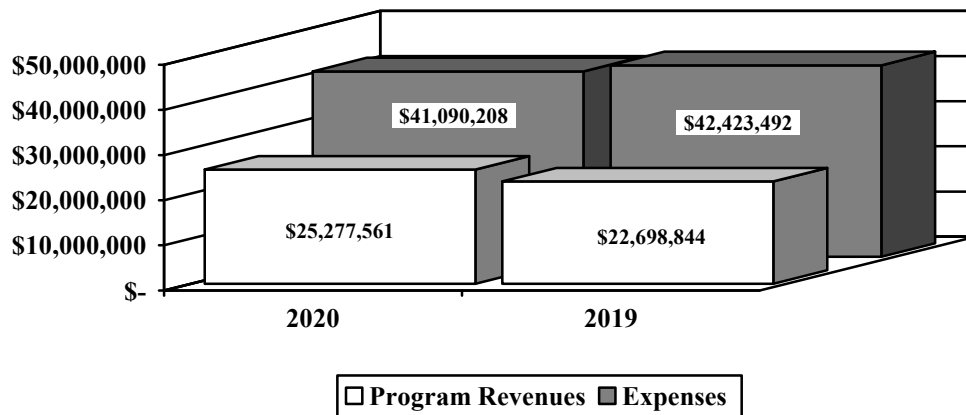
Operating grants and contributions, which is mostly intergovernmental revenue from the State and Federal governments, totaled \$17,114,540 in 2020, compared to \$13,702,896 in 2019. These revenues are restricted to a particular program or purpose.

During 2020, the County received \$755,598 in capital grants and contributions. This amount primarily consisted of grants from the Ohio Department of Transportation (ODOT) and the Ohio Public Works Commission (OPWC) for various roadway improvement projects throughout the County.

General revenues totaled \$23,971,822 and amounted to 48.67% of total revenues. These revenues primarily consist of property and sales tax revenue of \$20,648,834 or 86.14% of total general revenues in 2020. The other primary source of general revenues is grants and entitlements not restricted to specific programs, which makes up \$1,735,039 or 7.24% of the total. These revenues consist primarily of local government and property tax reimbursements.

As can be seen in the graph below, the County is reliant upon general revenues to finance operations as program revenues are not sufficient to cover total expenses.

**Governmental Activities - Program Revenues vs. Total Expenses**



**HOLMES COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

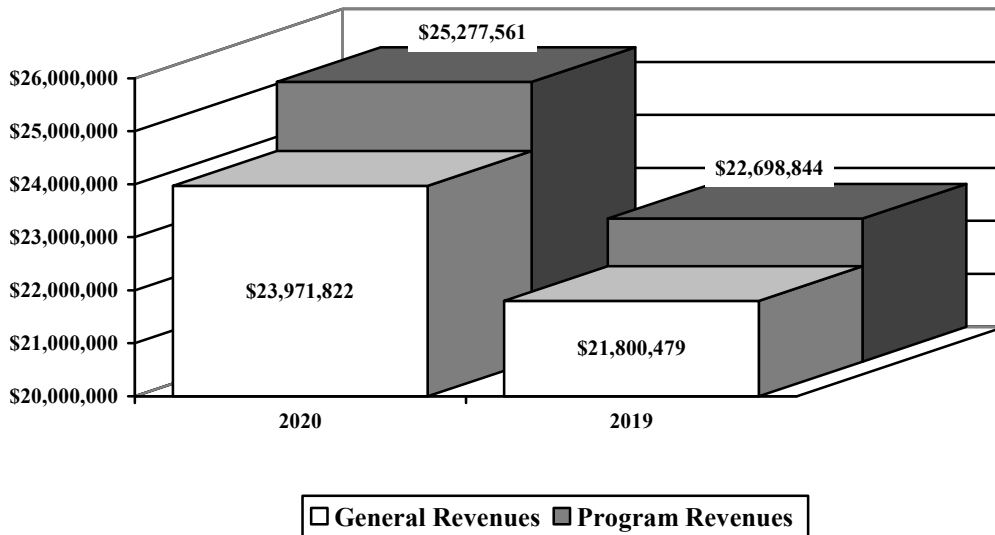
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2020 and 2019. That is, it identifies the cost of these services supported by general revenues (such as tax revenue and unrestricted State grants and entitlements).

	<b>Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
Program Expenses:				
General government:				
Legislative and executive	\$ 9,314,244	\$ 3,102,244	\$ 7,482,907	\$ 3,036,663
Judicial	2,319,029	1,847,134	2,833,491	2,346,551
Public safety	6,187,897	3,837,025	6,500,177	5,378,971
Public works	7,323,570	(727,222)	8,447,759	968,072
Health	594,567	332,238	626,392	386,472
Human services	14,710,969	6,781,296	15,941,625	7,078,661
Conservation and recreation	516,543	516,543	464,600	464,600
Interest and fiscal charges	<u>123,389</u>	<u>123,389</u>	<u>126,541</u>	<u>64,658</u>
<b>Total</b>	<b><u>\$ 41,090,208</u></b>	<b><u>\$ 15,812,647</u></b>	<b><u>\$ 42,423,492</u></b>	<b><u>\$ 19,724,648</u></b>

The dependence upon general revenues for governmental activities is apparent, with 38.48% of expenses supported through taxes and other general revenues during 2020.

The graph below compares the County’s general and program revenues.

**Governmental Activities - General and Program Revenues**



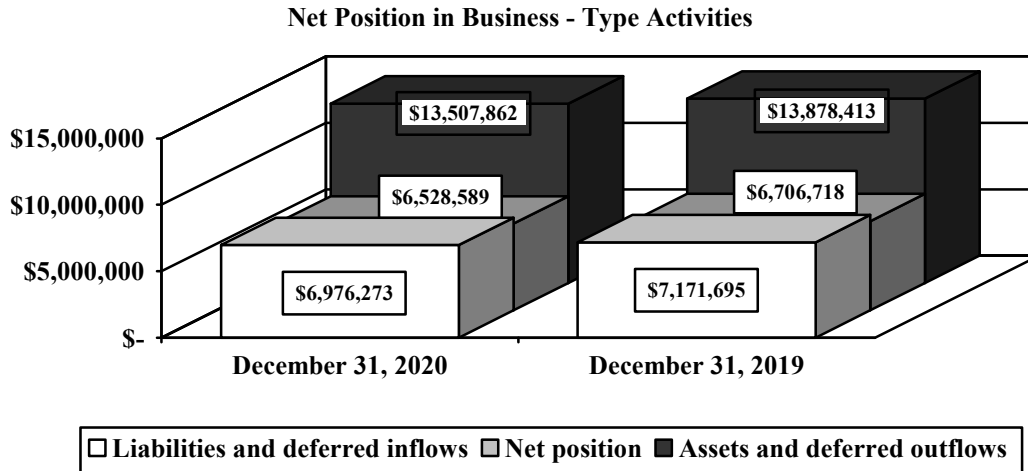


**HOLMES COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Business-Type Activities**

During 2020, the sewer district enterprise fund had program revenues of \$1,223,396, general revenues of \$168,102, and expenses of \$1,569,627 for fiscal year 2020. The net position of the sewer fund decreased \$178,129 or 2.66% from 2019’s net position. The following graph illustrates the assets, deferred outflows, liabilities, deferred inflows, and net position of the County’s business-type activities at December 31, 2020 and 2019.



**Financial Analysis of the Government’s Funds**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the County’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of the County’s net resources available for spending at year end.

The County’s governmental funds reported a combined fund balance of \$41,335,147, which is \$7,188,894 greater than last year’s restated total of \$34,146,253. The table below shows the fund balance and the total change in fund balance as of December 31, 2020 for all major and nonmajor governmental funds.

	Fund Balances <u>12/31/20</u>	Restated Fund Balances <u>12/31/19</u>	Increase <u>(Decrease)</u>
Major funds:			
General	\$ 19,742,217	\$ 14,290,566	\$ 5,451,651
County Board of DD	2,451,276	2,470,403	(19,127)
Motor Vehicle License	3,301,439	1,935,928	1,365,511
Nonmajor governmental funds	<u>15,840,215</u>	<u>15,449,356</u>	<u>390,859</u>
Total	<u>\$ 41,335,147</u>	<u>\$ 34,146,253</u>	<u>\$ 7,188,894</u>

**HOLMES COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

***General Fund***

The County's general fund balance increased \$5,451,651. The tables that follow assist in illustrating the revenues and expenditures of the general fund.

	2020	2019	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 12,759,092	\$ 11,319,934	12.71 %
Charges for services	2,656,519	2,595,523	2.35 %
Licenses and permits	5,801	10,084	(42.47) %
Fines and forfeitures	68,186	74,488	(8.46) %
Intergovernmental	1,688,127	1,624,071	3.94 %
Investment income	953,883	994,556	(4.09) %
Other	<u>817,209</u>	<u>134,877</u>	505.89 %
 Total	 <u>\$ 18,948,817</u>	 <u>\$ 16,753,533</u>	 13.10 %

Taxes revenue, which includes primarily real property and sales taxes, represents 67.33% of all general fund revenues. Most of the increase in tax revenue came from sales taxes revenue, which increased \$1,056,001 or 12.77%. Other revenue increased by 505.89% due a large refund received from the Bureau of Workers' Compensation in 2020.

	2020	2019	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<b><u>Expenditures</u></b>			
General government:			
Legislative and executive	\$ 5,112,600	\$ 4,387,812	16.52 %
Judicial	1,837,397	2,045,035	(10.15) %
Public safety	4,126,978	4,583,402	(9.96) %
Health	107,376	104,043	3.20 %
Human services	518,839	560,842	(7.49) %
Conservation and recreation	516,543	464,600	11.18 %
Capital outlay	53,531	38,807	37.94 %
Debt service	<u>12,340</u>	<u>7,256</u>	70.07 %
 Total	 <u>\$ 12,285,604</u>	 <u>\$ 12,191,797</u>	 0.77 %

Total general fund expenditures remained consistent with the prior year and increased only 0.77% from 2019.

## HOLMES COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020

#### ***County Board of DD***

The county board of developmental disabilities (DD) fund is a major governmental fund that accounts for the operation of a school and resident homes for the developmentally disabled. The DD fund had revenues and other financing sources of \$5,283,923 in 2020. The DD fund had expenditures and other financing uses of \$5,303,050 in 2020. The net changes in revenues and expenditures contributed to the DD fund balance decrease of \$19,127 or 0.77% from 2019 to 2020.

#### ***Motor Vehicle License Fund***

The motor vehicle license fund is a major governmental fund that accounts for road and bridge repair and maintenance programs throughout the County. The fund had revenues of \$6,402,576 in 2020. Most of the fund's revenues are intergovernmental revenues from the State for motor vehicles licenses and gasoline taxes. The motor vehicle license fund had expenditures of \$5,037,065 in 2020. The motor vehicle license fund balance increased \$1,365,511 or 70.54% from 2019 to 2020.

#### ***Budgeting Highlights - General Fund***

The County's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the County's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the County's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity, then the appropriations can be adjusted accordingly.

Budgetary information is presented for the general fund, county board of DD fund and motor vehicle license fund.

In the general fund, original budgeted revenues of \$12,689,736 were increased to \$13,543,419 in the final budget and other financing sources. Actual revenues and other financing sources of \$18,446,884 were greater than final budgeted revenues and other financing sources by \$4,903,465 or 36.21%.

Original budgeted expenditures and other financing uses in the general fund were \$17,967,744. This was increased to \$18,826,953 in the final budget and other financing uses. Actual expenditures and other financing uses of \$13,256,410 were \$5,570,543 less than final budgeted expenditures and other financing uses. All departments in the general fund had a positive budget variance, most of which were due to the County's conservative budget practices in budgeting for higher employee wages and benefits costs.

#### ***Proprietary Funds***

The County has two types of proprietary funds: enterprise funds and internal service funds. The County's enterprise fund provides the same type of information found in the government-wide financial statements for business-type activities, but in more detail. The County's internal service fund provides detailed information on the County's employee medical and prescription drug self-insurance program. The self-insurance internal service fund is included with the governmental activities for reporting on the government-wide financial statements.

**HOLMES COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of 2020, the County had \$51,070,382 (net of accumulated depreciation) invested in land, improvements other than buildings, buildings and improvements, machinery and equipment, vehicles, construction in progress, sewer mains and infrastructure. Of this total, \$38,893,860 was reported in governmental activities and \$12,176,522 was reported in business-type activities. The following table shows 2020 balances compared to 2019:

**Capital Assets at December 31  
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,912,028	\$ 1,652,028	\$ 98,503	\$ 98,503	\$ 2,010,531	\$ 1,750,531
Improvements other than buildings	1,036,624	1,115,965	-	-	1,036,624	1,115,965
Building and improvements	9,273,397	9,878,476	7,978,094	8,258,027	17,251,491	18,136,503
Machinery and equipment	2,263,966	2,029,969	282,004	308,212	2,545,970	2,338,181
Vehicles	1,560,329	1,440,782	-	-	1,560,329	1,440,782
Infrastructure	22,314,514	20,945,535	-	-	22,314,514	20,945,535
Sewer/water lines	-	-	3,817,921	3,996,118	3,817,921	3,996,118
Construction in progress	533,002	-	-	-	533,002	-
<b>Total</b>	<b><u>\$ 38,893,860</u></b>	<b><u>\$ 37,062,755</u></b>	<b><u>\$ 12,176,522</u></b>	<b><u>\$ 12,660,860</u></b>	<b><u>\$ 51,070,382</u></b>	<b><u>\$ 49,723,615</u></b>

See Note 8 in the notes to the basic financial statements for detail on the County's capital assets.

The County's largest governmental activities capital asset category is infrastructure which includes roads, bridges and culverts. These items are immovable and of value only to the County, however, the annual cost of purchasing these items is quite significant. The net book value of the County's infrastructure (cost less accumulated depreciation) represents approximately 57.37% of the County's total governmental capital assets.

The County's second largest business-type capital asset category is sewer/water lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the County's sewer and water lines (cost less accumulated depreciation) represents approximately 31.35% of the County's total business-type capital assets.

## HOLMES COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020

#### ***Debt Administration***

At December 31, 2020 the County had \$12,641,197 in general obligation bonds, capital lease obligations, and loans payable. Of this total, \$1,131,172 is due within one year and \$11,510,025 is due in more than one year. The following table summarizes the outstanding debt.

	<b>Outstanding Debt, at Year End</b>			
	Governmental Activities 2020	Business-Type Activities 2020	Governmental Activities 2019	Business-Type Activities 2019
Long-Term Obligations				
General obligation bonds	\$ 2,570,600	\$ 1,705,000	\$ 2,780,600	\$ 1,790,000
Capital lease obligations	190,251	-	119,178	-
USDA loan	-	2,242,000	-	2,285,000
ODOT loan	480,136	-	788,518	-
OPWC loans	<u>2,796,494</u>	<u>2,656,716</u>	<u>2,448,861</u>	<u>2,716,266</u>
Total	<u>\$ 6,037,481</u>	<u>\$ 6,603,716</u>	<u>\$ 6,137,157</u>	<u>\$ 6,791,266</u>

The County's total legal debt margin was \$26,429,827 at December 31, 2020 and the unvoted legal debt margin was \$9,645,413. See Note 10 in the notes to the basic financial statements for detail on governmental activities and business-type activities long-term obligations.

#### **Economic Factors and Next Year's Budget**

The County's population as of the 2010 census was 42,366, and the population estimate for 2020 is 43,960. At the end of 2020, the average unemployment rate for the County was 3.9%, compared to the 8.1% State average and the 8.1% national average.

These economic factors were considered in preparing the County's initial budget for 2021. Budgeted revenues and other financing sources in the general fund for 2021 were \$14,040,136. The challenges brought about by the COVID-19 pandemic will be an important factor in the County's financial situation for the remainder of 2021.

#### **Contacting the County's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Honorable Jackie McKee, Holmes County Auditor, Clinton Street Office Building, 75 E. Clinton Street, Suite 107, Millersburg, Ohio 44654.

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**HOLMES COUNTY, OHIO**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**

	<b>Primary Government</b>			<b>Component Units</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Lynn Hope Industries, Inc.</b>	<b>Holmes County Airport Authority</b>	<b>Regional Planning Commission</b>
<b>Assets:</b>						
Equity in pooled cash and cash equivalents . . .	\$ 42,722,868	\$ 1,184,446	\$ 43,907,314	\$ -	\$ -	\$ 223,044
Cash and cash equivalents in segregated accounts . . . . .	496,410	-	496,410	503,575	209,958	-
Receivables:						
Sales taxes . . . . .	3,763,491	-	3,763,491	-	-	-
Real and other taxes . . . . .	9,062,459	-	9,062,459	-	-	-
Accounts . . . . .	326,643	112,813	439,456	54,134	282	1,353
Accrued interest . . . . .	98,122	-	98,122	-	-	-
Due from other governments . . . . .	5,293,783	-	5,293,783	-	-	-
Materials and supplies inventory . . . . .	531,609	585	532,194	-	-	433
Prepayments . . . . .	242,811	-	242,811	-	2,190	-
Net pension asset . . . . .	186,905	1,106	188,011	-	-	1,341
Net OPEB asset . . . . .	48,066	-	48,066	-	-	-
Capital assets:						
Non-depreciable capital assets . . . . .	2,445,030	98,503	2,543,533	-	54,357	-
Depreciable capital assets, net . . . . .	36,448,830	12,078,019	48,526,849	19,386	5,842,896	-
Total capital assets, net . . . . .	38,893,860	12,176,522	51,070,382	19,386	5,897,253	-
Total assets . . . . .	101,667,027	13,475,472	115,142,499	577,095	6,109,683	226,171
<b>Deferred outflows of resources:</b>						
Unamortized deferred charges on debt refunding .	38,237	-	38,237	-	-	-
Pension . . . . .	3,094,505	17,743	3,112,248	-	-	21,496
OPEB . . . . .	1,989,749	11,647	2,001,396	-	-	13,963
Total deferred outflows of resources . . . . .	5,122,491	29,390	5,151,881	-	-	35,459
<b>Liabilities:</b>						
Accounts payable . . . . .	984,537	53,330	1,037,867	2,408	6,051	-
Contracts payable . . . . .	73,310	-	73,310	-	-	-
Accrued wages and benefits payable . . . . .	630,550	3,632	634,182	-	-	4,412
Compensated absences payable . . . . .	-	-	-	-	-	11,122
Due to other governments . . . . .	211,201	26,809	238,010	-	-	682
Other accrued expenses . . . . .	-	-	-	455	-	-
Payroll withholding payable . . . . .	309,537	-	309,537	-	-	-
Accrued interest payable . . . . .	7,676	55,196	62,872	-	-	-
Claims payable . . . . .	312,694	-	312,694	-	-	-
Unearned revenue . . . . .	-	-	-	-	13,742	-
Long-term liabilities:						
Due within one year . . . . .	1,783,641	253,401	2,037,042	11,479	-	-
Due in more than one year:						
Net pension liability . . . . .	18,469,245	105,423	18,574,668	-	-	127,719
Net OPEB liability . . . . .	12,208,938	72,279	12,281,217	-	-	87,565
Other amounts due in more than one year . . .	7,653,274	6,355,741	14,009,015	5,916	-	9,646
Total liabilities . . . . .	42,644,603	6,925,811	49,570,414	20,258	19,793	241,146
<b>Deferred inflows of resources:</b>						
Property taxes levied for the next fiscal year . .	8,629,530	-	8,629,530	-	-	-
Pension . . . . .	4,182,560	34,082	4,216,642	-	-	37,745
OPEB . . . . .	1,808,728	16,380	1,825,108	-	-	18,476
Total deferred inflows of resources . . . . .	14,620,818	50,462	14,671,280	-	-	56,221
<b>Net position:</b>						
Net investment in capital assets . . . . .	34,758,436	5,574,414	40,332,850	-	5,897,253	-
Restricted for:						
Capital projects . . . . .	3,722,116	-	3,722,116	-	-	-
Debt service . . . . .	51,803	-	51,803	-	-	-
Public works projects . . . . .	5,266,276	-	5,266,276	-	-	-
Public safety programs . . . . .	877,051	-	877,051	-	-	-
Human services programs . . . . .	3,391,429	-	3,391,429	-	-	-
Real estate assessment . . . . .	548,652	-	548,652	-	-	-
Court special projects . . . . .	371,905	-	371,905	-	-	-
Other purposes . . . . .	742,573	-	742,573	-	-	-
Unrestricted (deficit) . . . . .	(206,144)	954,175	748,031	556,837	192,637	(35,737)
Total net position (deficit) . . . . .	\$ 49,524,097	\$ 6,528,589	\$ 56,052,686	\$ 556,837	\$ 6,089,890	\$ (35,737)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental activities:</b>				
General government:				
Legislative and executive . . . . .	\$ 9,314,244	\$ 3,724,634	\$ 2,487,366	\$ -
Judicial. . . . .	2,319,029	287,887	184,008	-
Public safety . . . . .	6,187,897	574,583	1,776,289	-
Public works . . . . .	7,323,570	902,115	6,393,079	755,598
Health. . . . .	594,567	257,759	4,570	-
Human services . . . . .	14,710,969	1,660,445	6,269,228	-
Conservation and recreation . . . . .	516,543	-	-	-
Interest and fiscal charges . . . . .	123,389	-	-	-
Total governmental activities. . . . .	<u>41,090,208</u>	<u>7,407,423</u>	<u>17,114,540</u>	<u>755,598</u>
<b>Business-type activities:</b>				
Sewer District. . . . .	1,569,627	1,223,396	-	-
Total business-type activities . . . . .	<u>1,569,627</u>	<u>1,223,396</u>	<u>-</u>	<u>-</u>
Total primary government . . . . .	<u>\$ 42,659,835</u>	<u>\$ 8,630,819</u>	<u>\$ 17,114,540</u>	<u>\$ 755,598</u>
<b>Component Units:</b>				
Lynn Hope Industries, Inc. . . . .	\$ 1,074,407	\$ 112,426	\$ 663,851	\$ -
Holmes County Airport Authority . . . . .	369,282	90,536	90,999	-
Regional Planning Commission. . . . .	146,400	91,378	123,500	-
Total component units . . . . .	<u>\$ 1,590,089</u>	<u>\$ 294,340</u>	<u>\$ 878,350</u>	<u>\$ -</u>
<b>General revenues:</b>				
Property taxes levied for:				
General fund . . . . .				
Human services - County Board of DD. . . . .				
Human services - County Home . . . . .				
Sales taxes . . . . .				
Grants and entitlements not restricted to specific programs . . . . .				
Investment earnings. . . . .				
Miscellaneous. . . . .				
Total general revenues. . . . .				
Change in net position . . . . .				
<b>Net position (deficit) at beginning of year (restated) . . . . .</b>				
<b>Net positon (deficit) at end of year . . . . .</b>				

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**Net (Expense) Revenue and Changes in Net Position**

Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Lynn Hope Industries, Inc.	Holmes County Airport Authority	Regional Planning Commission
\$ (3,102,244)	\$ -	\$ (3,102,244)	\$ -	\$ -	\$ -
(1,847,134)	-	(1,847,134)	-	-	-
(3,837,025)	-	(3,837,025)	-	-	-
727,222	-	727,222	-	-	-
(332,238)	-	(332,238)	-	-	-
(6,781,296)	-	(6,781,296)	-	-	-
(516,543)	-	(516,543)	-	-	-
(123,389)	-	(123,389)	-	-	-
<u>(15,812,647)</u>	<u>-</u>	<u>(15,812,647)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(346,231)	(346,231)	-	-	-
-	(346,231)	(346,231)	-	-	-
<u>(15,812,647)</u>	<u>(346,231)</u>	<u>(16,158,878)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	(298,130)	-	-
-	-	-	-	(187,747)	-
-	-	-	-	-	68,478
-	-	-	(298,130)	(187,747)	68,478
3,427,463	-	3,427,463	-	-	-
3,447,642	-	3,447,642	-	-	-
1,045,983	-	1,045,983	-	-	-
12,727,746	-	12,727,746	-	-	-
1,735,039	-	1,735,039	-	-	-
893,505	-	893,505	8,908	268	-
694,444	168,102	862,546	304,608	66	-
<u>23,971,822</u>	<u>168,102</u>	<u>24,139,924</u>	<u>313,516</u>	<u>334</u>	<u>-</u>
8,159,175	(178,129)	7,981,046	15,386	(187,413)	68,478
41,364,922	6,706,718	48,071,640	541,451	6,277,303	(104,215)
<u>\$ 49,524,097</u>	<u>\$ 6,528,589</u>	<u>\$ 56,052,686</u>	<u>\$ 556,837</u>	<u>\$ 6,089,890</u>	<u>\$ (35,737)</u>

HOLMES COUNTY, OHIO

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020

	General	County Board of DD	Motor Vehicle License	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in pooled cash and cash equivalents . . . . .	\$ 18,912,376	\$ 2,156,214	\$ 2,755,707	\$ 15,595,104	\$ 39,419,401
Cash and cash equivalents in segregated accounts . . .	-	473,196	-	23,214	496,410
Receivables (net of allowance for uncollectibles):					
Sales taxes . . . . .	2,878,615	-	-	884,876	3,763,491
Real and other taxes . . . . .	3,352,267	4,831,661	-	878,531	9,062,459
Accounts . . . . .	155,886	42,399	2,427	125,931	326,643
Accrued interest . . . . .	98,122	-	-	-	98,122
Due from other funds . . . . .	5,954	-	-	-	5,954
Due from other governments . . . . .	677,381	148,686	3,729,750	737,966	5,293,783
Prepayments . . . . .	207,387	5,010	-	30,414	242,811
Materials and supplies inventory . . . . .	86,781	8,305	291,110	145,413	531,609
Total assets . . . . .	<u>\$ 26,374,769</u>	<u>\$ 7,665,471</u>	<u>\$ 6,778,994</u>	<u>\$ 18,421,449</u>	<u>\$ 59,240,683</u>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 210,338	\$ 94,529	\$ 126,277	\$ 553,393	\$ 984,537
Contracts payable . . . . .	-	-	-	73,310	73,310
Accrued wages and benefits payable . . . . .	261,601	105,683	79,664	183,602	630,550
Compensated absences payable . . . . .	9,578	12,525	-	-	22,103
Due to other funds . . . . .	-	-	-	5,954	5,954
Due to other governments . . . . .	52,755	18,198	13,398	126,850	211,201
Payroll withholding payable . . . . .	309,537	-	-	-	309,537
Total liabilities . . . . .	<u>843,809</u>	<u>230,935</u>	<u>219,339</u>	<u>943,109</u>	<u>2,237,192</u>
<b>Deferred inflows of resources:</b>					
Property taxes levied for the next fiscal year . . . .	3,250,000	4,548,030	-	831,500	8,629,530
Delinquent property tax revenue not available . . . .	102,267	283,631	-	47,031	432,929
Accrued interest not available . . . . .	37,353	-	-	-	37,353
Sales tax revenue not available . . . . .	1,806,839	-	-	558,960	2,365,799
Intergovernmental revenue not available . . . . .	510,148	148,686	3,258,216	170,903	4,087,953
Other revenue not available . . . . .	82,136	2,913	-	29,731	114,780
Total deferred inflows of resources . . . . .	<u>5,788,743</u>	<u>4,983,260</u>	<u>3,258,216</u>	<u>1,638,125</u>	<u>15,668,344</u>
<b>Fund balances:</b>					
Nonspendable . . . . .	319,660	13,315	291,110	175,827	799,912
Restricted . . . . .	-	2,437,961	3,010,329	15,058,987	20,507,277
Committed . . . . .	434,145	-	-	615,969	1,050,114
Assigned . . . . .	6,113,445	-	-	-	6,113,445
Unassigned (deficit) . . . . .	12,874,967	-	-	(10,568)	12,864,399
Total fund balances . . . . .	<u>19,742,217</u>	<u>2,451,276</u>	<u>3,301,439</u>	<u>15,840,215</u>	<u>41,335,147</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 26,374,769</u>	<u>\$ 7,665,471</u>	<u>\$ 6,778,994</u>	<u>\$ 18,421,449</u>	<u>\$ 59,240,683</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOLMES COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2020

<b>Total governmental fund balances</b>		\$ 41,335,147
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		38,893,860
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds.		
Sales taxes receivable	\$ 2,365,799	
Real and other taxes receivable	432,929	
Intergovernmental receivable	4,087,953	
Accounts receivable	114,780	
Accrued interest receivable	37,353	
Total		7,038,814
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
General obligation bonds payable	(2,570,600)	
Landfill closure and postclosure care liability	(1,925,079)	
Capital lease payable	(190,251)	
Compensated absences payable	(1,343,620)	
ODOT loans payable	(480,136)	
OPWC loans payable	(2,796,494)	
Accrued interest payable	(7,676)	
Total		(9,313,856)
An internal service fund is used by management to charge the costs of an employee medical and prescription drug self-insurance program to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		2,990,773
Unamortized deferred amounts on refundings are not recognized in the governmental funds.		38,237
The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.		
Net pension asset	186,905	
Deferred outflows of resources	3,094,505	
Deferred inflows of resources	(4,182,560)	
Net pension liability	(18,469,245)	
Total		(19,370,395)
The net OPEB asset and net OPEB liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB asset	48,066	
Deferred outflows of resources	1,989,749	
Deferred inflows of resources	(1,808,728)	
Net OPEB liability	(12,208,938)	
Total		(11,979,851)
Unamortized premiums on bond issuances are not recognized in the governmental funds.		(108,632)
<b>Net position of governmental activities</b>		<b>\$ 49,524,097</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>General</u>	<u>County Board of DD</u>	<u>Motor Vehicle License</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
From local sources:					
Sales taxes. . . . .	\$ 9,328,102	\$ -	\$ -	\$ 2,970,058	\$ 12,298,160
Real and other taxes. . . . .	3,430,990	3,416,918	-	1,047,633	7,895,541
Charges for services. . . . .	2,656,519	241,998	8,140	2,772,039	5,678,696
Licenses and permits . . . . .	5,801	-	16,170	328,905	350,876
Fines and forfeitures . . . . .	68,186	-	20,858	161,692	250,736
Intergovernmental. . . . .	1,688,127	1,319,592	5,664,540	9,886,562	18,558,821
Investment income. . . . .	953,883	1,974	-	5,254	961,111
Rental income . . . . .	453	-	-	16,208	16,661
Contributions and donations. . . . .	-	9,405	239,026	6,649	255,080
Other . . . . .	816,756	225,931	453,842	348,181	1,844,710
Total revenues . . . . .	<u>18,948,817</u>	<u>5,215,818</u>	<u>6,402,576</u>	<u>17,543,181</u>	<u>48,110,392</u>
<b>Expenditures:</b>					
Current:					
General government:					
Legislative and executive . . . . .	5,112,600	-	-	4,024,639	9,137,239
Judicial. . . . .	1,837,397	-	-	267,239	2,104,636
Public safety . . . . .	4,126,978	-	-	1,566,836	5,693,814
Public works . . . . .	-	-	4,995,066	2,815,732	7,810,798
Health . . . . .	107,376	-	-	221,703	329,079
Human services. . . . .	518,839	5,179,825	-	8,243,342	13,942,006
Conservation and recreation . . . . .	516,543	-	-	-	516,543
Capital outlay . . . . .	53,531	68,105	-	1,077,740	1,199,376
Debt service:					
Principal retirement. . . . .	10,260	4,297	39,955	681,502	736,014
Interest and fiscal charges . . . . .	2,080	823	2,044	123,449	128,396
Total expenditures . . . . .	<u>12,285,604</u>	<u>5,253,050</u>	<u>5,037,065</u>	<u>19,022,182</u>	<u>41,597,901</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>6,663,213</u>	<u>(37,232)</u>	<u>1,365,511</u>	<u>(1,479,001)</u>	<u>6,512,491</u>
<b>Other financing sources (uses):</b>					
Sale of capital assets. . . . .	40,065	-	-	-	40,065
Capital lease transaction. . . . .	-	68,105	-	68,233	136,338
Transfers in . . . . .	-	-	-	1,589,894	1,589,894
Transfers (out). . . . .	(1,251,627)	(50,000)	-	(288,267)	(1,589,894)
Issuance of loans . . . . .	-	-	-	500,000	500,000
Total other financing sources (uses). . . . .	<u>(1,211,562)</u>	<u>18,105</u>	<u>-</u>	<u>1,869,860</u>	<u>676,403</u>
Net change in fund balances . . . . .	5,451,651	(19,127)	1,365,511	390,859	7,188,894
<b>Fund balances at beginning of year (restated).</b>	<u>14,290,566</u>	<u>2,470,403</u>	<u>1,935,928</u>	<u>15,449,356</u>	<u>34,146,253</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 19,742,217</u>	<u>\$ 2,451,276</u>	<u>\$ 3,301,439</u>	<u>\$ 15,840,215</u>	<u>\$ 41,335,147</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOLMES COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020

<b>Net change in fund balances - total governmental funds</b>		\$ 7,188,894
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Capital asset additions	\$ 4,437,635	
Current year depreciation	<u>(2,564,894)</u>	
Total		1,872,741
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(41,636)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Sales taxes	429,586	
Real and other taxes	25,547	
Intergovernmental revenues	786,127	
Investment income	(60,378)	
Other revenues	<u>(41,891)</u>	
Total		1,138,991
Issuances of capital leases are recorded as other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.		
		(136,338)
Repayment of bond, loan, and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		736,014
The issuances of loans are reported as an other financing source in the governmental funds; however, in the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net position.		
		(500,000)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in decreased interest reported in the statement of activities:		
Decrease in accrued interest payable	552	
Amortization of deferred amounts on refunding	(1,828)	
Amortization of bond premiums	<u>6,283</u>	
Total		5,007
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension		2,048,707
OPEB		13,997
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB asset/liability are reported as pension expense and OPEB expense, respectively, in the statement of activities.		
Pension		(2,824,451)
OPEB		(1,435,229)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences payable	(101,841)	
Landfill closure and postclosure care liability	<u>(10,574)</u>	
Total		(112,415)
The internal service fund used by management to charge the costs of an employee medical and prescription drug self-insurance program to individual funds is not reported in the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>204,893</u>
<b>Change in net position of governmental activities</b>		<u>\$ 8,159,175</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOLMES COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Sales taxes . . . . .	\$ 7,000,000	\$ 7,000,000	\$ 9,057,198	\$ 2,057,198
Real and other taxes. . . . .	3,010,000	3,010,000	3,443,914	433,914
Charges for services. . . . .	1,302,650	1,558,089	2,841,554	1,283,465
Licenses and permits . . . . .	4,470	4,470	5,801	1,331
Fines and forfeitures . . . . .	70,000	70,000	61,443	(8,557)
Intergovernmental. . . . .	896,076	1,416,633	1,692,084	275,451
Investment income. . . . .	350,000	350,000	735,124	385,124
Rental income. . . . .	540	540	473	(67)
Other . . . . .	56,000	67,675	528,333	460,658
<b>Total revenues . . . . .</b>	<u>12,689,736</u>	<u>13,477,407</u>	<u>18,365,924</u>	<u>4,888,517</u>
<b>Expenditures:</b>				
Current:				
General government:				
Legislative and executive . . . . .	8,707,635	9,277,372	5,696,172	3,581,200
Judicial. . . . .	1,870,815	1,908,759	1,691,107	217,652
Public safety . . . . .	3,383,167	3,587,203	3,478,167	109,036
Health . . . . .	113,000	113,000	107,377	5,623
Human services. . . . .	500,000	500,492	272,917	227,575
Conservation and recreation . . . . .	1,786,000	1,716,000	286,543	1,429,457
<b>Total expenditures . . . . .</b>	<u>16,360,617</u>	<u>17,102,826</u>	<u>11,532,283</u>	<u>5,570,543</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(3,670,881)</u>	<u>(3,625,419)</u>	<u>6,833,641</u>	<u>10,459,060</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets. . . . .	-	25,000	37,276	12,276
Transfers in . . . . .	-	41,012	43,684	2,672
Transfers (out). . . . .	<u>(1,607,127)</u>	<u>(1,724,127)</u>	<u>(1,724,127)</u>	<u>-</u>
<b>Total other financing sources (uses) . . . . .</b>	<u>(1,607,127)</u>	<u>(1,658,115)</u>	<u>(1,643,167)</u>	<u>14,948</u>
Net change in fund balances . . . . .	(5,278,008)	(5,283,534)	5,190,474	10,474,008
<b>Fund balances at beginning of year . . . . .</b>	11,719,439	11,719,439	11,719,439	-
<b>Prior year encumbrances appropriated . . . . .</b>	1,430	1,430	1,430	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 6,442,861</u>	<u>\$ 6,437,335</u>	<u>\$ 16,911,343</u>	<u>\$ 10,474,008</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 COUNTY BOARD OF DD  
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Real and other taxes. . . . .	\$ 3,461,872	\$ 3,461,872	\$ 3,424,529	\$ (37,343)
Charges for services. . . . .	592,595	592,595	236,981	(355,614)
Intergovernmental. . . . .	1,510,075	1,510,075	1,322,547	(187,528)
Investment income. . . . .	2,006	2,006	1,973	(33)
Contributions and donations. . . . .	800	800	7,405	6,605
Other . . . . .	148,175	148,175	206,003	57,828
Total revenues . . . . .	<u>5,715,523</u>	<u>5,715,523</u>	<u>5,199,438</u>	<u>(516,085)</u>
<b>Expenditures:</b>				
Current:				
Human services. . . . .	6,596,978	6,598,129	5,177,655	1,420,474
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(881,455)</u>	<u>(882,606)</u>	<u>21,783</u>	<u>904,389</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	10,000	151,152	10,820	(140,332)
Transfers (out) . . . . .	-	(50,000)	(50,000)	-
Total other financing sources (uses) . . . . .	<u>10,000</u>	<u>101,152</u>	<u>(39,180)</u>	<u>(140,332)</u>
Net change in fund balances. . . . .	(871,455)	(781,454)	(17,397)	764,057
Fund balances at beginning of year . . . . .	<u>2,004,170</u>	<u>2,004,170</u>	<u>2,004,170</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 1,132,715</u>	<u>\$ 1,222,716</u>	<u>\$ 1,986,773</u>	<u>\$ 764,057</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOLMES COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 MOTOR VEHICLE LICENSE  
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Charges for services . . . . .	\$ 81,408	\$ 81,408	\$ 8,140	\$ (73,268)
Licenses and permits . . . . .	12,370	12,370	16,170	3,800
Fines and forfeitures . . . . .	25,299	25,299	21,747	(3,552)
Intergovernmental. . . . .	6,328,696	6,328,696	5,645,147	(683,549)
Investment income. . . . .	518	518	-	(518)
Contributions and donations. . . . .	230,000	230,000	239,026	9,026
Other . . . . .	140,099	140,099	453,244	313,145
<b>Total revenues . . . . .</b>	<b>6,818,390</b>	<b>6,818,390</b>	<b>6,383,474</b>	<b>(434,916)</b>
<b>Expenditures:</b>				
Current:				
Public works . . . . .	6,818,390	6,835,402	4,773,043	2,062,359
Excess (deficiency) of revenues over (under) expenditures . . . . .	-	(17,012)	1,610,431	1,627,443
<b>Other financing sources:</b>				
Transfers in . . . . .	-	16,801	17,013	212
<b>Total other financing sources . . . . .</b>	<b>-</b>	<b>16,801</b>	<b>17,013</b>	<b>212</b>
Net change in fund balances . . . . .	-	(211)	1,627,444	1,627,655
<b>Fund balances at beginning of year . . . . .</b>	<b>1,128,263</b>	<b>1,128,263</b>	<b>1,128,263</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 1,128,263</b>	<b>\$ 1,128,052</b>	<b>\$ 2,755,707</b>	<b>\$ 1,627,655</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**HOLMES COUNTY, OHIO**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2020**

	<b>Business-type Activities - Enterprise Fund Sewer District</b>	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets:</b>		
Current assets:		
Equity in pooled cash and cash equivalents . . . . .	\$ 1,184,446	\$ 3,303,467
Receivables (net of allowance for uncollectibles)		
Accounts . . . . .	112,813	-
Materials and supplies inventory . . . . .	585	-
Total current assets . . . . .	<u>1,297,844</u>	<u>3,303,467</u>
Noncurrent assets:		
Net pension asset . . . . .	1,106	-
Capital assets:		
Non-depreciable capital assets . . . . .	98,503	-
Depreciable capital assets, net . . . . .	12,078,019	-
Total capital assets, net . . . . .	<u>12,176,522</u>	<u>-</u>
Total noncurrent assets . . . . .	<u>12,177,628</u>	<u>-</u>
Total assets . . . . .	<u>13,475,472</u>	<u>3,303,467</u>
<b>Deferred outflows of resources:</b>		
Pension . . . . .	17,743	-
OPEB . . . . .	11,647	-
Total deferred outflows of resources . . . . .	<u>29,390</u>	<u>-</u>
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable . . . . .	53,330	-
Accrued wages and benefits payable . . . . .	3,632	-
Due to other governments . . . . .	26,809	-
Accrued interest payable . . . . .	55,196	-
Claims payable . . . . .	-	312,694
Current portion of compensated absences payable . . . . .	6,250	-
Current portion of general obligation bonds payable . . . . .	85,000	-
Current portion of OPWC loans payable . . . . .	117,151	-
Current portion of USDA loans payable . . . . .	45,000	-
Total current liabilities . . . . .	<u>392,368</u>	<u>312,694</u>
Long-term liabilities:		
Compensated absences payable . . . . .	784	-
General obligation bonds payable . . . . .	1,618,392	-
OPWC loans payable . . . . .	2,539,565	-
USDA loans payable . . . . .	2,197,000	-
Net pension liability . . . . .	105,423	-
Net OPEB liability . . . . .	72,279	-
Total long-term liabilities . . . . .	<u>6,533,443</u>	<u>-</u>
Total liabilities . . . . .	<u>6,925,811</u>	<u>312,694</u>
<b>Deferred inflows of resources:</b>		
Pension . . . . .	34,082	-
OPEB . . . . .	16,380	-
Total deferred inflows of resources . . . . .	<u>50,462</u>	<u>-</u>
Total liabilities and deferred inflows of resources . . . . .	<u>6,976,273</u>	<u>312,694</u>
<b>Net position:</b>		
Net investment in capital assets . . . . .	5,574,414	-
Unrestricted . . . . .	954,175	2,990,773
Total net position . . . . .	<u>\$ 6,528,589</u>	<u>\$ 2,990,773</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOLMES COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities - Internal Service Fund</b>
	<b>Sewer District</b>	
	<hr/>	<hr/>
<b>Operating revenues:</b>		
Charges for services . . . . .	\$ 1,223,396	\$ 2,231,357
Other . . . . .	168,102	18,660
	<hr/>	<hr/>
Total operating revenues . . . . .	1,391,498	2,250,017
<b>Operating expenses:</b>		
Personal services . . . . .	112,092	-
Contract services . . . . .	648,661	-
Materials and supplies . . . . .	86,796	-
Claims . . . . .	-	2,045,124
Depreciation . . . . .	492,638	-
Other . . . . .	97,932	-
	<hr/>	<hr/>
Total operating expenses . . . . .	1,438,119	2,045,124
Operating income (loss) . . . . .	(46,621)	204,893
<b>Nonoperating expenses:</b>		
Interest and fiscal charges . . . . .	(131,508)	-
	<hr/>	<hr/>
Change in net position . . . . .	(178,129)	204,893
<b>Net position at beginning of year . . . . .</b>	<b>6,706,718</b>	<b>2,785,880</b>
	<hr/>	<hr/>
<b>Net position at end of year . . . . .</b>	<b>\$ 6,528,589</b>	<b>\$ 2,990,773</b>
	<hr/>	<hr/>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities - Internal Service Fund</b>
	<b>Sewer District</b>	
<b>Cash flows from operating activities:</b>		
Cash received from sales/charges for services . . . . .	\$ 1,222,699	\$ 2,231,357
Cash received from other operations . . . . .	168,102	18,660
Cash payments for personal services . . . . .	(105,596)	-
Cash payments for contractual services . . . . .	(634,553)	-
Cash payments for materials and supplies . . . . .	(86,679)	-
Cash payments for claims . . . . .	-	(2,110,566)
Cash payments for other expenses . . . . .	(97,932)	-
Net cash provided by operating activities . . . . .	<u>466,041</u>	<u>139,451</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets . . . . .	(8,300)	-
Principal payments on bonds, notes and loans . . . . .	(187,550)	-
Interest payments on bonds, notes and loans . . . . .	(132,516)	-
Net cash (used in) capital and related financing activities . . . . .	<u>(328,366)</u>	<u>-</u>
Net increase in cash and cash equivalents . . . . .	137,675	139,451
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<u>1,046,771</u>	<u>3,164,016</u>
<b>Cash and cash equivalents at end of year . . . . .</b>	<u>\$ 1,184,446</u>	<u>\$ 3,303,467</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss) . . . . .	\$ (46,621)	\$ 204,893
Adjustments:		
Depreciation . . . . .	492,638	-
Changes in assets, deferred outflows, liabilities, and deferred inflows:		
(Increase) in accounts receivable . . . . .	(697)	-
(Increase) in materials and supplies inventory . . . . .	(91)	-
(Increase) in net pension asset . . . . .	(528)	-
Decrease in deferred outflows of resources - pension . . . . .	32,439	-
(Increase) in deferred outflows of resources - OPEB . . . . .	(4,235)	-
(Decrease) in accounts payable . . . . .	(8,282)	-
Increase in accrued wages and benefits . . . . .	774	-
(Decrease) in claims payable . . . . .	-	(65,442)
Increase in due to other governments . . . . .	22,717	-
Increase in compensated absences payable . . . . .	1,013	-
(Decrease) in net pension liability . . . . .	(56,851)	-
(Decrease) in net OPEB liability . . . . .	(2,863)	-
Increase in deferred inflows of resources - pension . . . . .	24,443	-
Increase in deferred inflows of resources - OPEB . . . . .	12,185	-
Net cash provided by operating activities . . . . .	<u>\$ 466,041</u>	<u>\$ 139,451</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

STATEMENT OF FIUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2020

	<u>Custodial</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 4,281,165
Cash in segregated accounts . . . . .	1,169,891
Receivables (net of allowances for uncollectibles):	
Real and other taxes . . . . .	41,432,835
Accounts . . . . .	233,683
Due from other governments . . . . .	<u>2,370,401</u>
Total assets . . . . .	<u>49,487,975</u>
<b>Liabilities:</b>	
Accounts payable . . . . .	84,015
Accrued wages and benefits . . . . .	90,568
Due to other governments . . . . .	<u>794,152</u>
Total liabilities . . . . .	<u>968,735</u>
<b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year. . . . .	<u>39,975,115</u>
<b>Net position:</b>	
Restricted for individuals, organizations and other governments . . . . .	<u>8,544,125</u>
Total net position . . . . .	<u>\$ 8,544,125</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HOLMES COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<b>Custodial</b>
<b>Additions:</b>	
Intergovernmental . . . . .	\$ 5,918,651
Amounts received as fiscal agent . . . . .	4,077,196
Fines, forfeitures, licenses, permits and fees for other governments	5,655,904
Real and other tax collections for other governments . . . . .	38,499,141
Earnings on investments . . . . .	815
Other custodial fund collections . . . . .	1,264,755
Total additions . . . . .	55,416,462
<b>Deductions:</b>	
Distributions of state funds to other governments . . . . .	5,540,478
Distributions as fiscal agent . . . . .	3,394,115
Fines, forfeitures, licenses, permits and fees	
distributions to other governments . . . . .	5,655,904
Real and other tax distributions to other governments . . . . .	38,724,858
Other custodial fund disbursements . . . . .	1,199,882
Total deductions . . . . .	54,515,237
Net change in fiduciary net position . . . . .	901,225
<b>Net position beginning of year (restated) . . . . .</b>	<b>7,642,900</b>
<b>Net position end of year . . . . .</b>	<b>\$ 8,544,125</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

## HOLMES COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

#### NOTE 1 - DESCRIPTION OF THE COUNTY

Holmes County, Ohio (the “County”), was created in 1825. The County is governed by a Board of three commissioners elected by the voters of the County. The County Commissioners serve as the taxing authority, the contracting body and the chief administrators of public services for the County. Other officials elected by the voters of the County that manage various segments of the County’s operations are the County Auditor, Clerk of Courts, Treasurer, Prosecuting Attorney, Coroner, Engineer, Common Pleas Judge, Probate and Juvenile Judge, Municipal Court Judge, Sheriff and Recorder. Although these elected officials manage the internal operations of their respective department, the County Commissioners serve as the budget and taxing authority, contracting body and the chief administrators of public services for the County.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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

##### A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County.

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; or (3) the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the County has three component units which are discussed on the following page.

##### *DISCRETELY PRESENTED COMPONENT UNITS*

##### *Holmes County Regional Planning Commission (Commission)*

The Commission is governed by an eleven-member Board, of which seven are appointed by the County. The Commission has a financial benefit/burden relationship with the County; therefore, the Commission has been included as a component unit of the County. Separate financial statements can be obtained from the Commission, 2 Court St. Suite 21, Millersburg, Ohio 44654.

## HOLMES COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

##### Holmes County Airport Authority (Airport Authority)

The Airport Authority Board consists of seven members which are appointed by the County Commissioners of Holmes County. The Airport Authority has a financial benefit/burden relationship with the County; therefore, the Airport Authority has been included as a component unit of the County. Separate financial statements can be obtained from Holmes County Airport Authority, County Administration Building, Millersburg, Ohio 44654.

##### Lynn Hope Industries, Inc. (Workshop)

The Workshop is a legally separate, not-for-profit corporation, (organized under Section 501 (c) (3) of the Internal Revenue Code) served by a self-appointing Board of Trustees. The Workshop, under a contractual agreement with the Holmes County Board of Developmental Disabilities (DD), provides sheltered employment for handicapped adults in Holmes County. The Holmes County Board of DD provides the Workshop with some expenses and personnel for operation of the Workshop including staff salaries, transportation, equipment (except that used directly in the production of goods or rendering of services), staff to administer and supervise training programs, various financial reporting and other funds as necessary for the operation of the Workshop. Based on the significant services and resources provided by the County to the Workshop and the Workshop's sole purpose of providing assistance to the handicapped adults of Holmes County, the Workshop is reflected as a component unit of the County. Separately issued financial statements can be obtained from Lynn Hope Industries, Inc. of Holmes County, Holmesville, Ohio 44633.

Information in the following notes to the basic financial statements is applicable to the primary government. Information relative to the component units is identified in Notes 21, 22 and 23.

##### *POTENTIAL COMPONENT UNITS REPORTED AS CUSTODIAL FUNDS*

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of several separate agencies, boards and commissions, the County serves as fiscal agent, but the organizations are not considered part of Holmes County. Accordingly, the activities of the following entities are presented as custodial funds within Holmes County's financial statements: District Board of Health and Soil and Water Conservation.

##### *JOINT VENTURE WITHOUT EQUITY INTEREST*

##### Mental Health & Recovery Board of Wayne and Holmes Counties (Board)

The Board, a joint venture of Wayne and Holmes County, has the responsibility for the development, funding, monitoring and evaluating of community based mental health programs. The Board is controlled by a joint Board of Trustees whose membership consists of five appointees of the State Board of Mental Health, eight appointees of the Wayne County Commissioners, and two appointees of the Holmes County Commissioners. The Board exercises total control of the operations of the Board, including budgeting, appropriating, contracting, and designating management. Continued existence of the Board is dependent on the County's continued participation; however, the County does not have an equity interest in the Board. The Board is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the County. A joint county property tax levy accounts for twenty-five percent of the Board's revenue. The County makes no additional contributions to the Board and has no approval authority over the tax levy. Complete financial statements for the Board can be obtained from the Board at 1985 Eagle Pass, Wooster, Ohio 44691.

## HOLMES COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

##### *JOINTLY GOVERNED ORGANIZATIONS*

###### *Holmes County Family and Children First Council (Council)*

The mission of the Council is to promote and facilitate collaboration among community agencies serving children and their families and to unite the community in promoting the well-being of children and their families through leadership advocacy, and coordination of services. The Board of Trustees is made up of 18 individuals from various organizations including five from the County. The County paid \$138,196 to the Council during 2020.

###### *Mid-Eastern Ohio Regional Council (MEORC)*

MEORC is a jointly governed organization among eighteen counties in Ohio. MEORC provides services to the developmentally disabled residents in the participating counties. MEORC is governed by a Council made up of the superintendents of each county's Board of Developmental Disabilities. Revenues are generated by fees and State grants. The Council does not have any outstanding debt. Information can be obtained from 1 Avalon Road, Mount Vernon, Ohio 43050. For 2020, the County paid \$97,465 to MEORC for services provided.

##### *PUBLIC ENTITY RISK POOLS*

###### *County Risk Sharing Authority, Inc. (CORSA)*

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

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

CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County's payment for insurance to CORSA in 2020 was \$172,796.

Financial statements may be obtained by contacting the County Commissioners Association of Ohio in Columbus, Ohio.



## HOLMES COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

##### County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

The County is participating in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool. A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third-party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at a 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.

##### RELATED ORGANIZATIONS

##### Holmes County Public Library (Library)

The Library provides services aimed at enriching the lives of the citizens of the County through an informed and connected community. The County appoints the governing board of the Library; however, the County cannot influence the Library's operation nor does the Library represent a potential financial benefit or burden on the County. The County serves in a ministerial capacity as taxing authority for the Library. Once the Library Board determines to present a levy to the voters, including the determination of its rate and duration, the County must place the levy on the ballot. The Library determines its own budget.

##### Holmes County Park District (District)

The District provides conservation and recreation programs for the benefit of the County's citizens. The three Park District Commissioners are appointed by the Probate Judge of the County. The District hires and fires its own staff and does not rely on the County to finance deficits. The County is not financially accountable for the District. The District serves as its own taxing and debt issuance authority. The District receives 0.15 inside mills of real estate taxes for operation.

#### **B. Fund Accounting**

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

**Governmental Funds** - Governmental funds are those through which most governmental functions 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 purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. Governmental fund assets less liabilities and deferred inflows of resources is reported as fund balance.

## HOLMES COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

The following are the County's major governmental funds:

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

*County Board of Developmental Disabilities (DD)* - This fund accounts for the operation of a school and resident homes for the developmentally disabled. Revenue sources include a property tax levy, federal/State grants, charges for services, investment income, contributions and donation, and miscellaneous revenue.

*Motor Vehicle License* - This fund accounts for revenues derived from motor vehicle licenses, and gasoline taxes. Expenditures are restricted by State law to County road and bridge repair and maintenance programs.

Other governmental funds of the County are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects, and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

*Proprietary Funds* - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

*Enterprise Funds* - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The County has presented the following major enterprise fund:

*Sewer District* - This fund accounts for sanitary sewer services provided to individual and commercial users in the majority of the unincorporated areas of Holmes County. The costs of providing these services are financed primarily through user charges. The Sanitary Sewer District has its own facilities and rate structure.

*Internal Service Fund* - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The County's internal service fund reports the operations of a self-insurance program for employee medical and prescription drug benefits.

*Fiduciary Funds* - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. The County's only fiduciary funds are custodial funds which account for monies held for other governments and undistributed assets related primarily to real estate tax, gasoline and license tax, and the County courts.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

C. Basis of Presentation and Measurement Focus

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 activities of the internal service fund are eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities. On the statement of activities, interfund services provided and used are not eliminated in the process of consolidation.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function or program of the County’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues 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. Revenues which are not classified as program revenues are presented as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities and deferred inflows and outflows of resources associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

**HOLMES COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the County's proprietary funds are charges for services and fees. Operating expenses for the enterprise fund include personnel and other expenses related to Sewer operations and operating expenses for the internal service fund include claims expenses for the employee medical and prescription drug benefit self-insurance program. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

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

**D. Basis of Accounting**

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

**Revenues - Exchange and Nonexchange Transactions** - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the full accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within thirty-one days of year end.

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: sales tax (See Note 7.A.), interest, federal and State grants and subsidies, State-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees and rentals.

## HOLMES COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

***Deferred Outflows of Resources and Deferred Inflows of Resources*** - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the County, see Note 13 and Note 14 for deferred outflows of resources related to the County's net pension asset/liability and net OPEB asset/liability, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2020, but which were levied to finance 2021 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the County unavailable revenue includes, but is not limited to, delinquent property taxes, sales taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the County, see Note 13 and Note 14 for deferred inflows of resources related to the County's net pension asset/liability and net OPEB asset/liability, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

***Expense/Expenditures*** - On the full accrual basis of accounting, expenses are recognized at the time they are incurred.

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

#### **E. Budgetary Data**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each department and fund.

***Tax Budget*** - A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 15 of each year, for the period January 1 to December 31 of the following year. All funds, except custodial funds, are legally required to be budgeted. The purpose of the Tax Budget is to reflect the need for existing (or increased) tax rates.

## HOLMES COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

**Estimated Resources** - The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews revenue estimates. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the projected revenue of each fund.

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if the County Auditor determines that revenue to be collected will be greater than or less than the prior estimates and the Budget Commission finds the revised estimates to be reasonable. The amounts set forth in the budgetary statements represent estimates from the original and final amended certificates issued during 2020.

**Appropriations** - A temporary appropriation resolution 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 resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The County legally adopted several supplemental appropriations during the year. The original budget and all budgetary amendments and supplemental appropriations necessary during 2020 are included in the final budget amounts in the budget-to-actual comparisons.

**Lapsing of Appropriations** - At the close of each 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 year and is not re-appropriated.

#### F. Cash, Cash Equivalents and Investments

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

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

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

During 2020, investments were limited to Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal Home Loan Bank (FHLB) securities, Federal National Mortgage Association (FNMA), negotiable certificates of deposit, commercial paper, corporate note, municipal bond, and a U.S. Government money market mutual fund. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during year 2020 amounted to \$953,883 which includes \$612,845 assigned from other County funds.

**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

An analysis of the County’s investment account at year end is provided in Note 4.

**G. Inventories of Materials and Supplies**

On the government-wide and governmental and proprietary fund financial statements, purchased inventories are presented at the lower of cost or market. Inventories are recorded on a first-in, first-out basis and are expended/expensed when used. Inventories are accounted for using the consumption method.

On fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources.

**H. Capital Assets**

Governmental capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized. All reported capital assets are depreciated except for land and construction in process. Improvements are depreciated over the remaining useful lives of the related capital assets.

The County maintains a capitalization threshold of \$5,000. The County’s infrastructure consists of roads, bridges, culverts and sanitary sewers. Useful lives for infrastructure were estimated based on the County’s historical records of necessary improvements and replacements. The County depreciates its capital assets using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Improvements other than buildings	10 - 20 years	10 - 20 years
Buildings and improvements	20 - 40 years	20 - 40 years
Machinery and equipment	4 - 7 years	5 years
Vehicles	10 years	10 years
Sewer/water lines	-	40 years
Infrastructure	20 - 50 years	20 - 50 years

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The County’s policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project from the date of borrowing until completion of the project and the interest earned from temporary investment of the debt proceeds over the same period. Capitalized interest is amortized on the straight-line method over the estimated useful life of the asset. For 2020, the net interest expense incurred on proprietary fund construction projects was not material.

**HOLMES COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

**I. Compensated Absences**

Compensated absences of the County consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the County and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences," a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at December 31, 2020, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. Sick leave benefits are accrued using the "vesting" method. The County records a liability for accumulated unused sick leave for employees after 13 years of current service.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at December 31, 2020 and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments.

County employees earn vacation at varying rates ranging from two to five weeks per year. Sick leave is accumulated at the rate of 4.60 hours per 80 hours worked. Vacation and sick leave are accumulated on an hours worked basis. Vacation pay is vested after one year and sick pay upon eligibility for retirement. Accumulated vacation cannot exceed the amount earned in one year plus 40 hours.

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

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures in the fund financial statements to the extent payments come due each period upon the occurrence of employee resignations and retirements. The noncurrent portion of the liability is not reported in the governmental fund financial statements. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**J. Prepayments**

Payments made to vendors for services that will benefit periods beyond December 31, 2020, are recorded as prepayments using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

On fund financial statements, prepayments are equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources.

**K. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported in the proprietary fund financial statements.



**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner from current financial resources, are reported as obligations of the funds. However, compensated absences, the net pension liability, the net OPEB liability, and claims and judgements that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

**L. Interfund Transactions**

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

During the normal course of operations, the County has numerous transactions between funds. Transfers represent movement of resources from a fund receiving revenue to a fund through which those resources will be expended and are recorded as other financing sources (uses) in governmental funds and as transfers in proprietary funds. Interfund transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the County are treated similarly when involving other funds of the County.

Interfund balances reported as "due to/from other funds" are eliminated in the statement of net position, except for any residual balances outstanding between the governmental activities and business-type activities, which are reported in the government-wide financial statements as "internal balances".

**M. 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 legally 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 are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

*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 Board of Commissioners (the highest level of decision-making authority). Those committed amounts cannot be used for any other purpose unless the Board of Commissioners removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

## HOLMES COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted nor 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 Board of Commissioners, which includes giving the County Auditor the authority to constrain monies for intended purposes. The Board of Commissioners has, by resolution, authorized the County Auditor to assign fund balances for encumbrances outstanding at year-end.

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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The County applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

#### **N. Estimates**

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

#### **O. Net Position**

Net position represents the difference between assets plus deferred outflows of resources less liabilities less deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are also included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

#### **P. Bond Issuance Costs, Bond Premiums and Discounts, Accounting Gain or Loss**

On both the government-wide financial statements and the fund financial statements, bond issuance costs are recognized in the period in which these items are incurred.

## HOLMES COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

On the government-wide financial statements, bond premiums and discounts are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds and bond discounts are presented as a reduction to the face amount of the bonds. On the governmental fund financial statements, bond premiums and discounts are recognized in the period in which these items are incurred. The reconciliation between the face value of bonds and the amount reported on the statement of net position is presented in Note 10.

For current and advance refunding's resulting in the defeasance of debt reported in the government-wide financial statements and enterprise funds, the difference between the reacquisition price and the net carrying amount of the old debt is amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred inflow of resources or a deferred outflow of resources.

#### Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County Commissioners and that are either unusual in nature or infrequent in occurrence. The County did not have either type of transaction during 2020.

#### R. Pensions/Other Postemployment Benefits (OPEB)

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

#### S. Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

#### NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

##### A. Change in Accounting Principles

For 2020, the County has implemented GASB Statement No. 83, "Certain Asset Retirement Obligations", GASB Statement No. 84, "Fiduciary Activities", GASB Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements", and GASB Statement No. 90, "Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61."

## HOLMES COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

#### NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the County.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the County will no longer be reporting agency funds. The County reviewed its agency funds and certain funds will be reported in the new fiduciary classification of custodial funds, while other funds have been reclassified as governmental or proprietary funds. These fund reclassifications resulted in the restatement of the County's financial statements.

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

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the County.

For 2020, the County has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance" to GASB Statement Nos. 87 and 89, which were originally due to be implemented in 2020. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following pronouncement is postponed by one year and the County has elected delaying implementation until the fiscal year ended December 31, 2021:

- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

The following pronouncements are postponed by eighteen months and the County has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Restatement of Net Position and Fund Balances**

The implementation of GASB Statement No. 84 had the following effect on fund balance as reported at December 31, 2019:

	<u>General</u>	<u>County Board of DD</u>	<u>Motor Vehicle License</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balance as previously reported	\$ 14,267,405	\$ 2,470,403	\$ 1,935,928	\$ 15,449,356	\$ 34,123,092
GASB Statement No. 84	<u>23,161</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,161</u>
Restated fund balance, at December 31, 2019	<u>\$ 14,290,566</u>	<u>\$ 2,470,403</u>	<u>\$ 1,935,928</u>	<u>\$ 15,449,356</u>	<u>\$ 34,146,253</u>

The implementation of GASB Statement No. 84 had the following effect on the net position as reported at December 31, 2019:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net position as previously reported	\$ 41,341,761	\$ 6,706,718
GASB Statement No. 84	<u>23,161</u>	<u>-</u>
Restated net position at December 31, 2019	<u>\$ 41,364,922</u>	<u>\$ 6,706,718</u>

Due to the implementation of GASB Statement No. 84, the new classification of custodial funds is reporting a beginning net position of \$7,642,900. Also, related to the implementation of GASB Statement No. 84, the County will no longer be reporting agency funds. At December 31, 2019, agency funds reported assets and liabilities of \$47,401,176.

**C. Deficit Fund Balances**

Fund balances at December 31, 2020 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
State victims assistance grant	\$ 5,228
Community development block grant	5,340

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

## HOLMES COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

#### NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the County into two categories, as described below.

Active deposits are public deposits necessary to meet current demands on the treasury. Such 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.

Inactive deposits are public deposits that the County Treasurer has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Inactive monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities 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, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of 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. 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 and repurchase agreements secured by such obligations, provided these investments are made only through eligible institutions;
6. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies;
8. High grade commercial paper for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the County's total average portfolio; and,
9. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the County's total average portfolio.

## HOLMES COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

#### NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

#### A. Cash on Hand

At year end, the County had \$131,288 in undeposited cash on hand which is included on the financial statements of the County as part of “equity in pooled cash and cash equivalents”.

#### B. Deposits with Financial Institutions

At December 31, 2020, the carrying amount of all County deposits, including nonnegotiable certificates of deposit and cash in segregated accounts, was \$26,262,729 and the bank balance was \$27,662,368. Of the bank balance, \$1,947,397 was covered by the FDIC and \$25,714,971 was exposed to custodial credit risk described below.

Custodial credit risk is the risk that, in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the County and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2020, the County’s deposits were collateralized through specific collateral pledged to the County at either 102 percent or 105 percent of the deposits being secured. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the County to a successful claim by the FDIC.

**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Investments**

As of December 31, 2020, the County had the following investments and maturity:

Measurement/ Investment type	Measurement Value	Investment Maturity			
		1 Year or Less	1 to 2 Years	2 to 3 Years	Greater Than 3 Years
<i>Fair Value:</i>					
FFCB	\$ 4,925,232	\$ -	\$ -	\$ 624,482	\$ 4,300,750
FHLB	464,519	-	-	-	464,519
FHLMC	4,607,181	-	-	999,755	3,607,426
FNMA	3,350,571	-	-	499,800	2,850,771
Negotiable CDs	6,142,142	-	1,018,353	3,085,688	2,038,101
Commercial paper	259,488	259,488	-	-	-
Corporate note	1,672,822	1,672,822	-	-	-
Municipal bond	2,245,951	1,877,604	-	-	368,347
U.S. Government money market mutual fund	15,901	15,901	-	-	-
<b>Total</b>	<b>\$ 23,683,807</b>	<b>\$ 3,825,815</b>	<b>\$ 1,018,353</b>	<b>\$ 5,209,725</b>	<b>\$ 13,629,914</b>

The weighted average of maturity of investments is 3.07 years.

The County's investment in a U.S. Government money market is valued using quoted prices in active markets (Level 1 inputs). The County's investments in federal agency securities (FFCB, FHLB, FHLMC, FNMA), commercial paper, negotiable CDs, municipal bonds, and corporate notes are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

*Credit Risk:* The County's investments in federal agency securities rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The County's investment in a corporate note is rated AA- and A1 by Standard & Poor's and Moody's Investor Services, respectively. The County's investment in a municipal bond is rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The County's investment in commercial paper was rated A-1 and P-1 by Standard & Poor's and Moody's Investor Services, respectively. The U.S. Government money market mutual fund was rated AAAM by Standard & Poor's. The negotiable CD's were fully covered by the FDIC. The County has no policy further restricting credit risk beyond the statutory guidelines, which limit investment choices.

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



**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Concentration of Credit Risk:* The County’s investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities. The following table includes the percentage of each investment type held by the County at December 31, 2020:

Measurement/ Investment type	Measurement	
	Value	% of Total
<i>Fair Value</i>		
FFCB	\$ 4,925,232	20.80
FHLB	464,519	1.96
FHLMC	4,607,181	19.45
FNMA	3,350,571	14.15
Negotiable CDs	6,142,142	25.93
Commercial paper	259,488	1.10
Corporate note	1,672,822	7.06
Municipal bond	2,245,951	9.48
U.S. Government money market mutual fund	15,901	0.07
Total	<u>\$ 23,683,807</u>	<u>100.00</u>

**D. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2020:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 26,262,729
Investments	23,683,807
Cash on hand	131,288
Total	<u>\$ 50,077,824</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 43,219,278
Business-type activities	1,184,446
Component unit <sup>(1)</sup>	223,044
Custodial	5,451,056
Total	<u>\$ 50,077,824</u>

<sup>(1)</sup> Cash and cash equivalents of the Holmes County Regional Planning Commission are pooled and invested by the County (See Note 21 for detail). Cash and cash equivalents of Lynn Hope Industries, Inc. and the Holmes County Airport Authority are held separate from the County (See Notes 22 and 23, respectively, for detail) and are reported on the financial statements as “cash and cash equivalents in segregated accounts.”

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 5 - INTERFUND TRANSACTIONS

**Interfund Transfers**

Interfund transfers for the year ended December 31, 2020, consisted of the following, as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	
Nonmajor governmental funds	\$ 1,251,627
<u>Transfer from County Board of DD fund to:</u>	
Nonmajor governmental funds	50,000
<u>Transfers from nonmajor governmental funds to:</u>	
Nonmajor governmental funds	<u>288,267</u>
Total	<u>\$ 1,589,894</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (4) to move monies set-aside for capital improvements.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the County. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2020 public utility property taxes became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Auditor collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, tangible personal property taxes and outstanding delinquencies which are measurable as of December 31, 2020 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow of resources since the current taxes were not levied to finance 2021 operations and the collection of delinquent taxes has been offset by a deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue.

**HOLMES COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 6 - PROPERTY TAXES - (Continued)**

The full tax rate for all County operations for the year ended December 31, 2020 was \$11.55 per \$1,000 of assessed value. The total assessed value of real property upon which 2020 property tax receipts were based was \$1,218,960,970.

**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2020, consisted of taxes, interest, accounts (billings for user charged services and other fees), and intergovernmental receivables arising from grants, entitlements and shared revenue. All intergovernmental receivables have been classified as “due from other governments” on the balance sheet and statement of net position. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

**A. Permissive Sales and Use Tax**

In 1979, the County Commissioners by resolution imposed a one-half percent tax on all retail sales, made in the County, except sales of motor vehicles, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County. The Tax Commissioner’s certification must be made within the forty-five days after the end of each month. The Office of Budget and Management then has five days in which to draw the warrant payable to the County.

Amounts that have been collected by the State and that are to be received within the available period are accrued as revenue on the fund financial statements. Each month, the sales tax revenue is allocated to County funds in accordance with the yearly Resolution adopted by the Commissioner. During 2020, sales tax revenue was allocated to the general fund and the following nonmajor governmental funds: the 911 fund, the solid waste district fund, the county road sales tax fund, the township road project sales tax fund, the capital improvements fund and the general obligation debt service fund. Sales tax revenue for 2020 amounted to \$12,298,160 as reported on the fund financial statements.

**B. Intergovernmental**

A summary of the principal items of “due from other governments” as reported on the fund financial statements follows:

	<u>Amount</u>
<u>General fund</u>	
Homestead and rollback	\$ 188,743
Local government	225,000
Casino	262,225
Other	<u>1,413</u>
Total	<u>677,381</u>

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 7 - RECEIVABLES - (Continued)

<u>County Board of DD</u>	
Homestead and rollback	148,686
<u>Motor vehicle license</u>	
Gasoline excise and motor vehicle license tax	3,715,725
Grants	14,025
Total	<u>3,729,750</u>
<u>Nonmajor governmental funds</u>	
Public assistance	466,918
Child support enforcement	51,508
Sheriff overtime grant	16,308
Youth services	54,093
State victims assistance grant	2,866
County home	51,649
Office of criminal justice	2,416
Children services	92,208
Total nonmajor governmental funds	<u>737,966</u>
Total governmental funds	
<u>Custodial funds</u>	
County public library	\$ 604,389
Gasoline and license tax	1,605,683
Undivided local government	150,000
Permissive tax	1,628
Park district	8,701
Total custodial funds	<u>\$ 2,370,401</u>

**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2020, was as follows:

<b><u>Governmental activities:</u></b>	<u>Balance</u> 12/31/2019	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> 12/31/2020
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,652,028	\$ 260,000	\$ -	\$ 1,912,028
Construction in progress	-	533,002	-	533,002
Total capital assets, not being depreciated	<u>1,652,028</u>	<u>793,002</u>	<u>-</u>	<u>2,445,030</u>
<i>Capital assets, being depreciated:</i>				
Buildings	24,139,025	-	-	24,139,025
Improvements other than buildings	1,441,396	14,300	-	1,455,696
Machinery and equipment	6,225,689	570,537	(68,051)	6,728,175
Vehicles	5,783,657	549,096	(368,342)	5,964,411
Infrastructure	<u>40,368,356</u>	<u>2,510,700</u>	<u>-</u>	<u>42,879,056</u>
Total capital assets, being depreciated	<u>77,958,123</u>	<u>3,644,633</u>	<u>(436,393)</u>	<u>81,166,363</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(14,260,549)	(605,079)	-	(14,865,628)
Improvements other than buildings	(325,431)	(93,641)	-	(419,072)
Machinery and equipment	(4,195,720)	(336,540)	68,051	(4,464,209)
Vehicles	(4,342,875)	(387,913)	326,706	(4,404,082)
Infrastructure	<u>(19,422,821)</u>	<u>(1,141,721)</u>	<u>-</u>	<u>(20,564,542)</u>
Total accumulated depreciation	<u>(42,547,396)</u>	<u>(2,564,894)</u>	<u>394,757</u>	<u>(44,717,533)</u>
Total capital assets, being depreciated net	<u>35,410,727</u>	<u>1,079,739</u>	<u>(41,636)</u>	<u>36,448,830</u>
Governmental activities capital assets, net	<u>\$ 37,062,755</u>	<u>\$ 1,872,741</u>	<u>\$ (41,636)</u>	<u>\$ 38,893,860</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

<b><u>Governmental activities:</u></b>	
Legislative and executive	\$ 167,653
Judicial	61,567
Public safety	237,045
Public works	1,494,664
Health	252,055
Human services	<u>351,910</u>
Total depreciation expense - governmental activities	<u>\$ 2,564,894</u>

**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 8 - CAPITAL ASSETS - (Continued)**

<b><u>Business-type activities:</u></b>	Balance 12/31/2019	Additions	Deductions	Balance 12/31/2020
<i>Capital assets, not being depreciated:</i>				
Land	\$ 98,503	\$ -	\$ -	\$ 98,503
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	11,209,228	-	-	11,209,228
Machinery and equipment	1,066,946	8,300	-	1,075,246
Sewer/water lines	<u>7,303,586</u>	<u>-</u>	<u>-</u>	<u>7,303,586</u>
Total capital assets, being depreciated	<u>19,579,760</u>	<u>8,300</u>	<u>-</u>	<u>19,588,060</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(2,951,201)	(279,933)	-	(3,231,134)
Machinery and equipment	(758,734)	(34,508)	-	(793,242)
Sewer/water lines	<u>(3,307,468)</u>	<u>(178,197)</u>	<u>-</u>	<u>(3,485,665)</u>
Total accumulated depreciation	<u>(7,017,403)</u>	<u>(492,638)</u>	<u>-</u>	<u>(7,510,041)</u>
Total capital assets, being depreciated net	<u>12,562,357</u>	<u>(484,338)</u>	<u>-</u>	<u>12,078,019</u>
Business-type activities capital assets, net	<u>\$ 12,660,860</u>	<u>\$ (484,338)</u>	<u>\$ -</u>	<u>\$ 12,176,522</u>

Depreciation expense was charged to the enterprise fund as follows:

<b><u>Business-type activities:</u></b>	
Sewer district	<u>\$ 492,638</u>

**NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE**

**Governmental Activities**

During both the current year and in prior years, the County entered into capital lease agreements for copier equipment, xerox machines, a postage meter, and a tractor. Capital assets consisting of equipment and vehicles have been capitalized in the amount of \$351,036. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2020 was \$125,419, leaving a current book value of \$225,617. A corresponding liability was recorded in the statement of net position. Principal payments in 2020 totaled \$65,265 paid by the County from the general fund, real estate assessment fund, delinquent real estate assessment fund and motor vehicle license fund.

**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE - (Continued)**

Such agreements provide for minimum, annual lease payments as follows:

<u>Year Ended</u>	<u>Payment</u>
2021	\$ 50,235
2022	50,240
2023	48,325
2024	41,523
2025	<u>21,951</u>
Total minimum lease payments	212,274
Less: Amounts representing interest	<u>(22,023)</u>
Present value of minimum lease payments	<u>\$ 190,251</u>

**NOTE 10 - LONG-TERM OBLIGATIONS**

**A. Long-Term Obligations**

The following is a summary of the original issue date, interest rate, original issue amount and date of maturity for each of the County's bonds, notes and loans outstanding:

	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity Date</u>
<u>General obligation bonds:</u>			
2017 Landfill improvement refunding bonds	1.00-4.00%	\$ 1,935,000	12/1/2041
2011 Landfill improvement	1.00-5.25%	2,600,000	12/1/2022
2011 Various purpose refunding	1.00-4.00%	2,770,000	12/1/2024
2012 Sewer system improvement refunding	1.10-4.25%	2,380,000	12/1/2036
USDA loan	3.25%	2,556,000	3/1/2050
ODOT loan	0.00-3.00%	2,425,620	5/16/2022
<u>OPWC loans:</u>			
Sanitary sewer plant	0.00%	58,226	1/1/2023
Mt. Hope	0.00%	78,018	7/1/2021
Walnut Creek	0.00%	167,254	1/1/2027
Walnut Creek Upgrade	0.00%	1,000,000	1/1/2043
October Hills Phase I	0.00%	391,986	1/1/2043
October Hills Phase II	0.00%	527,284	1/1/2046
County Resurfacing CN15V	0.00%	250,459	7/1/2029
County Resurfacing CN16V	0.00%	1,671,887	7/1/2029
County Resurfacing CN10X	0.00%	500,000	7/1/2030
County Resurfacing CN10W	0.00%	750,000	1/1/2032
Mt. Hope WWTP CN18U	0.00%	1,198,500	7/1/2049

**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

**B. Governmental Activities Long-Term Obligations**

During 2020, the following activity occurred in the County's governmental long-term obligations.

	Balance 12/31/2019	Additions	Reductions	Balance 12/31/2020	Due in One Year
<b>General obligation bonds:</b>					
Series 2017 landfill improvement refunding bonds	\$ 1,870,000	\$ -	\$ (15,000)	\$ 1,855,000	\$ 15,000
Series 2011 landfill improvement bonds	185,600	-	(60,000)	125,600	65,000
Series 2011 various purpose refunding bonds	725,000	-	(135,000)	590,000	140,000
<b>Total general obligation bonds</b>	<b>2,780,600</b>	<b>-</b>	<b>(210,000)</b>	<b>2,570,600</b>	<b>220,000</b>
<b>OPWC loans (direct borrowing):</b>					
OPWC loan - resurfacing CN15V	225,413	-	(12,523)	212,890	25,046
OPWC loan - resurfacing CN16V	1,504,698	-	(83,594)	1,421,104	167,189
OPWC loan - resurfacing CN10X	-	500,000	(25,000)	475,000	50,000
OPWC loan - resurfacing CN10W	718,750	-	(31,250)	687,500	62,500
<b>Total OPWC loans</b>	<b>2,448,861</b>	<b>500,000</b>	<b>(152,367)</b>	<b>2,796,494</b>	<b>304,735</b>
<b>Other long-term obligations:</b>					
Landfill closure and postclosure care liability	1,914,505	43,792	(33,218)	1,925,079	34,879
ODOT loan (direct borrowing)	788,518	-	(308,382)	480,136	317,701
Capital lease obligation	119,178	136,338	(65,265)	190,251	41,585
Net pension liability	25,558,721	-	(7,089,476)	18,469,245	-
Net OPEB liability	11,461,855	747,083	-	12,208,938	-
Compensated absences	1,254,304	894,976	(783,557)	1,365,723	864,741
<b>Total other long-term obligations</b>	<b>41,097,081</b>	<b>1,822,189</b>	<b>(8,279,898)</b>	<b>34,639,372</b>	<b>1,258,906</b>
<b>Total governmental activities long-term obligations</b>	<b>58,534,553</b>	<b>2,322,189</b>	<b>(8,642,265)</b>	<b>40,006,466</b>	<b>1,783,641</b>
Unamortized premium on bonds	114,915	-	(6,283)	108,632	-
<b>Total on statement of net position</b>	<b>\$ 58,649,468</b>	<b>\$ 2,322,189</b>	<b>\$ (8,648,548)</b>	<b>\$ 40,115,098</b>	<b>\$ 1,783,641</b>

**General Obligation Bonds:**

**Series 2017 Landfill Improvement Refunding Bonds:** On October 11, 2017, the County issued \$1,935,000 of Series 2017 Landfill Improvement Refunding Bonds for the purpose of advance refunding the callable portion of the Series 2011 Landfill Improvement Bonds (\$1,965,000). The County deposited bond proceeds in the amount of \$2,079,685 with an escrow agent to refund the bonds. The refunded bonds are not included in the County's outstanding debt since the County has satisfied its obligations through the refunding. The assets held in trust as a result of the refunding are not included in the financial statements. At December 31, 2020, the balance of the refunded Series 2010 Taxable Arena Improvement Bonds was \$1,965,000. The Series 2017 Landfill Improvement Refunding Bonds bear annual interest ranging from 1.00-4.00% and mature December 1, 2041.



HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Proceeds of the refunding bonds are reported in the debt service fund with principal payments due December 1 of each year and interest payments due June 1 and December 1 of each year.

The reacquisition price exceeded the net carrying value of the old debt by \$44,020. This amount is being amortized against interest expense over the life of the refunding bonds. The unamortized balance of the deferred charge on debt refunding is reported as a deferred outflow of resources on the government-wide financial statements.

Series 2011 Landfill Improvement Bonds: The Series 2011 Landfill Improvement Bonds were issued on December 14, 2011 in order to finance the costs of closing the County landfill and will be repaid with revenues collected from solid waste generation fees. A portion of these bonds were refunded on October 11, 2017 through the issuance of the Series 2017 Landfill Improvement Refunding Bonds. The unrefunded balance of the bonds have a final maturity date of December 1, 2022.

Series 2011 Various Purpose Refunding Bonds: The Series 2011 Various Purpose Refunding Bonds were issued on August 9, 2011 to currently refund the 1994 jail bond and the 1995 various purpose bond at a lower interest rate. These bonds will be repaid with sales tax revenues and also rental revenues of the human services building. The maturity date of the Series 2011 Various Purpose Refunding Bonds is December 1, 2024.

***Other Long-Term Obligations:***

Landfill Closure and Postclosure Care Liability: See Note 19 for detail on the County’s landfill closure and postclosure care liability.

ODOT Loan: In 2017, the County entered into a loan agreement with the Ohio Department of Transportation to borrow up to \$2,508,000 to finance a county roads paving project. As of December 31, 2020, the County has borrowed \$2,425,620 of the total permissible borrowing. The loan was closed in 2018 and the County began making principal and interest payments.

OPWC Loans: These loans are general obligations of the County and will be repaid from the county road sales tax fund, a nonmajor governmental fund. The OPWC loans are interest free, providing repayment remains current. The County has four OPWC loans related to governmental activities outstanding at December 31, 2020.

Capital Lease Obligations: The capital lease obligations will be paid from the general fund, county board of DD fund, real estate assessment fund, delinquent real estate assessment fund, and motor vehicle license fund. See Note 9 for detail.

Net Pension Liability and Net OPEB Liability: The County pays obligations related to employee compensation from the fund benefitting from their services. See Note 13 and Note 14 for further information.

Compensated Absences: Sick leave and vacation benefits will be paid from the fund from which the person is paid. The following funds are currently liable for sick leave and/or vacation benefits:

<u>Major Governmental Funds</u>	<u>Nonmajor Governmental Funds</u>	
General	Child Support Enforcement	Disaster Services
Motor Vehicle License	Real Estate Assessment	Youth Services
County Board of DD	County Home	Public Assistance
	License Bureau	Tax Map
<u>Major Enterprise Fund</u>		
Sewer District		

**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

Future Debt Service Requirements

The following is a summary of the County's future annual debt service principal and interest requirements for general obligation bonds:

<u>Year</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 220,000	\$ 92,112	\$ 312,112
2022	220,600	85,175	305,775
2023	220,000	77,526	297,526
2024	230,000	70,674	300,674
2025	75,000	63,175	138,175
2026 - 2030	400,000	285,688	685,688
2031 - 2035	485,000	203,600	688,600
2036 - 2040	590,000	98,800	688,800
2041	130,000	5,200	135,200
Total	<u>\$ 2,570,600</u>	<u>\$ 981,950</u>	<u>\$ 3,552,550</u>

The following is a summary of the County's future annual debt service principal and interest requirements for the ODOT loan and OPWC loans:

<u>Year</u>	<u>Direct Borrowings</u>			<u>OPWC Loans</u>
	<u>ODOT Loan</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>		<u>Principal</u>
2021	\$ 317,701	\$ 12,039	\$ 329,740	\$ 304,735
2022	162,435	2,438	164,873	304,735
2023	-	-	-	304,735
2024	-	-	-	304,735
2025	-	-	-	304,735
2026 - 2030	-	-	-	1,210,319
2031	-	-	-	62,500
Total	<u>\$ 480,136</u>	<u>\$ 14,477</u>	<u>\$ 494,613</u>	<u>\$ 2,796,494</u>

Direct borrowings are borrowings that have terms negotiated directly between the County and the lender and are not offered for public sale. In the event of default, the lender may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the County to pay any fines, penalties, interest, or late charges associated with the default.

**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

**C. Business-Type Activities Long-term Obligations**

During 2020, the following activity occurred in the County's business-type activities long-term obligations.

	Balance			Balance	Amounts
	12/31/2019	Additions	Reductions	12/31/2020	Due in
					One Year
<u>General obligation bond:</u>					
Series 2012 sewer system improvement refunding bonds	\$ 1,790,000	\$ -	\$ (85,000)	\$ 1,705,000	\$ 85,000
<u>OPWC loans (direct borrowing):</u>					
Sanitary sewer plant	7,278	-	(1,456)	5,822	2,911
Mt. Hope	3,901	-	(1,950)	1,951	1,951
Walnut Creek	54,357	-	(4,181)	50,176	8,363
Walnut Creek Upgrade	750,000	-	(16,667)	733,333	33,334
October Hills Phase I	293,989	-	(6,533)	287,456	13,066
October Hills Phase II	448,191	-	(8,788)	439,403	17,576
Mt. Hope WWTP CN18U	1,158,550	-	(19,975)	1,138,575	39,950
Total OPWC loans	2,716,266	-	(59,550)	2,656,716	117,151
<u>Other long-term obligations:</u>					
USDA loan (direct borrowing)	2,285,000	-	(43,000)	2,242,000	45,000
Net pension liability	162,274	-	(56,851)	105,423	-
Net OPEB liability	75,142	-	(2,863)	72,279	-
Compensated absences	6,021	6,035	(5,022)	7,034	6,250
Total other long-term obligations	2,528,437	6,035	(107,736)	2,426,736	51,250
Total business-type activities long-term obligations	7,034,703	6,035	(252,286)	6,788,452	253,401
Less: unamortized discount on bonds	(1,709)	-	101	(1,608)	-
Total on the statement of net position	\$ 7,032,994	\$ 6,035	\$ (252,185)	\$ 6,786,844	\$ 253,401

***General Obligation Bond:***

Series 2012 Sewer System Improvements Refunding Bonds: On September 11, 2012, the County issued \$2,380,000 in sewer system improvement refunding bonds to currently refund the callable portion of the 1997 sewer system improvement bonds (principal \$2,271,500). The refunded debt is considered defeased (in substance) and accordingly, has been removed from the statement of net position. The amount of defeased debt outstanding at December 31, 2020 was \$1,782,500. The refunding bond issue is comprised of term bonds with interest rates ranging from 1.10% to 4.25%. Principal and interest payments are made from the sewer district fund.

***Ohio Public Works Commission (OPWC) Loans:***

OPWC Loans: These loans are general obligations of the County and will be repaid from the sewer district fund. The OPWC loans are interest free, providing repayment remains current. The County has seven OPWC loans related to business-type activities outstanding at December 31, 2020.

**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

***Other Long-Term Obligations:***

USDA Loan: The County entered into an agreement with the United States Department of Agriculture (USDA) for a loan in the amount of \$2,556,000 and a grant in the amount of \$2,007,000, for the purpose of improving and expanding the Walnut Creek Wastewater Treatment Plant. The County must draw on the loan before they can receive any portion of the grant. The loan bears an interest rate of 3.25%. The loan will be repaid from the sewer district fund.

Net Pension Liability and Net OPEB Liability: The County pays obligations related to employee compensation from the fund benefitting from their services. See Notes 13 and 14 for further information.

Compensated Absences: Sick leave and vacation benefits will be paid from the fund from which the person is paid. Compensated absences for the business-type activities will be paid from the sewer district fund.

Future Debt Service Requirements

The following is a summary of the County's future annual debt service principal and interest requirements for the bonds and loans outstanding:

Year Ended	General obligation bonds		
	Principal	Interest	Total
2021	\$ 85,000	\$ 56,553	\$ 141,553
2022	90,000	54,853	144,853
2023	90,000	52,490	142,490
2024	90,000	50,128	140,128
2025	95,000	47,765	142,765
2026 - 2030	515,000	194,515	709,515
2031 - 2035	605,000	103,903	708,903
2036	135,000	5,738	140,738
Total	<u>\$ 1,705,000</u>	<u>\$ 565,945</u>	<u>\$ 2,270,945</u>

Year Ended	Direct Borrowings			
	USDA Loan			OPWC Loans
	Principal	Interest	Total	Principal
2021	\$ 45,000	\$ 73,158	\$ 118,158	\$ 117,151
2022	46,000	71,630	117,630	115,198
2023	49,000	70,070	119,070	112,289
2024	50,000	68,498	118,498	112,288
2025	52,000	66,788	118,788	112,289
2026 - 2030	284,000	307,889	591,889	527,992
2031 - 2035	333,000	258,808	591,808	519,628
2036 - 2040	391,000	201,075	592,075	519,628
2041 - 2045	457,000	133,237	590,237	380,428
2046 - 2050	535,000	53,700	588,700	139,825
Total	<u>\$ 2,242,000</u>	<u>\$ 1,304,853</u>	<u>\$ 3,546,853</u>	<u>\$ 2,656,716</u>

## HOLMES COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

#### NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Direct borrowings are borrowings that have terms negotiated directly between the County and the lender and are not offered for public sale. In the event of default, the lender may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the County to pay any fines, penalties, interest, or late charges associated with the default.

##### **D. Legal Debt Margin**

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County.

The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. Based on this calculation, at December 31, 2020, the County's total legal debt margin was \$26,429,827 and the unvoted legal debt margin was \$9,645,413.

#### NOTE 11 - OTHER EMPLOYEE BENEFITS

##### **A. Compensated Absences**

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

Employees earn sick leave at a rate of 4.60 hours of sick leave for each completed 80 hours in active pay status. Sick leave accumulation is unlimited. Upon retirement or death, an employee can be paid twenty-five percent to a maximum of 30 days of accumulated, unused sick leave. As of December 31, 2020, the County's total liability for unpaid compensated absences was \$1,372,757.

##### **B. Health Insurance**

The County provides health insurance to its employees through a self-insured program. See Note 12.C. for more detail.

#### NOTE 12 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters. Settled claims have not exceeded the County's commercial coverages in any of the past three years. There have not been significant reductions in insurance coverage from the prior year. The County pays all elected officials' bonds by statute.

##### **A. Property and Liability**

The County is a member of County Risk Sharing Authority, Inc. (CORSA), which is a shared risk pool of 65 counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

## HOLMES COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

#### NOTE 12 - RISK MANAGEMENT - (Continued)

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

With the exception of health insurance and workers' compensation, all insurance is held with CORSA.

#### **B. Workers' Compensation**

For 2020, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. (See Note 2.A.). 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. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria.

The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any participant leaving the Plan allows the representatives of the Plan to access loss experience for three years following the last year of participation.

#### **C. Employee Medical and Prescription Drug**

Effective January 1, 2017, the County established a self-insurance program (the "Program") for medical and prescription drug benefits. The County has established an internal service fund to account for the Program's activity. The Program is administered through a third-party administrator (AultCare) who manages and processes the claims. The County makes required payments to the third-party administrator to reimburse them for the claim payments. The County's stop-loss coverage through the Program is limited to \$50,000 per claimant. The County's policy for reporting a claims liability is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims. The County has reported a liability in both the fund and government-wide financial statements amounting to \$312,694 for estimated claims payments incurred and due at year-end. Changes in the claims payable in 2020 follows:

**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 12 - RISK MANAGEMENT - (Continued)**

Year	Balance at Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
2020	\$ 378,136	\$ 2,045,124	\$ (2,110,566)	\$ 312,694
2019	116,238	2,463,802	(2,201,904)	378,136

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

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

***Net Pension Liability/Asset and Net OPEB Liability/Asset***

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

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

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

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

The proportionate share of each plan’s unfunded benefits is presented as a long-term net pension liability/asset on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the pension disclosures. See Note 14 for the OPEB disclosures.

## HOLMES COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

#### NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

##### *Plan Description - Ohio Public Employees Retirement System (OPERS)*

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

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

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 Comprehensive Annual Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):



**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

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

**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

	State and Local	Public Safety	Law Enforcement
<b>2020 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
<b>2020 Actual Contribution Rates</b>			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0 %	0.0 %	0.0 %
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

\* 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.

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

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

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

The County's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$2,032,399 for 2020. Of this amount, \$90,112 is reported as due to other governments.

## HOLMES COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

#### NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

##### *Plan Description - State Teachers Retirement System (STRS)*

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

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

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

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 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 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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 must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2020 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2020, the full employer contribution was allocated to pension.

The County's contractually required contribution to STRS was \$46,763 for 2020. Of this amount, \$1,698 is reported as due to other governments.

***Net Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability and net pension asset for the OPERS were measured as of December 31, 2019, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. STRS's total pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability or asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	STRS	Total
Proportion of the net pension liability/asset prior measurement date	0.10016200%	0.08713200%	0.01482800%	0.00364501%	
Proportion of the net pension liability/asset current measurement date	<u>0.09881500%</u>	<u>0.09734900%</u>	<u>0.05297800%</u>	<u>0.00273492%</u>	
Change in proportionate share	<u>-0.00134700%</u>	<u>0.01021700%</u>	<u>0.03815000%</u>	<u>-0.00091009%</u>	
Proportionate share of the net pension liability	\$ 17,912,915	\$ -	\$ -	\$ 661,753	\$ 18,574,668
Proportionate share of the net pension asset	-	186,174	1,837	-	188,011
Pension expense	2,830,861	21,330	(1,082)	(15,194)	2,835,915

**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

At December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	Member- Directed	STRS	Total
<b>Deferred outflows of resources</b>					
Differences between expected and actual experience	\$ -	\$ -	\$ 6,133	\$ 1,484	\$ 7,617
Net difference between projected and actual earnings on pension plan investments	-	-	-	32,184	32,184
Changes of assumptions	956,759	19,197	298	35,525	1,011,779
Contributions subsequent to the measurement date	1,937,702	59,497	35,200	28,269	2,060,668
Total deferred outflows of resources	<u>\$ 2,894,461</u>	<u>\$ 78,694</u>	<u>\$ 41,631</u>	<u>\$ 97,462</u>	<u>\$ 3,112,248</u>
<b>Deferred inflows of resources</b>					
Differences between expected and actual experience	\$ 226,483	\$ 43,710	\$ -	\$ 4,231	\$ 274,424
Net difference between projected and actual earnings on pension plan investments	3,573,222	24,146	576	-	3,597,944
Changes in employer's proportionate percentage/difference between employer contributions	125,484	-	-	218,790	344,274
Total deferred inflows of resources	<u>\$ 3,925,189</u>	<u>\$ 67,856</u>	<u>\$ 576</u>	<u>\$ 223,021</u>	<u>\$ 4,216,642</u>

\$2,060,668 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2021.

**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Year Ending December 31:	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	STRS	Total
2021	\$ (518,715)	\$ (11,861)	\$ 725	\$ (50,572)	\$ (580,423)
2022	(1,178,875)	(11,410)	734	(52,459)	(1,242,010)
2023	147,965	(4,677)	881	(31,639)	112,530
2024	(1,418,805)	(13,520)	655	(19,158)	(1,450,828)
2025	-	(2,529)	784	-	(1,745)
Thereafter	-	(4,662)	2,076	-	(2,586)
<b>Total</b>	<b>\$ (2,968,430)</b>	<b>\$ (48,659)</b>	<b>\$ 5,855</b>	<b>\$ (153,828)</b>	<b>\$ (3,165,062)</b>

***Actuarial Assumptions - OPERS***

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019, are presented below.

Wage inflation	3.25%
Future salary increases, including inflation COLA or ad hoc COLA	3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 1.40%, simple through 2020, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 3.00% simple through 2018 then 2.15% simple to 1.40% simple through 2020 the 2.15% simple.

**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

During 2019, 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 17.20% for 2019.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed income	25.00 %	1.83 %
Domestic equities	19.00	5.75
Real estate	10.00	5.20
Private equity	12.00	10.70
International equities	21.00	7.66
Other investments	13.00	4.98
Total	<u>100.00 %</u>	<u>5.61 %</u>

**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**Discount Rate** - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2019 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate** - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 29,544,194	\$ 17,912,915	\$ 7,456,737
Combined Plan	(112,495)	(186,174)	(239,275)
Member-Directed Plan	(972)	(1,837)	(2,429)

**Actuarial Assumptions - State Teachers Retirement System (STRS)**

All disclosures related to the actuarial assumptions relate to the amounts used for the net pension liability for STRS which was measured as of June 30, 2020.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation are presented below:

Inflation	2.50%
Projected salary increase	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Discount rate of return	7.45%
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0.00%, effective July 1, 2017

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



**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Actuarial assumptions used in the July 1, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected Rate of Return**</u>
Domestic equity	28.00 %	7.35 %
International equity	23.00	7.55
Alternatives	17.00	7.09
Fixed income	21.00	3.00
Real estate	10.00	6.00
Liquid reserves	1.00	2.25
Total	<u>100.00 %</u>	

\*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

\*\*10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include 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 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

**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 7.45%, 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 (6.45%) or one-percentage-point higher (8.45%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
County's proportionate share of the net pension liability:	\$ 942,222	\$ 661,753	\$ 424,080

## HOLMES COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

#### NOTE 14 - DEFINED BENEFIT OPEB PLANS

##### *Net OPEB Liability/Asset*

See Note 13 for a description of the net OPEB liability.

##### *Plan Description - Ohio Public Employees Retirement System (OPERS)*

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

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.00%.

**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

The County's contractually required contribution was \$14,080 for 2020. Of this amount, \$624 is reported as due to other governments.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://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 14.00% of covered payroll. For 2020, STRS did not allocate any employer contributions to post-employment health care.

***Net OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. STRS's total OPEB asset was measured as of June 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB asset was based on the County's share of contributions to the retirement plan relative to the contributions of all participating entities.

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

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.09743100%	0.00364501%	
Proportion of the net OPEB liability current measurement date	<u>0.09694700%</u>	<u>0.00273492%</u>	
Change in proportionate share	<u>-0.00048400%</u>	<u>-0.00091009%</u>	
Proportionate share of the net OPEB liability	\$ 12,281,217	\$ -	\$ 12,281,217
Proportionate share of the net OPEB asset	\$ -	\$ 48,066	\$ 48,066
OPEB expense	\$ 1,441,897	\$ (1,498)	\$ 1,440,399

**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

At December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 329	\$ 3,079	\$ 3,408
Net difference between projected and actual earnings on OPEB plan investments	-	1,683	1,683
Changes of assumptions	1,943,987	793	1,944,780
Changes in employer's proportionate percentage/difference between employer contributions	37,445	-	37,445
Contributions subsequent to the measurement date	14,080	-	14,080
Total deferred outflows of resources	<u>\$ 1,995,841</u>	<u>\$ 5,555</u>	<u>\$ 2,001,396</u>
	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 1,123,174	\$ 9,574	\$ 1,132,748
Net difference between projected and actual earnings on OPEB plan investments	625,358	-	625,358
Changes of assumptions	-	45,653	45,653
Changes in employer's proportionate percentage/difference between employer contributions	6,090	15,259	21,349
Total deferred inflows of resources	<u>\$ 1,754,622</u>	<u>\$ 70,486</u>	<u>\$ 1,825,108</u>

\$14,080 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2021.

**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

Year Ending December 31:	OPERS	STRS	Total
2021	\$ 335,874	\$ (15,687)	\$ 320,187
2022	157,992	(14,548)	143,444
2023	495	(14,147)	(13,652)
2024	(267,222)	(13,895)	(281,117)
2025	-	(3,454)	(3,454)
Thereafter	-	(3,200)	(3,200)
Total	\$ 227,139	\$ (64,931)	\$ 162,208

***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, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	3.16%
Prior Measurement date	3.96%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	2.75%
Prior Measurement date	3.71%
Health Care Cost Trend Rate	
Current measurement date	10.00% initial, 3.50% ultimate in 2030
Prior Measurement date	7.50%, initial 3.25%, ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

## HOLMES COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

#### NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.70% for 2019.

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

**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

For each major asset class that is included in the Health Care’s portfolio’s target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.90
Total	<u>100.00 %</u>	<u>4.55 %</u>

**Discount Rate** - A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.75%. 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 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, 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 proportionate share of the net OPEB liability calculated using the single discount rate of 3.16%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16%) or one-percentage-point higher (4.16%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
County's proportionate share of the net OPEB liability	\$ 16,071,944	\$ 12,281,217	\$ 9,246,080

**Sensitivity of the County’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate** - Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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 2020 is 10.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB liability	\$ 11,918,810	\$ 12,281,217	\$ 12,639,007

***Changes between Measurement Date and Reporting Date***

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

***Actuarial Assumptions - State Teachers Retirement System (STRS)***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation, compared with July 1, 2019, are presented below:

	July 1, 2020		July 1, 2019	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discounted rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.00%	4.00%	5.87%	4.00%
Medicare	-6.69%	4.00%	4.93%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	7.73%	4.00%
Medicare	11.87%	4.00%	9.62%	4.00%

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



**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

Actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

**Assumption Changes Since the Prior Measurement Date** - There were no changes in assumptions since the prior measurement date of June 30, 2019.

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

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

\* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

\*\*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include 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 asset was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio 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. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2020.

**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

*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, 2020, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net OPEB asset	\$ 41,821	\$ 48,066	\$ 53,365

	1% Decrease	Current Trend Rate	1% Increase
County's proportionate share of the net OPEB asset	\$ 53,036	\$ 48,066	\$ 42,012

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund, County Board of DD fund and motor vehicle license fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

**HOLMES COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

	<b>Net Change in Fund Balance</b>		
	<u>General Fund</u>	County <u>Board of DD</u>	Motor Vehicle <u>License</u>
Budget basis	\$ 5,190,474	\$ (17,397)	\$ 1,627,444
Net adjustment for revenue accruals	(420,061)	16,380	19,102
Net adjustment for expenditure accruals	(145,617)	(75,395)	(264,022)
Net adjustment for other sources	402,605	57,285	(17,013)
Funds budgeted elsewhere	421,194	-	-
Adjustment for encumbrances	<u>3,056</u>	<u>-</u>	<u>-</u>
GAAP basis	<u>\$ 5,451,651</u>	<u>\$ (19,127)</u>	<u>\$ 1,365,511</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the IT computer fund, employee expended fund, recorder's equipment fund, certificate of title fund, unclaimed monies fund, forfeited lands fund, sheriff's policing rotary fund, jail kitchen fund, OPERS transfers fund and workers' compensation fund.

**NOTE 16 - CONTINGENCIES**

**A. Grants**

The County received financial assistance from Federal and State agencies in the form of grants. The disbursement 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, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the County at December 31, 2020.

**B. Litigation**

The County is party to legal proceedings. The County's management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material adverse effect, if any, on the financial condition of the County at December 31, 2020.

**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 17 - FUND BALANCE**

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

Fund balance	General	County Board of DD	Motor Vehicle License	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Materials and supplies inventory	\$ 86,781	\$ 8,305	\$ 291,110	\$ 145,413	\$ 531,609
Prepayments	207,387	5,010	-	30,414	242,811
Unclaimed monies	<u>25,492</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,492</u>
Total nonspendable	<u>319,660</u>	<u>13,315</u>	<u>291,110</u>	<u>175,827</u>	<u>799,912</u>
Restricted:					
Capital projects	-	-	-	3,690,163	3,690,163
Debt service	-	-	-	26,403	26,403
Public works projects	-	-	3,010,329	1,776,849	4,787,178
Public safety programs	-	-	-	909,072	909,072
Health	-	-	-	265,931	265,931
Human services programs	-	2,437,961	-	5,852,636	8,290,597
Real estate assessment	-	-	-	1,126,368	1,126,368
Court special projects	-	-	-	371,521	371,521
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,040,044</u>	<u>1,040,044</u>
Total restricted	<u>-</u>	<u>2,437,961</u>	<u>3,010,329</u>	<u>15,058,987</u>	<u>20,507,277</u>
Committed:					
Capital projects	-	-	-	615,969	615,969
Jail kitchen	57,523	-	-	-	57,523
Compensated absences	<u>376,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>376,622</u>
Total committed	<u>434,145</u>	<u>-</u>	<u>-</u>	<u>615,969</u>	<u>1,050,114</u>
Assigned:					
Subsequent year appropriations	5,820,706	-	-	-	5,820,706
Public safety programs	290,417	-	-	-	290,417
Legislative and executive	1,078	-	-	-	1,078
Judicial	<u>1,244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,244</u>
Total assigned	<u>6,113,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,113,445</u>
Unassigned	<u>12,874,967</u>	<u>-</u>	<u>-</u>	<u>(10,568)</u>	<u>12,864,399</u>
Total fund balances	<u>\$ 19,742,217</u>	<u>\$ 2,451,276</u>	<u>\$ 3,301,439</u>	<u>\$ 15,840,215</u>	<u>\$ 41,335,147</u>

**HOLMES COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 18 - OTHER COMMITMENTS**

The County utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the County did not have any commitments for encumbrances in the governmental funds.

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 2,322
Nonmajor Governmental Funds	<u>243,529</u>
Total	<u>\$ 245,851</u>

**NOTE 19 - LANDFILL CLOSURE AND POSTCLOSURE CARE COST**

State and federal regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County closed the landfill during 2011, issuing bonds to help fund the cost of closure. The liability reported at December 31, 2020, of \$1,925,079 represents the estimated remaining postclosure care costs. This amount represents an estimate of what it would cost to perform all postclosure care at December 31, 2020. However, actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**NOTE 20 - RELATED PARTY TRANSACTIONS**

During 2020, Holmes County provided facilities, certain equipment, transportation and salaries for administration, implementation and supervision of programs to Lynn Hope Industries, Inc. Lynn Hope Industries, Inc., a discretely presented component unit of Holmes County, reported \$657,691 for in-kind contributions. Lynn Hope Industries, Inc. recorded operating revenues and expenses at cost or fair value as applicable, to the extent the contribution is related to the vocational purpose of the Workshop. In addition, the Holmes County Board of DD paid \$327,178 to Lynn Hope Industries, Inc. for services provided during 2020.

**NOTE 21 - HOLMES COUNTY REGIONAL PLANNING COMMISSION**

The Holmes County Regional Planning Commission (the "Commission") is governed by an eleven-member Board, of which seven are appointed by the County. The County provides ongoing financial support to the Commission; resulting in the Commission imposing a financial burden on the County. Therefore, the Commission has been included as a component unit of the County. The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economical and governmental characteristics, functions and services of the County.

**A. Basis of Accounting**

For reporting on the government-wide financial statements, the Commission follows the accrual basis of accounting. Under this basis, revenues are recognized when earned and expenses are recognized when incurred. All assets and liabilities of the Commission are reported on the Statement of Net Position and financial transactions of the Commission are reflected in the Statement of Activities.

**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 21 - HOLMES COUNTY REGIONAL PLANNING COMMISSION - (Continued)**

**B. Deposits and Investments**

The County acts as the custodian of the Commission’s funds. Cash and cash equivalents of the Commission are pooled and invested by the County. Information regarding the classification of the County’s deposits and investments per GASB Statement No. 40 may be found in Note 4.

**C. Compensated Absences**

The Commission records liabilities for vacation and sick leave accumulated by its employees at the same rate as the County. At December 31, 2020, vacation and sick leave liability were \$11,122 and \$9,646, respectively. The entire compensated absences liability is reported on the government-wide financial statements.

**D. Defined Benefit Pension Plan**

Like the primary government, the Commission participates in the Ohio Public Employees Retirement System (OPERS). See Note 13 for a description of OPERS.

The Commission’s contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$14,491 for 2020. Of this amount, \$589 is reported as due to other governments.

***Net Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability and net pension asset for the OPERS Traditional Pension Plan, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2019, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability or asset was based on the Commission's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	<u>OPERS - Traditional</u>	<u>OPERS - Combined</u>	<u>OPERS - Member- Directed</u>	<u>Total</u>
Proportion of the net pension liability/asset prior measurement date	0.00069200%	0.00060200%	0.00010200%	
Proportion of the net pension liability/asset current measurement date	<u>0.00064600%</u>	<u>0.00000637%</u>	<u>0.00034600%</u>	
Change in proportionate share	<u>-0.00004600%</u>	<u>-0.00059563%</u>	<u>0.00024400%</u>	
Proportionate share of the net pension liability	\$ 127,719	\$ -	\$ -	\$ 127,719
Proportionate share of the net pension asset	-	1,328	13	1,341
Pension expense	1,310	152	(8)	1,454

**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 21 - HOLMES COUNTY REGIONAL PLANNING COMMISSION - (Continued)**

At December 31, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
<b>Deferred outflows of resources</b>				
Differences between expected and actual experience	\$ -	\$ -	\$ 44	\$ 44
Changes of assumptions	6,822	137	2	6,961
Contributions subsequent to the measurement date	13,816	424	251	14,491
Total deferred outflows of resources	<u>\$ 20,638</u>	<u>\$ 561</u>	<u>\$ 297</u>	<u>\$ 21,496</u>
<b>Deferred inflows of resources</b>				
Differences between expected and actual experience	\$ 1,615	\$ 312	\$ -	\$ 1,927
Net difference between projected and actual earnings on pension plan investments	25,476	172	4	25,652
Changes in employer's proportionate percentage/ difference between employer contributions	10,166	-	-	10,166
Total deferred inflows of resources	<u>\$ 37,257</u>	<u>\$ 484</u>	<u>\$ 4</u>	<u>\$ 37,745</u>

\$14,491 reported as deferred outflows of resources related to pension resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2021.

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**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 21 - HOLMES COUNTY REGIONAL PLANNING COMMISSION - (Continued)**

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

Year Ending December 31:	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
2021	\$ (10,949)	\$ (85)	\$ 5	\$ (11,029)
2022	(10,426)	(81)	5	(10,502)
2023	1,055	(33)	6	1,028
2024	(10,115)	(96)	5	(10,206)
2025	-	(18)	6	(12)
Thereafter	-	(34)	15	(19)
<b>Total</b>	<b>\$ (30,435)</b>	<b>\$ (347)</b>	<b>\$ 42</b>	<b>\$ (30,740)</b>

The actuarial assumptions used by OPERS are discussed in Note 13.

***Sensitivity of the Commission's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate*** - The following table presents the Commission's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the Commission's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Commission's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 210,651	\$ 127,719	\$ 53,167
Combined Plan	(802)	(1,328)	(1,706)
Member-Directed Plan	(7)	(13)	(17)

**E. Defined Benefit OPEB Plan**

Like the primary government, the Commission participates in the Ohio Public Employees Retirement System (OPERS). See Note 14 for a description of OPERS.

The Commission's contractually required contribution was \$100 for 2019. Of this amount, \$4 is reported as due to other governments.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Commission's proportion of the net OPEB liability was based on the Commission's share of contributions to the retirement plan relative to the contributions of all participating entities.



**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 21 - HOLMES COUNTY REGIONAL PLANNING COMMISSION - (Continued)**

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

	OPERS
Proportion of the net OPEB liability/asset prior measurement date	0.00067300%
Proportion of the net OPEB liability/asset current measurement date	<u>0.00063400%</u>
Change in proportionate share	<u>-0.00003900%</u>
Proportionate share of the net OPEB liability	\$ 87,565
OPEB expense	\$ (1,140)

At December 31, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
<b>Deferred outflows of resources</b>	
Differences between expected and actual experience	\$ 2
Changes of assumptions	13,861
Contributions subsequent to the measurement date	100
Total deferred outflows of resources	<u>\$ 13,963</u>
<b>Deferred inflows of resources</b>	
Differences between expected and actual experience	\$ 8,008
Net difference between projected and actual earnings on pension plan investments	4,459
Changes in employer's proportionate percentage/ difference between employer contributions	6,009
Total deferred inflows of resources	<u>\$ 18,476</u>

**HOLMES COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 21 - HOLMES COUNTY REGIONAL PLANNING COMMISSION - (Continued)**

\$100 reported as deferred outflows of resources related to OPEB resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2021.

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

		OPERS
Year Ending December 31:		
2021	\$	(2,471)
2022		(240)
2023		4
2024		(1,906)
Total	\$	(4,613)

The actuarial assumptions used by OPERS are discussed in Note 14.

***Sensitivity of the Commission's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*** - The following table presents the Commission's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16%, as well as what the Commission's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16%) or one-percentage-point higher (4.16%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Commission's proportionate share of the net OPEB liability	\$ 114,593	\$ 87,565	\$ 65,925

***Sensitivity of the Commission's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate*** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% 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 2020 is 10.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
Commission's proportionate share of the net OPEB liability	\$ 84,981	\$ 87,565	\$ 90,116

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 22 - LYNN HOPE INDUSTRIES, INC.

A. Summary of Significant Accounting Policies

Business Activity - Lynn Hope Industries, Inc. (the “Organization”) is a sheltered workshop located in Holmesville, Ohio. The Organization offers a variety of goods and services for sale. The Organization extends credit to its customers, substantially all of whom are local businesses. The Organization, which contracts to provide services to the Holmes County Board of Developmental Disabilities, is reported as a discretely presented component unit in the County’s financial statements.

Basis of Presentation - The Organization has adopted Financial Accounting Standards Board Statement of Accounting Standards (FAS) No. 958 (Financial Statements of Not-for-Profit Organizations) for presentation of its financial statements.

Property and Equipment - Property and equipment are carried at cost less accumulated depreciation. Depreciation is provided over the statutory lives of the related assets as allowed by the Internal Revenue Service. Maintenance and repairs are charged to operations when incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized. When assets are retired or otherwise disposed of, the assets and related allowances for depreciation are eliminated from the accounts and any resulting gain or loss is reflected in income.

Depreciation is based on the following policies:

<u>Description</u>	<u>Useful Life (In Years)</u>	<u>Method</u>
Equipment	3 - 10	Straight-line
Vehicles	5	Straight-line
Furniture and fixtures	7	Straight-line
Building improvements	20	Straight-line

Federal Income Tax - The Organization is tax exempt under Section 501(c)(3) of the Internal Revenue Code.

Designation of Contributions - Contributors to the Organization have the ability to designate the programs to be benefited by their contributions. During the year ended December 31, 2020, there were no restricted contributions to the Organization.

Cash Equivalents - For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Revenue recognition - The Organization recognizes revenue upon delivery of products to customers and service completion.

B. Non-Cash Transactions

The Organization received in-kind services and facilities for the year ended December 31, 2020 from the Holmes County Board of DD. The value of the in-kind contribution was determined to be \$657,691 and is recorded in operating grants and operating expenses as an equivalent amount.

C. Deposits and Investments

The carrying amount of the Organization’s deposits at year end was \$503,575. The entire balance was covered by federal depository insurance. There are no significant statutory restrictions regarding the deposit and investment of funds by the not-for-profit corporation.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 22 - LYNN HOPE INDUSTRIES, INC. - (Continued)

**D. Related Parties**

Total revenues from contracts to provide services to the Holmes County Board of DD were \$327,178 for the year ended December 31, 2020. The Organization had \$29,069 in accounts receivable from the Holmes County Board of DD at December 31, 2020.

**E. Long-Term Liabilities**

*Note payable - bank* - This note was issued for the purpose of constructing the workshop. Monthly payments of \$1,000 include interest at 4.29%. The final payment is due May 2022. The note is collateralized by a vehicle.

Note payable	\$ 17,395
Less: current portion	<u>(11,479)</u>
Total	<u>\$ 5,916</u>

Principal amounts of note payable in the years ending December 31:

2021	\$ 11,479
2022	<u>5,916</u>
Total	<u>\$ 17,395</u>

**F. Capital Assets**

A summary of capital assets at December 31, 2020 follows:

Equipment	\$ 76,730
Vehicles	171,120
Furniture and fixtures	9,854
Building improvements	<u>2,971</u>
Subtotal	260,675
Less: accumulated depreciation	<u>(241,289)</u>
Net capital assets	<u>\$ 19,386</u>

NOTE 23 - HOLMES COUNTY AIRPORT AUTHORITY

The Holmes County Airport Authority (the "Airport Authority") Board consists of seven members who are appointed by the County Commissioners of Holmes County. The County provides ongoing financial support to the Airport Authority; resulting in the Airport Authority imposing a financial burden on the County. Based on this relationship, the Airport Authority is a component unit of Holmes County. Separately issued financial statements can be obtained from Holmes County Airport Authority of Holmes County.

**A. Basis of Accounting**

The Airport Authority follows the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. The measurement focus is on determination of net income, financial position and cash flows. All transactions are accounted for in a single enterprise fund.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 23 - HOLMES COUNTY AIRPORT AUTHORITY - (Continued)**

The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles.

*Equipment and Depreciation* - Property, plant, and equipment are stated at historical cost (or estimated historical cost) and are updated for the cost of additions and retirements during the year. Depreciation is provided on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Useful Live (In Years)</u>
Land improvements	50
Buildings and improvements	20 - 50
Equipment	10 - 30

A summary of capital assets at December 31, 2020 follows:

Land	\$ 54,357
Land improvements	5,291,166
Buildings and improvements	1,404,007
Equipment	<u>400,965</u>
Subtotal	7,150,495
Less: accumulated depreciation	<u>(1,253,242)</u>
Net capital assets	<u>\$ 5,897,253</u>

**B. Deposits with Financial Institutions**

Monies held by the Airport Authority are held in separate accounts. The Airport Authority invests in a NOW checking account and a money market savings account.

At December 31, 2020, the carrying amount and bank balance of the Airport Authority's deposits was \$209,958. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2020 the entire balance was covered by the FDIC.

**NOTE 24 - OPERATING LEASE**

At the beginning of 2016, the County entered into an operating lease with the Pomerene Foundation for the rental of the Joel Pomerene Memorial Hospital and the surrounding land. The Foundation must pay \$15,000 per year, adjusted for inflation, to charity care, providing health-related benefits to the citizens of Holmes County.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 25 - TAX ABATEMENTS

As of December 31, 2020, the County provides tax abatements through two programs: Community Reinvestment Area (CRA) and Enterprise Zone (Ezone). These programs relate to the abatement of property taxes.

CRA - Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

Ezone - Under the authority of ORC Sections 5709.62 and 5709.63, the Ezone program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. An Ezone is a designated area of land in which businesses can receive tax incentives in the form of tax exemptions on qualifying new investment. An Ezone's geographic area is identified by the local government involved in the creation of the zone. Once the zone is defined, the local legislative authority participating in the creation must petition the OSDA. The OSDA must then certify the area for it to become an active Enterprise Zone. The local legislative authority negotiates the terms of the Enterprise Zone Agreement (the "Agreement") with the business, which may include tax sharing with the Board of Education. Legislation must then be passed to approve the Agreement. All Agreements must be finalized before the project begins and may contain provisions for the recoupment of taxes should the individual or entity fail to perform. The amount of the abatement is deducted from the business's property tax bill.

The County has entered into agreements to abate property taxes through these programs. During 2020, the County's property tax revenues were reduced as a result of these agreements as follows:

<u>Tax Abatement Program</u>	<u>County Taxes Abated</u>
CRA	\$ 4,958
Ezone	<u>87,330</u>
Total	<u>\$ 92,288</u>

**HOLMES COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 26 - 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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the County. The County's investment portfolio and the pension and other employee benefits plan in which the County participate fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the County's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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REQUIRED SUPPLEMENTARY INFORMATION

HOLMES COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY/NET PENSION ASSET  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST SEVEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Traditional Plan:</i>				
County's proportion of the net pension liability	0.098815%	0.100162%	0.101214%	0.100671%
County's proportionate share of the net pension liability	\$ 17,912,915	\$ 24,914,923	\$ 14,320,963	\$ 20,562,919
County's covered payroll	\$ 12,503,214	\$ 11,129,671	\$ 11,055,862	\$ 10,696,317
County's proportionate share of the net pension liability as a percentage of its covered payroll	143.27%	223.86%	129.53%	192.24%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	74.70%	84.66%	77.25%
<i>Combined Plan:</i>				
County's proportion of the net pension asset	0.097349%	0.087132%	0.077208%	0.064543%
County's proportionate share of the net pension asset	\$ 186,174	\$ 88,491	\$ 94,795	\$ 32,312
County's covered payroll	\$ 393,586	\$ 331,614	\$ 284,415	\$ 251,242
County's proportionate share of the net pension asset as a percentage of its covered payroll	47.30%	26.68%	33.33%	12.86%
Plan fiduciary net position as a percentage of the total pension asset	145.28%	126.64%	137.28%	116.55%
<i>Member Directed Plan:</i>				
County's proportion of the net pension asset	0.052978%	0.014828%	0.040005%	0.040348%
County's proportionate share of the net pension asset	\$ 1,837	\$ 307	\$ 1,259	\$ 151
County's covered payroll	\$ 275,120	\$ 212,410	\$ 197,220	\$ 165,817
County's proportionate share of the net pension asset as a percentage of its covered payroll	0.67%	0.14%	0.64%	0.09%
Plan fiduciary net position as a percentage of the total pension asset	118.84%	113.42%	124.45%	103.40%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<b>2016</b>	<b>2015</b>	<b>2014</b>
0.099833%	0.184390%	0.184390%
\$ 15,480,900	\$ 20,916,180	\$ 20,443,753
\$ 20,937,183	\$ 20,624,208	\$ 23,104,608
73.94%	101.42%	88.48%
81.08%	86.45%	86.36%
0.072030%	0.202512%	0.202512%
\$ 31,379	\$ 74,865	\$ 20,403
\$ 851,408	\$ 740,250	\$ 768,454
3.69%	10.11%	2.66%
116.90%	114.83%	104.56%
0.038540%		
\$ 132		
\$ 210,258		
0.06%		
103.91%		

**HOLMES COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST SEVEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's proportion of the net pension liability	0.00273492%	0.00364501%	0.00404573%	0.00438642%
County's proportionate share of the net pension liability	\$ 661,753	\$ 806,072	\$ 889,565	\$ 1,042,003
County's covered-employee payroll	\$ 375,250	\$ 402,179	\$ 452,586	\$ 508,529
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	176.35%	200.43%	196.55%	204.91%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.30%	75.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.00457000%	0.00435302%	0.00435302%
\$ 1,529,717	\$ 1,203,047	\$ 1,102,636
\$ 490,221	\$ 490,221	\$ 460,864
312.05%	245.41%	239.25%
66.80%	72.10%	74.70%

**HOLMES COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY PENSION CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST EIGHT YEARS

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 1,937,702	\$ 1,750,450	\$ 1,558,154	\$ 1,437,262
Contributions in relation to the contractually required contribution	(1,937,702)	(1,750,450)	(1,558,154)	(1,437,262)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 13,840,729	\$ 12,503,214	\$ 11,129,671	\$ 11,055,862
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%
 <i>Combined Plan:</i>				
Contractually required contribution	\$ 59,497	\$ 55,102	\$ 46,426	\$ 36,974
Contributions in relation to the contractually required contribution	(59,497)	(55,102)	(46,426)	(36,974)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 424,979	\$ 393,586	\$ 331,614	\$ 284,415
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%
 <i>Member Directed Plan:</i>				
Contractually required contribution	\$ 35,200	\$ 27,512	\$ 21,241	\$ 19,722
Contributions in relation to the contractually required contribution	(35,200)	(27,512)	(21,241)	(19,722)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 352,000	\$ 275,120	\$ 212,410	\$ 197,220
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

Note: Information prior to 2013 for the County's traditional and combined plans and prior to 2015 for the County's member directed plan was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 1,283,558	\$ 2,512,462	\$ 2,474,905	\$ 3,003,599
<u>(1,283,558)</u>	<u>(2,512,462)</u>	<u>(2,474,905)</u>	<u>(3,003,599)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 10,696,317	\$ 20,937,183	\$ 20,624,208	\$ 23,104,608
12.00%	12.00%	12.00%	13.00%
\$ 30,149	\$ 102,169	\$ 88,830	\$ 99,899
<u>(30,149)</u>	<u>(102,169)</u>	<u>(88,830)</u>	<u>(99,899)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 251,242	\$ 851,408	\$ 740,250	\$ 768,454
12.00%	12.00%	12.00%	13.00%
\$ 19,898	\$ 25,231		
<u>(19,898)</u>	<u>(25,231)</u>		
<u>\$ -</u>	<u>\$ -</u>		
\$ 165,817	\$ 210,258		
12.00%	12.00%		

**HOLMES COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY PENSION CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 46,763	\$ 52,535	\$ 56,305	\$ 63,362
Contributions in relation to the contractually required contribution	<u>(46,763)</u>	<u>(52,535)</u>	<u>(56,305)</u>	<u>(63,362)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 334,021	\$ 375,250	\$ 402,179	\$ 452,586
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 71,194	\$ 68,631	\$ 64,521	\$ 64,251	\$ 71,717	\$ 76,235
<u>(71,194)</u>	<u>(68,631)</u>	<u>(64,521)</u>	<u>(64,251)</u>	<u>(71,717)</u>	<u>(76,235)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 508,529	\$ 490,221	\$ 496,315	\$ 494,238	\$ 551,669	\$ 586,423
14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

**HOLMES COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FOUR YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's proportion of the net OPEB liability	0.096947%	0.097431%	0.097900%	0.096850%
County's proportionate share of the net OPEB liability	\$ 12,281,217	\$ 11,536,997	\$ 9,588,384	\$ 9,782,201
County's covered payroll	\$ 13,171,920	\$ 11,673,695	\$ 11,537,497	\$ 11,113,376
County's proportionate share of the net OPEB liability as a percentage of its covered payroll	93.24%	98.83%	83.11%	88.02%
Plan fiduciary net position as a percentage of the total OPEB liability	47.80%	46.33%	54.14%	54.05%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**HOLMES COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF  
THE NET OPEB ASSET  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FOUR YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's proportion of the net OPEB asset	0.00273492%	0.00364501%	0.00404573%	0.00438642%
County's proportionate share of the net OPEB asset	\$ 48,066	\$ 60,370	\$ 65,000	\$ 171,142
County's covered-employee payroll	\$ 375,250	\$ 402,179	\$ 452,586	\$ 508,529
County's proportionate share of the net OPEB asset as a percentage of its covered-employee payroll	12.81%	15.01%	14.36%	33.65%
Plan fiduciary net position as a percentage of the total OPEB asset	182.13%	174.70%	176.00%	47.10%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**HOLMES COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY OPEB CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 14,080	\$ 11,005	\$ 8,497	\$ 129,996
Contributions in relation to the contractually required contribution	<u>(14,080)</u>	<u>(11,005)</u>	<u>(8,497)</u>	<u>(129,996)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 13,171,920	\$ 11,673,695	\$ 11,537,497	\$ 11,113,376
Contributions as a percentage of covered payroll	0.11%	0.09%	0.07%	1.17%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 244,687	\$ 200,397	\$ 261,412	\$ 168,204	\$ 500,743	\$ 520,034
<u>(244,687)</u>	<u>(200,397)</u>	<u>(261,412)</u>	<u>(168,204)</u>	<u>(500,743)</u>	<u>(520,034)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 21,998,849	\$ 21,364,458	\$ 23,873,062	\$ -	\$ -	\$ -
1.11%	0.94%	1.10%	0.00%	0.00%	0.00%

**HOLMES COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY OPEB CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 334,021	\$ 375,250	\$ 402,179	\$ 452,586
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ -	\$ -	\$ 4,589	\$ 4,963	\$ 5,517	\$ 5,864
-	-	(4,589)	(4,963)	(5,517)	(5,864)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 508,529	\$ 490,221	\$ 496,315	\$ 494,238	\$ 551,669	\$ 586,423
0.00%	1.00%	1.00%	1.00%	1.00%	1.00%

HOLMES COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2020

PENSION

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*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for 2014-2020.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018. For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%. There were no changes in assumptions for 2020.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms*: There were no changes in benefit terms from the amounts reported for 2014-2016. For 2017, STRS decreased the Cost of Living Adjustment (COLA) to zero effective July 1, 2017. There were no changes in benefit terms for 2018-2020.

*Changes in assumptions*: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes of assumption for 2018-2020.

(Continued)



## HOLMES COUNTY, OHIO

### NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2020

#### OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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##### *OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for 2017-2020.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029. For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.

##### *STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for 2017-2020.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) increase in the discount rate from 4.13% to 7.45% and (b) decrease in trend rates from 6.00%-11.00% initial; 4.50% ultimate down to 5.23%-9.62% initial; 4.00% ultimate. For 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) increase in prescription drug trend rates from -5.23%-9.62% initial; 4.00% ultimate up to 4.00%-9.62% initial; 4.00% ultimate. For 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) decrease in medical trend rates from 4.93%-5.87% to -6.69%-5.00% and (b) an increase in prescription drug trend rates from 7.73%-9.62% to 6.50%-11.87%.

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HOLMES COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Number	Passed Through to Subrecipients	Total Federal Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>(Passed through the Ohio Department of Job &amp; Family Services)</i>				
<i>Supplemental Nutrition Assistance Program Cluster</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-2021-11-5942		\$ 190,769
Total Supplemental Nutrition Assistance Program Cluster				190,769
Total U.S. Department of Agriculture				<b>190,769</b>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>				
<i>(Passed through the Ohio Development Services Agency)</i>				
Community Development Block Grants/State's Program	14.228	BF-18-1BI-1 BC-18-1BI-1		256,193 75,127
Total Community Development Block Grants/State's Program				331,320
Home Investment Partnerships Program	14.239	BC-18-1BI-2		159,671
Total U.S. Department of Housing and Urban Development				<b>490,991</b>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>				
<i>(Passed through the Ohio Attorney General)</i>				
Crime Victim Assistance	16.575	2020-VOCA-132922669 2021-VOCA-133917495		39,629 9,993
Total Crime Victim Assistance				49,622
Total U.S. Department of Justice				<b>49,622</b>
<b><u>U.S. DEPARTMENT OF LABOR</u></b>				
<i>(Passed through the Ohio Department of Job and Family Services)</i>				
<i>(Passed through Area 7 Workforce Investment Board)</i>				
<i>Employment Services Cluster</i>				
Employment Service/Wagner-Peyser Funded Activities	17.207	2020/21-7238-1		4,187
Total Employment Services Cluster				4,187
Trade Adjustment Assistance	17.245	2020/21-7238-1		759
Workforce Investment Act Cluster:				
WIOA Adult Program	17.258	2020/21-7238-1		58,144
WIOA Youth Activities	17.259	2020/21-7238-1	\$ 37,748	37,748
WIOA Dislocated Worker Formula Grants	17.278	2020/21-7238-1		49,326
Total Workforce Investment Act Cluster			37,748	145,218
Total U.S. Department of Labor			<b>37,748</b>	<b>150,164</b>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>				
<i>(Passed through the Ohio Department of Transportation)</i>				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	20.205	10407 N/A		250,972 5,600
Total Highway Planning and Construction Cluster				256,572
<i>(Passed through the Ohio Department of Public Safety)</i>				
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20.600	STEP-2020-HCSO-00063 STEP-2021-HCSO-00014		2,101 2,031
Total State and Community Highway Safety				4,132
National Priority Safety Programs	20.616	DDEP-2020-HCSO-00037 DDEP-2021-HCSO-00016		84 1,168
Total National Priority Safety Programs				1,252
Total Highway Safety Cluster				5,384
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	IDEP-2020-HCSO-00063 IDEP-2021-HCSO-00014		3,466 2,947
Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated				6,413
Total U.S. Department of Transportation				<b>268,369</b>

HOLMES COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF TREASURY</b>				
<i>(Passed through Ohio Department of Budget and Management)</i>				
COVID-19 - Corona Virus Relief	21.019	Not Available		2,540,399
<i>(Passed through the Ohio Department of Education)</i>				
COVID-19 Coronavirus Relief Fund	21.019	Not Available		7,408
Total COVID-19 Coronavirus Relief Fund / U.S. Department of Treasury				<b>2,547,807</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>(Passed through the Ohio Department of Education)</i>				
Special Education Cluster:				
Special Education_Grants to States	84.027	N/A - FY20 N/A - FY21		6,667 1,953
Total Special Education_Grants to States and Special Education Cluster				8,620
<i>(Passed through the Ohio Department of Developmental Disabilities)</i>				
Special Education - Grants for Infants and Families	84.181	H181A180024 H181A190024		17,309 16,416
Total Special Education - Grants for Infants and Family				33,725
Total U.S. Department of Education				<b>42,345</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<i>(Passed through the Ohio Department of Job &amp; Family Services)</i>				
Promoting Safe and Stable Families	93.556	G-2021-11-5942		61,505
<i>Temporary Assistance for Needy Families Cluster</i>				
Temporary Assistance for Needy Families	93.558	G-2021-11-5942	290,988	919,304
Total Temporary Assistance for Needy Families Cluster			290,988	919,304
Child Support Enforcement	93.563	G-2021-11-5942		534,565
<i>Child Care and Development Fund Cluster</i>				
Child Care and Development Block Grant	93.575	G-2021-11-5942		37,289
Total Child Care and Development Fund Cluster				37,289
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2021-11-5942		59,448
Foster Care_Title IV-E	93.658	G-2021-11-5942		859,492
Adoption Assistance	93.659	G-2021-11-5942		163,492
Children's Health Insurance Program	93.767	G-2021-11-5942		85,243
Medicaid Cluster:				
Medical Assistance Program	93.778	G-2021-11-5942		404,707
<i>(Passed through the Ohio Department of Developmental Disabilities)</i>				
Medical Assistance Program		N/A		69,797
Total Medicaid Cluster				474,504
<i>(Passed through the Ohio Department of Job and Family Services)</i>				
Social Services Block Grant	93.667	G-2021-11-5942		421,905
<i>(Passed through the Ohio Department of Developmental Disabilities)</i>				
Social Services Block Grant				21,813
Total Social Services Block Grant				443,718
<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-2021-11-5942		4,465
Total U.S. Department of Health and Human Services			290,988	<b>3,643,025</b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
<i>(Passed through the Ohio Emergency Management Agency)</i>				
Emergency Management Performance Grants	97.042	EMC-2019-EP-00005 EMC-2020-EP-00014		15,357 30,158
Total Emergency Management Performance Grants				45,515
Total U.S. Department of Homeland Security				<b>45,515</b>
TOTAL			\$ 328,736	\$ 7,428,607

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule

**HOLMES COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Holmes County (the County) under programs of the federal government for the year ended December 31, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - SUBRECIPIENTS**

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

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

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

The current cash balance on the County's local program income account as of December 31, 2020 is \$120,018.

**NOTE F - MATCHING REQUIREMENTS**

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

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

Holmes County  
2 Court Street, Suite 14  
Millersburg, Ohio 44654

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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 Holmes County, (the County) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 5, 2021, wherein we noted the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, and the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the County.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the County's internal control. Accordingly, we have not opined on it.

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

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

***Compliance and Other Matters***

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

August 5, 2021



# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street, 5<sup>th</sup> Floor  
Columbus, Ohio 43215-3506  
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CentralRegion@ohioauditor.gov

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

Holmes County  
2 Court Street, Suite 14  
Millersburg, Ohio 44654

To the Board of Commissioners:

### ***Report on Compliance for each Major Federal Program***

We have audited Holmes County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Holmes County's major federal programs for the year ended December 31, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

### ***Management's Responsibility***

The County's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in 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). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on each Major Federal Program***

In our opinion, Holmes County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2020.

***Report on Internal Control Over Compliance***

The County's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the County's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

August 5, 2021

**HOLMES COUNTY**  
**SCHEDULE OF FINDINGS**  
**2 CFR § 200.515**  
**DECEMBER 31, 2020**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA # 21.019 Coronavirus Relief Fund CFDA # 93.658 Foster Care CFDA # 10.561 Supplemental Nutrition Assistance Program Cluster
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

# OHIO AUDITOR OF STATE KEITH FABER



**HOLMES 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 10/12/2021**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)