

HOLMES COUNTY, OHIO

Basic Financial Statements

For the Year Ended
December 31, 2022

HOLMES COUNTY, OHIO

BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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Accountant's Compilation Report

To the Honorable Jackie McKee, Auditor
Millersburg, Ohio

Management is responsible for the accompanying basic financial statements of Holmes County, which comprise the statements listed in the table of contents as of December 31, 2022 and for the fiscal year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of net pension and other post-employment benefit assets and liabilities, and pension and other post-employment contributions listed in the table of contents be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Julian & Grube, Inc.

Westerville, Ohio
May 28th, 2023

HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022 (SEE ACCOUNTANT'S COMPILATION REPORT)

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, 2022. 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 2022 are as follows:

- The total net position of the County increased \$17,399,657 from the 2021 net position of \$80,567,267. Net position of governmental activities increased \$15,658,592, which represents a 21.26% increase from the 2021 net position of \$73,651,126. Net position of business-type activities increased \$1,741,065 or 25.17% from the 2021 net position of \$6,916,141.
- General revenues accounted for \$27,404,576 or 50.50% of total governmental activities revenue. Program specific revenues accounted for \$26,862,956 or 49.50% of total governmental activities revenue.
- The County had \$37,273,672 in governmental activities expenses; \$26,862,956, or 72.07%, of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$27,404,576 were adequate to provide for these programs.
- The general fund, the County's largest major governmental fund, had revenues and other financing sources of \$19,847,671 in 2022, a decrease of \$546,173 or 2.68% from 2021. The general fund had expenditures and other financing uses of \$21,377,342 in 2022, an increase of \$6,505,212 or 43.74% from 2021. The net changes in revenues and expenditures contributed to the general fund balance decrease of \$1,529,671 or 6.05% from 2021's fund balance.
- The county board of developmental disabilities (DD) fund, a major governmental fund, had revenues and other financing sources of \$7,090,285 in 2022, a decrease of \$175,820 or 2.42% from 2021. The DD fund had expenditures and other financing uses of \$5,884,291 in 2022, an increase of \$195,212 or 3.43% from 2021. The net changes in revenues and expenditures contributed to the DD fund balance increase of \$1,205,994 or 29.94% from 2021 to 2022.
- The motor vehicle license fund, a major governmental fund, had revenues and other financing sources of \$10,173,263 in 2022, an increase of \$3,624,379 or 55.34% from 2021. The motor vehicle license fund had expenditures of \$10,750,560 in 2022, an increase of \$5,590,608 or 108.35% from 2021. The motor vehicle license fund balance decreased \$577,297 or 12.31% from 2021 to 2022.
- The American Rescue Plan Act fund, a major governmental fund, had revenues of \$1,449,996 in 2022 and expenditures of \$1,499,996 in 2022. The American Rescue Plan Act fund had no fund balance at year end.
- Net position for the business-type activities, which consists of the sewer district, increased in 2022 by \$1,741,065 or 25.17% from the 2021 net position of \$ 6,916,141.

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.

HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022 (SEE ACCOUNTANT'S COMPILATION REPORT)

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 four major governmental funds. The general fund is the largest major fund.

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 2021?" 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, motor vehicle license fund, and the American Rescue Plan Act 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.

HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

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.

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 (OPEB) liability/asset.

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HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

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, 2022 and December 31, 2021 net position.

	Net Position					
	Governmental	Governmental	Business-type	Business-type	Total	Total
	Activities	Activities	Activities	Activities	2022	2021
	2022	2021	2022	2021	2022	2021
<u>Assets</u>						
Current and other assets	\$ 89,255,502	\$ 78,820,104	\$ 1,168,036	\$ 1,273,959	\$ 90,423,538	\$ 80,094,063
Capital assets, net	47,608,330	41,588,961	13,835,237	12,280,453	61,443,567	53,869,414
Total assets	<u>136,863,832</u>	<u>120,409,065</u>	<u>15,003,273</u>	<u>13,554,412</u>	<u>151,867,105</u>	<u>133,963,477</u>
<u>Deferred Outflows of Resources</u>	<u>4,209,392</u>	<u>4,418,873</u>	<u>30,075</u>	<u>27,401</u>	<u>4,239,467</u>	<u>4,446,274</u>
<u>Liabilities</u>						
Current and other liabilities	11,526,518	6,563,381	90,257	86,346	11,616,775	6,649,727
Long-term liabilities outstanding:						
Due within one year	1,623,786	1,527,819	282,470	240,981	1,906,256	1,768,800
Net pension liability	8,722,109	14,497,484	52,065	85,153	8,774,174	14,582,637
Net OPEB liability	-	-	-	-	-	-
Other amounts	<u>6,750,720</u>	<u>7,540,818</u>	<u>5,868,750</u>	<u>6,180,514</u>	<u>12,619,470</u>	<u>13,721,332</u>
Total liabilities	<u>28,623,133</u>	<u>30,129,502</u>	<u>6,293,542</u>	<u>6,592,994</u>	<u>34,916,675</u>	<u>36,722,496</u>
<u>Deferred Inflows of Resources</u>	<u>23,140,373</u>	<u>21,047,310</u>	<u>82,600</u>	<u>72,678</u>	<u>23,222,973</u>	<u>21,119,988</u>
<u>Net Position</u>						
Net investment in capital assets	43,124,411	37,608,838	7,692,125	5,867,518	50,816,536	43,476,356
Restricted	21,752,434	19,389,573	-	-	21,752,434	19,389,573
Unrestricted (deficit)	<u>24,432,873</u>	<u>16,652,715</u>	<u>965,081</u>	<u>1,048,623</u>	<u>25,397,954</u>	<u>17,701,338</u>
Total net position	<u>\$ 89,309,718</u>	<u>\$ 73,651,126</u>	<u>\$ 8,657,206</u>	<u>\$ 6,916,141</u>	<u>\$ 97,966,924</u>	<u>\$ 80,567,267</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, 2022 (SEE ACCOUNTANT'S COMPILATION REPORT)

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, 2022, the County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$97,966,924. This amounts to \$89,309,718 in governmental activities and \$8,657,206 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 40.46% 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, 2022, was \$50,816,536. 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, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

A portion of the County's net position, \$21,752,434 or 24.36%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$25,397,954.

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 2022.

The following table shows the changes in net position for governmental and business-type activities for 2022 and 2021.

	Change in Net Position					
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities	2022 Total	2021 Total
	2022	2022	2021	2021		
Revenues						
Program revenues:						
Charges for services and sales	\$ 7,468,484	\$ 1,257,340	\$ 7,700,772	\$ 1,645,725	\$ 8,725,824	\$ 8,958,112
Operating grants and contributions	15,763,066	-	14,831,879	-	15,763,066	14,831,879
Capital grants and contributions	3,631,406	-	759,171	83,409	3,631,406	759,171
Total program revenues	<u>26,862,956</u>	<u>1,257,340</u>	<u>23,291,822</u>	<u>1,729,134</u>	<u>28,120,296</u>	<u>24,549,162</u>
General revenues:						
Property taxes	9,931,857	-	9,578,564	-	9,931,857	9,578,564
Sales tax	16,539,606	-	15,501,625	-	16,539,606	15,501,625
Unrestricted grants	1,957,630	-	2,026,155	-	1,957,630	2,026,155
Investment earnings	(1,330,272)	-	19,808	-	(1,330,272)	19,808
Other	305,755	-	203,669	1,570	305,755	203,669
Total general revenues	<u>27,404,576</u>	<u>-</u>	<u>27,329,821</u>	<u>1,570</u>	<u>27,404,576</u>	<u>27,329,821</u>
Total revenues	<u>54,267,532</u>	<u>1,257,340</u>	<u>50,621,643</u>	<u>1,730,704</u>	<u>55,524,872</u>	<u>51,878,983</u>
Expenses						
Program Expenses:						
General government:						
Legislative and executive	6,535,731	-	5,009,818	-	6,535,731	5,009,818
Judicial	1,948,101	-	1,441,354	-	1,948,101	1,441,354
Public safety	5,081,352	-	4,230,433	-	5,081,352	4,230,433
Public works	9,635,069	-	5,406,115	-	9,635,069	5,406,115
Health	585,251	-	510,751	-	585,251	510,751
Human services	12,861,925	-	9,274,790	-	12,861,925	9,274,790
Conservation and recreation	535,993	-	512,173	-	535,993	512,173
Interest and fiscal charges	90,250	-	109,180	-	90,250	109,180
Sewer district	-	1,305,736	-	1,343,152	1,305,736	1,305,736
Total expenses	<u>37,273,672</u>	<u>1,305,736</u>	<u>26,494,614</u>	<u>1,343,152</u>	<u>38,579,408</u>	<u>27,800,350</u>
Excess of revenues over (under) expenses	16,993,860	(48,396)	24,127,029	387,552	16,945,464	24,078,633
Transfers	<u>(1,335,268)</u>	<u>1,335,268</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,335,268</u>
Change in net position	15,658,592	1,286,872	24,127,029	387,552	16,945,464	25,413,901
Net position at beginning of year	<u>73,651,126</u>	<u>-</u>	<u>90,596,590</u>	<u>116,010,491</u>	<u>73,651,126</u>	<u>90,596,590</u>
Net position at end of year	<u>\$ 89,309,718</u>	<u>\$ 1,286,872</u>	<u>\$ 114,723,619</u>	<u>\$ 116,398,043</u>	<u>\$ 90,596,590</u>	<u>\$ 116,010,491</u>

Governmental Activities

Governmental activities net position increased by \$15,658,592 in 2022 as total revenues once again exceeded expenses.

HOLMES COUNTY, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT’S COMPILATION REPORT)**

Expenses of the governmental activities increased \$10,779,058 or 40.68%. This increase is primarily the result of the increase in pension and OPEB related expenses during 2022.

General government expenses, which include legislative and executive and judicial programs, accounted for \$8,483,832 or 22.76% of total governmental expenses. General government expenses were partly funded by \$4,003,622 of direct charges to users in 2022 and \$1,808,957 in operating grants and contributions. Public works expenses, the County’s second largest category of expenses, totaled \$9,635,069 in 2022 or 25.85% 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. Human service expenses accounted for \$12,861,925 or 34.51% of total governmental expenses. These expenses were funded partly by \$1,426,178 in charges to users and \$6,538,955 in operating grants and contributions.

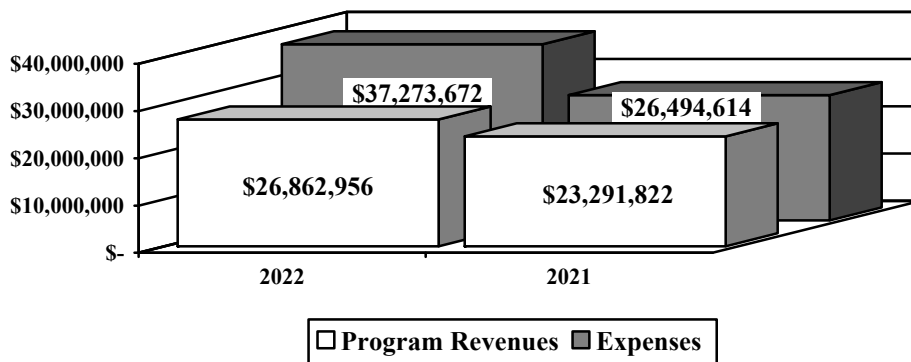
Operating grants and contributions, which is mostly intergovernmental revenue from the State and Federal governments, totaled \$15,763,066 in 2022, compared to \$14,831,879 in 2021. These revenues are restricted to a particular program or purpose.

During 2022, the County received \$3,631,406 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 \$27,404,576 and amounted to 50.50% of total revenues. These revenues primarily consist of property and sales tax revenue of \$26,471,463 or 96.6% of total general revenues in 2022. The other primary source of general revenues is grants and entitlements not restricted to specific programs, which makes up \$1,957,630 or 7.14% 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



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 2022 and 2021. That is, it identifies the cost of these services supported by general revenues (such as tax revenue and unrestricted State grants and entitlements).

HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

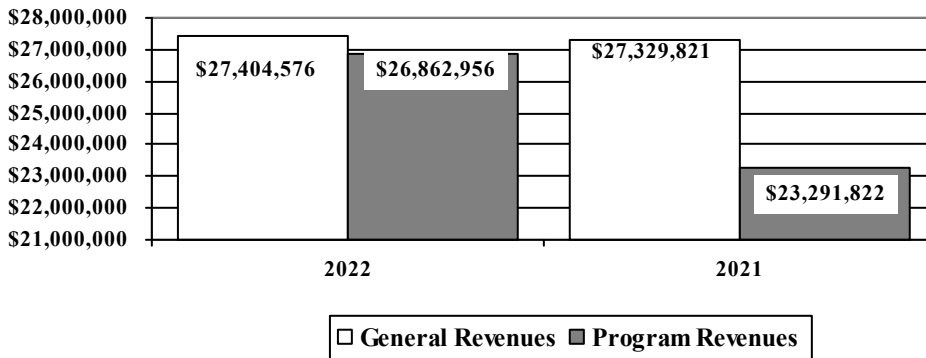
Governmental Activities

	Total Cost of Services <u>2022</u>	Net Cost of Services <u>2022</u>	Net Cost of Services <u>2021</u>	Net Cost of Services <u>2021</u>
Program Expenses:				
General government:				
Legislative and executive	\$ 6,535,731	\$ 723,152	\$ 5,009,818	\$ 232,883
Judicial	1,948,101	1,549,011	1,441,354	999,096
Public safety	5,081,352	3,767,059	4,230,433	2,917,696
Public works	9,635,069	(877,598)	5,406,115	(2,410,896)
Health	585,251	(273,943)	510,751	247,491
Human services	12,861,925	4,896,792	9,274,790	595,169
Conservation and recreation	535,933	535,993	512,173	512,173
Interest and fiscal charges	<u>90,250</u>	<u>90,250</u>	<u>109,180</u>	<u>109,180</u>
Total	<u>\$ 37,273,612</u>	<u>\$ 10,410,716</u>	<u>\$ 26,494,614</u>	<u>\$ 3,202,792</u>

The dependence upon general revenues for governmental activities is apparent, with 27.93% of expenses supported through taxes and other general revenues during 2022.

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

Governmental Activities - General and Program Revenues



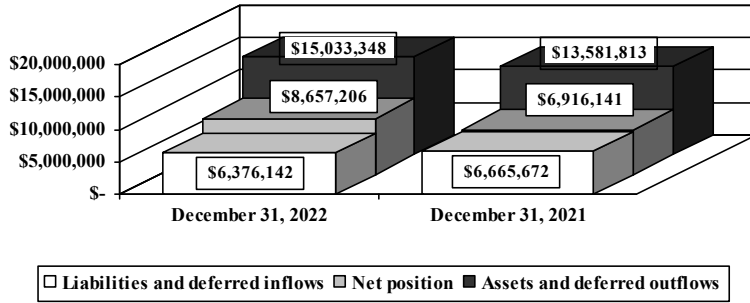
Business-Type Activities

During 2022, the sewer district enterprise fund had program revenues of \$1,708,931, general revenues of \$2,602, and expenses of \$1,305,736 for fiscal year 2022. The net position of the sewer fund increased \$1,741,065 or 25.17% from 2021'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, 2022 and 2021.

HOLMES COUNTY, OHIO

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT’S COMPILATION REPORT)

Net Position in Business - Type Activities



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 \$54,079,886, which is \$3,876,692 greater than last year’s total of \$50,203,194. The table below shows the fund balance and the total change in fund balance as of December 31, 2022 for all major and nonmajor governmental funds.

	Fund Balances <u>12/31/22</u>	Fund Balances <u>12/31/21</u>	<u>Change</u>
Major funds:			
General	\$ 23,734,260	\$ 25,263,931	\$ (1,529,671)
County Board of DD	5,234,296	4,028,302	1,205,994
Motor Vehicle License	4,113,074	4,690,371	(577,297)
American Rescue Plan Act	-	-	-
Nonmajor governmental funds	<u>20,998,256</u>	<u>16,220,590</u>	<u>4,777,666</u>
Total	<u>\$ 54,079,886</u>	<u>\$ 50,203,194</u>	<u>\$ 3,876,692</u>

General Fund

The County’s general fund balance decreased \$1,529,671. The tables that follow assist in illustrating the revenues and expenditures of the general fund.

HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2022</u>	<u>2021</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Revenues</u>			
Taxes	\$ 16,185,522	\$ 15,136,317	6.93 %
Charges for services	2,886,421	2,988,306	(3.41) %
Licenses and permits	8,515	9,963	(14.53) %
Fines and forfeitures	16,843	84,879	(80.16) %
Intergovernmental	1,804,288	1,904,658	(5.27) %
Investment income	(1,374,649)	28,088	(4,994.08) %
Other	<u>306,808</u>	<u>197,236</u>	55.55 %
 Total	 <u>\$ 19,833,748</u>	 <u>\$ 20,349,447</u>	 (2.53) %

Taxes revenue, which includes primarily real property and sales taxes, represents 81.61% of all general fund revenues. Most of the increase in tax revenue came from sales taxes revenue, which increased \$953,046 or 8.20%. Investment income decreased \$1,402,737 primarily due to a decrease in the fair market value of the County's investments. All other revenues remained consistent with 2021.

	<u>2022</u>	<u>2021</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Expenditures</u>			
General government:			
Legislative and executive	\$ 4,973,900	\$ 4,374,243	13.71 %
Judicial	2,177,245	2,001,857	8.76 %
Public safety	5,645,780	5,835,021	(3.24) %
Health	123,091	119,978	2.59 %
Human services	819,684	596,283	37.47 %
Conservation and recreation	535,993	512,173	4.65 %
Capital outlay	34,149	46,117	(25.95) %
Debt service	<u>13,980</u>	<u>12,355</u>	13.15 %
 Total	 <u>\$ 14,323,822</u>	 <u>\$ 13,498,027</u>	 6.12 %

Total general fund expenditures remained consistent with the prior year and increased 6.12% from 2021.

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 of \$7,090,285 in 2022. The DD fund had expenditures and other financing uses of \$5,884,291 in 2021. The net changes in revenues and expenditures contributed to the DD fund balance increase of \$1,205,994 or 29.94% from 2021 to 2022.

HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022 (SEE ACCOUNTANT'S COMPILATION REPORT)

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 and other financing sources of \$10,173,263 in 2022. 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 \$10,750,560 in 2022. The motor vehicle license fund balance decreased \$577,297 or 12.31% from 2021 to 2022.

American Rescue Plan Act Fund

The American Rescue Plan Act fund is a major governmental fund that accounts for federal money related to the American Rescue Plan Act of 2022. The fund had revenues and expenses of \$1,449,996 in 2022. The unspent portion of amounts received in this fund is offset by an unearned revenue liability. The County will recognize revenue in this fund as the money is spent for allowable goods and services under the grant award.

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, motor vehicle license fund, and American Rescue Plan Act fund.

In the general fund, original budgeted revenues of \$14,659,706 were increased to \$15,634,020 in the final budgeted revenues. Actual revenues and other financing sources of \$20,861,103 were greater than final budgeted revenues and other financing sources by \$5,227,083 or 74.94%.

Original budgeted expenditures and other financing uses in the general fund were \$27,456,154. This was increased to \$28,485,491 in the final budget and other financing uses. Actual expenditures and other financing uses of \$20,590,413 were \$7,895,078 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.

Capital Assets and Debt Administration

Capital Assets

At the end of 2022, the County had \$61,443,567 (net of accumulated depreciation/amortization) invested in land, improvements other than buildings, buildings and improvements, machinery and equipment, vehicles, leased equipment, construction in progress, sewer mains and infrastructure. Of this total, \$47,608,330 was reported in governmental activities and \$13,835,237 was reported in business-type activities. The following table shows 2022 balances compared to 2021.

HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 1,948,028	\$ 1,912,028	\$ 98,503	\$ 98,503	\$ 2,046,531	\$ 2,010,531
Improvements other than buildings	1,049,505	967,306	-	255,739	1,049,505	1,223,045
Building and improvements	10,360,201	8,741,046	7,418,228	7,698,161	17,778,429	16,439,207
Machinery and equipment	2,607,491	2,188,996	309,849	-	2,917,340	2,188,996
Vehicles	1,522,285	1,501,397	-	-	1,522,285	1,501,397
Infrastructure	27,558,513	24,257,306	-	-	27,558,513	24,257,306
Sewer/water lines	-	-	3,461,527	3,639,724	3,461,527	3,639,724
Intangible right to use:						
Leased equipment	141,361	164,668	-	-	141,361	164,668
Construction in progress	2,420,946	1,856,214	2,547,130	588,326	4,968,076	2,444,540
Total	<u>\$ 47,608,330</u>	<u>\$ 41,588,961</u>	<u>\$ 13,835,237</u>	<u>\$ 12,280,453</u>	<u>\$ 61,443,567</u>	<u>\$ 53,869,414</u>

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 57.89% 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 25.02% of the County's total business-type capital assets.

Debt Administration

At December 31, 2022 the County had \$11,265,505 in general obligation bonds, capital lease obligations, and loans payable. Of this total, \$928,639 is due within one year and \$10,336,866 is due in more than one year. The following table summarizes the outstanding debt.

Outstanding Debt, at Year End

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>2021</u>
Long-Term Obligations				
General obligation bonds	\$ 2,130,000	\$ 1,530,000	\$ 2,350,600	\$ 1,620,000
Leases payable	128,963	-	173,779	-
OWDA loans	-	2,190,151	-	2,254,877
OPWC loans	2,862,024	2,424,367	3,241,759	2,539,565
Total	<u>\$ 5,120,987</u>	<u>\$ 6,144,518</u>	<u>\$ 5,766,138</u>	<u>\$ 6,414,442</u>

HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022 (SEE ACCOUNTANT'S COMPILATION REPORT)

The County's total legal debt margin was \$34,995,562 at December 31, 2022 and the unvoted legal debt margin was \$13,337,821. 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 2022 is 43,960. At the end of 2022, the average unemployment rate for the County was 2.9%, compared to the 4% State average and the 3.5% national average.

These economic factors were considered in preparing the County's initial budget for 2022. Budgeted revenues and other financing sources in the general fund for 2022 were \$14,659,706. The challenges brought about by the COVID-19 pandemic will be an important factor in the County's financial situation for the remainder of 2022.

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, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Holmes County Airport Authority	Regional Planning Commission
Assets:					
Equity in pooled cash and cash equivalents . . .	\$ 62,149,102	\$ 1,341,129	\$ 63,490,231	\$ -	\$ 172,669
Cash and cash equivalents in segregated accounts	689,892	-	689,892	366,148	-
Receivables:					
Sales taxes	4,377,249	-	4,377,249	-	-
Real and other taxes	10,243,053	-	10,243,053	-	-
Accounts	206,399	121,946	328,345	1,618	500
Accrued interest	241,848	-	241,848	-	-
Due from other governments	6,789,065	-	6,789,065	2,127	-
Leases	70,054	-	70,054	-	-
Materials and supplies inventory	684,261	821	685,082	-	-
Prepayments	279,099	-	279,099	2,907	-
Internal balance	315,900	(315,900)	-	-	-
Net pension asset	259,799	1,655	261,454	-	1,922
Net OPEB asset	2,949,781	18,385	2,968,166	-	21,351
Capital assets:					
Non-depreciable capital assets	4,368,974	2,645,633	7,014,607	54,357	-
Depreciable capital assets, net	43,239,356	11,189,604	54,428,960	5,494,252	-
Total capital assets, net	47,608,330	13,835,237	61,443,567	5,548,609	-
Total assets	136,863,832	15,003,273	151,867,105	5,921,409	196,442
Deferred outflows of resources:					
Unamortized deferred charges on debt refunding	34,581	-	34,581	-	-
Pension	3,970,307	28,297	3,998,604	-	30,619
OPEB	204,504	1,778	206,282	-	1,514
Total deferred outflows of resources	4,209,392	30,075	4,239,467	-	32,133
Liabilities:					
Accounts payable	1,459,324	50,457	1,509,781	5,055	4,448
Contracts payable	1,185,370	-	1,185,370	-	-
Accrued wages and benefits payable	783,612	4,876	788,488	-	5,662
Due to other governments	457,701	26,443	484,144	-	875
Payroll withholding payable	154,216	-	154,216	-	-
Accrued interest payable	3,707	8,481	12,188	-	-
Claims payable	467,366	-	467,366	-	-
Unearned revenue	7,015,222	-	7,015,222	9,120	-
Long-term liabilities:					
Due within one year	1,623,786	282,470	1,906,256	-	12,066
Due in more than one year:					
Net pension liability	8,722,109	52,065	8,774,174	-	60,465
Other amounts due in more than one year	6,750,720	5,868,750	12,619,470	-	11,068
Total liabilities	28,623,133	6,293,542	34,916,675	14,175	94,584
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	9,739,051	-	9,739,051	-	-
Leases	69,386	-	69,386	-	-
Pension	10,251,318	63,604	10,314,922	-	73,864
OPEB	3,080,618	18,996	3,099,614	-	22,061
Total deferred inflows of resources	23,140,373	82,600	23,222,973	-	95,925
Net position:					
Net investment in capital assets	43,124,411	7,692,125	50,816,536	5,548,609	-
Restricted for:					
Capital projects	2,472,454	-	2,472,454	-	-
Debt service	55,575	-	55,575	-	-
Public works projects	8,433,216	-	8,433,216	-	-
Public safety programs	920,274	-	920,274	-	-
Human services programs	7,883,805	-	7,883,805	-	-
Real estate assessment	791,470	-	791,470	-	-
Court special projects	326,875	-	326,875	-	-
Other purposes	868,765	-	868,765	-	-
Unrestricted	24,432,873	965,081	25,397,954	358,625	38,066
Total net position	\$ 89,309,718	\$ 8,657,206	\$ 97,966,924	\$ 5,907,234	\$ 38,066

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government:				
Legislative and executive	\$ 6,535,731	\$ 4,003,622	\$ 1,808,957	\$ -
Judicial	1,948,101	236,960	162,130	-
Public safety	5,081,352	586,320	727,973	-
Public works	9,635,069	932,595	5,948,666	3,631,406
Health	585,251	282,809	576,385	-
Human services	12,861,925	1,426,178	6,538,955	-
Conservation and recreation	535,993	-	-	-
Interest and fiscal charges	90,250	-	-	-
Total governmental activities	<u>37,273,672</u>	<u>7,468,484</u>	<u>15,763,066</u>	<u>3,631,406</u>
Business-type activities:				
Sewer District	<u>1,305,736</u>	<u>1,257,340</u>	<u>-</u>	<u>451,591</u>
Total business-type activities	<u>1,305,736</u>	<u>1,257,340</u>	<u>-</u>	<u>451,591</u>
Total primary government	<u>\$ 38,579,408</u>	<u>\$ 8,725,824</u>	<u>\$ 15,763,066</u>	<u>\$ 4,082,997</u>
Component Units:				
Holmes County Airport Authority	\$ 290,034	\$ 98,513	\$ 72,000	\$ 42,108
Regional Planning Commission	<u>162,241</u>	<u>11,450</u>	<u>133,750</u>	<u>-</u>
Total component units	<u>\$ 452,275</u>	<u>\$ 109,963</u>	<u>\$ 205,750</u>	<u>\$ 42,108</u>
General revenues:				
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.				
Transfers				
Change in net position				
Net position at beginning of year				
Net positon at end of year				

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	Holmes County Airport Authority	Regional Planning Commission
\$ (723,152)	\$ -	\$ (723,152)	\$ -	\$ -
(1,549,011)	-	(1,549,011)	-	-
(3,767,059)	-	(3,767,059)	-	-
877,598	-	877,598	-	-
273,943	-	273,943	-	-
(4,896,792)	-	(4,896,792)	-	-
(535,993)	-	(535,993)	-	-
(90,250)	-	(90,250)	-	-
(10,410,716)	-	(10,410,716)	-	-
-	403,195	403,195	-	-
-	403,195	403,195	-	-
(10,410,716)	403,195	(10,007,521)	-	-
-	-	-	(77,413)	-
-	-	-	-	(17,041)
-	-	-	(77,413)	(17,041)
3,630,999	-	3,630,999	-	-
5,179,545	-	5,179,545	-	-
1,121,313	-	1,121,313	-	-
16,539,606	-	16,539,606	-	-
1,957,630	-	1,957,630	-	-
(1,330,272)	-	(1,330,272)	1,114	-
305,755	2,602	308,357	141	8,437
27,404,576	2,602	27,407,178	1,255	8,437
(1,335,268)	1,335,268	-	-	-
15,658,592	1,741,065	17,399,657	(76,158)	(8,604)
73,651,126	6,916,141	80,567,267	5,983,392	46,670
\$ 89,309,718	\$ 8,657,206	\$ 97,966,924	\$ 5,907,234	\$ 38,066

HOLMES COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

	General	County Board of DD	Motor Vehicle License	American Rescue Plan Act
Assets:				
Equity in pooled cash and cash equivalents	\$ 22,387,146	\$ 4,829,850	\$ 3,662,525	\$ 7,109,438
Cash and cash equivalents in segregated accounts . . .	-	668,264	-	-
Receivables (net of allowance for uncollectibles):				
Sales taxes	3,366,609	-	-	-
Real and other taxes	3,668,957	5,519,326	-	-
Accounts	103,740	21,905	1,975	-
Interfund loans	415,900	-	-	-
Accrued interest	241,497	-	-	-
Due from other funds	8,973	-	-	-
Due from other governments	789,465	160,410	5,260,375	-
Leases	-	-	-	-
Prepayments	180,186	4,807	4,265	-
Materials and supplies inventory	102,115	15,196	485,710	-
Total assets	<u>\$ 31,264,588</u>	<u>\$ 11,219,758</u>	<u>\$ 9,414,850</u>	<u>\$ 7,109,438</u>
Liabilities:				
Accounts payable	\$ 267,438	\$ 180,244	\$ 318,786	\$ 88,963
Contracts payable	-	-	1,165,517	5,253
Accrued wages and benefits payable	348,812	104,009	110,532	-
Compensated absences payable	-	-	-	-
Interfund loans payable	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	192,387	21,473	19,260	-
Payroll withholding payable	154,216	-	-	-
Unearned revenue	-	-	-	7,015,222
Total liabilities	<u>962,853</u>	<u>305,726</u>	<u>1,614,095</u>	<u>7,109,438</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	3,550,000	5,189,051	-	-
Delinquent property tax revenue not available	118,957	330,275	-	-
Accrued interest not available	73,450	-	-	-
Sales tax revenue not available	2,207,026	-	-	-
Intergovernmental revenue not available	601,049	160,410	3,687,681	-
Other revenue not available	16,993	-	-	-
Leases	-	-	-	-
Total deferred inflows of resources	<u>6,567,475</u>	<u>5,679,736</u>	<u>3,687,681</u>	<u>-</u>
Fund balances:				
Nonspendable	402,752	20,003	489,975	-
Restricted	-	5,214,293	3,623,099	-
Committed	656,050	-	-	-
Assigned	11,570,910	-	-	-
Unassigned (deficit)	11,104,548	-	-	-
Total fund balances	<u>23,734,260</u>	<u>5,234,296</u>	<u>4,113,074</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 31,264,588</u>	<u>\$ 11,219,758</u>	<u>\$ 9,414,850</u>	<u>\$ 7,109,438</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Governmental Funds	Total Governmental Funds
\$ 21,112,254	\$ 59,101,213
21,628	689,892
1,010,640	4,377,249
1,054,770	10,243,053
78,779	206,399
-	415,900
351	241,848
-	8,973
578,815	6,789,065
70,054	70,054
89,841	279,099
81,240	684,261
<u>\$ 24,098,372</u>	<u>\$ 83,107,006</u>
\$ 603,893	\$ 1,459,324
14,600	1,185,370
220,259	783,612
11,387	11,387
100,000	100,000
8,973	8,973
224,581	457,701
-	154,216
-	7,015,222
<u>1,183,693</u>	<u>11,175,805</u>
1,000,000	9,739,051
54,770	504,002
351	73,801
664,400	2,871,426
127,230	4,576,370
286	17,279
69,386	69,386
<u>1,916,423</u>	<u>17,851,315</u>
171,081	1,083,811
14,693,166	23,530,558
751,846	1,407,896
5,500,000	17,070,910
(117,837)	10,986,711
<u>20,998,256</u>	<u>54,079,886</u>
<u>\$ 24,098,372</u>	<u>\$ 83,107,006</u>

HOLMES COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

Total governmental fund balances		\$ 54,079,886
<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.		47,608,330
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	\$ 2,871,426	
Real and other taxes receivable	504,002	
Intergovernmental receivable	4,576,370	
Accounts receivable	17,279	
Accrued interest receivable	73,801	
Total	73,801	8,042,878
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	(2,130,000)	
Landfill closure and postclosure care liability	(1,794,506)	
Leases payable	(128,963)	
Compensated absences payable	(1,351,554)	
OPWC loans payable	(2,862,024)	
Accrued interest payable	(3,707)	
Total	(3,707)	(8,270,754)
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.		2,580,523
Unamortized deferred amounts on refundings are not recognized in the governmental funds.		34,581
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	259,799	
Deferred outflows of resources	3,970,307	
Deferred inflows of resources	(10,251,318)	
Net pension liability	(8,722,109)	
Total	(8,722,109)	(14,743,321)
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	2,949,781	
Deferred outflows of resources	204,504	
Deferred inflows of resources	(3,080,618)	
Total	(3,080,618)	73,667
Unamortized premiums on bond issuances are not recognized in the governmental funds.		(96,072)
Net position of governmental activities		\$ 89,309,718

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, 2022
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>General</u>	<u>County Board of DD</u>	<u>Motor Vehicle License</u>	<u>American Rescue Plan Act</u>
Revenues:				
Sales taxes.	\$ 12,570,095	\$ -	\$ -	\$ -
Real and other taxes.	3,615,427	5,136,189	-	-
Charges for services.	2,886,421	341,288	11,949	-
Licenses and permits	8,515	-	15,515	-
Fines and forfeitures	16,843	-	20,422	-
Intergovernmental.	1,804,288	1,381,388	9,035,735	1,419,810
Special assessments	150,206	-	-	-
Investment income.	(1,374,649)	720	-	30,163
Rental income	1,053	-	-	-
Contributions and donations.	-	1,855	468,177	-
Other	155,549	228,845	483,155	23
Total revenues	<u>19,833,748</u>	<u>7,090,285</u>	<u>10,034,953</u>	<u>1,449,996</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	4,973,900	-	-	-
Judicial.	2,177,245	-	-	-
Public safety	5,645,780	-	-	-
Public works	-	-	10,750,560	1,449,996
Health	123,091	-	-	-
Human services.	819,684	5,668,932	-	-
Conservation and recreation	535,993	-	-	-
Capital outlay	34,149	-	-	-
Debt service:				
Principal retirement.	12,228	13,088	-	-
Interest and fiscal charges	1,752	2,271	-	-
Total expenditures	<u>14,323,822</u>	<u>5,684,291</u>	<u>10,750,560</u>	<u>1,449,996</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,509,926</u>	<u>1,405,994</u>	<u>(715,607)</u>	<u>-</u>
Other financing sources (uses):				
Sale of capital assets.	13,923	-	138,310	-
Capital lease transaction.	-	-	-	-
Transfers in	-	-	-	-
Transfers (out).	(7,053,520)	(200,000)	-	-
Total other financing sources (uses)	<u>(7,039,597)</u>	<u>(200,000)</u>	<u>138,310</u>	<u>-</u>
Net change in fund balances	(1,529,671)	1,205,994	(577,297)	-
Fund balances at beginning of year.	<u>25,263,931</u>	<u>4,028,302</u>	<u>4,690,371</u>	<u>-</u>
Fund balances at end of year	<u>\$ 23,734,260</u>	<u>\$ 5,234,296</u>	<u>\$ 4,113,074</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ 3,805,459	\$ 16,375,554
1,114,115	9,865,731
2,827,455	6,067,113
322,525	346,555
122,588	159,853
7,076,065	20,717,286
-	150,206
5,768	(1,337,998)
17,659	18,712
11,985	482,017
206,510	1,074,082
<u>15,510,129</u>	<u>53,919,111</u>
2,103,153	7,077,053
217,645	2,394,890
742,106	6,387,886
3,455,142	15,655,698
259,794	382,885
8,076,145	14,564,761
-	535,993
2,418,093	2,452,242
626,874	652,190
94,070	98,093
<u>17,993,022</u>	<u>50,201,691</u>
<u>(2,482,893)</u>	<u>3,717,420</u>
-	152,233
7,039	7,039
7,477,908	7,477,908
(224,388)	(7,477,908)
<u>7,260,559</u>	<u>159,272</u>
4,777,666	3,876,692
<u>16,220,590</u>	<u>50,203,194</u>
<u>\$ 20,998,256</u>	<u>\$ 54,079,886</u>

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, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

Net change in fund balances - total governmental funds	\$	3,876,692
<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	\$ 9,149,809	
Current year depreciation	<u>(2,945,968)</u>	
Total		6,203,841
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.		
		(184,472)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Sales taxes	164,052	
Real and other taxes	66,126	
Intergovernmental revenues	115,488	
Investment income	44,728	
Other revenues	<u>(41,973)</u>	
Total		348,421
Issuances of 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.		
		(7,039)
Repayment of bond, loan, and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		652,190
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	3,391	
Amortization of deferred amounts on refunding	(1,828)	
Amortization of bond premiums	<u>6,280</u>	
Total		7,843
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		2,147,425
OPEB		17,108
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		941,585
OPEB		2,185,914
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	(33,094)	
Landfill closure and postclosure care liability	<u>68,970</u>	
Total		35,876
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>(566,792)</u>
Change in net position of governmental activities	\$	<u>15,658,592</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, 2022
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Sales taxes	\$ 8,500,000	\$ 8,535,000	\$ 12,506,284	\$ 3,971,284
Real and other taxes.	3,260,000	3,260,000	3,612,043	352,043
Charges for services.	1,416,200	1,619,802	1,979,823	360,021
Licenses and permits	4,440	4,440	8,515	4,075
Fines and forfeitures	65,000	65,000	55,533	(9,467)
Intergovernmental.	972,676	1,699,030	1,952,894	253,864
Investment income.	400,000	400,000	608,609	208,609
Rental income	390	390	1,376	986
Other	41,000	50,358	122,104	71,746
Total revenues	14,659,706	15,634,020	20,847,181	5,213,161
Expenditures:				
Current:				
General government:				
Legislative and executive	11,790,137	12,063,742	6,453,912	5,609,830
Judicial.	1,713,843	1,768,266	1,608,258	160,008
Public safety	3,748,837	3,922,038	3,883,296	38,742
Health	128,000	129,900	123,091	6,809
Human services.	550,000	550,025	471,343	78,682
Conservation and recreation	2,537,000	2,537,000	535,993	2,001,007
Total expenditures	20,467,817	20,970,971	13,075,893	7,895,078
Excess (deficiency) of revenues over (under) expenditures	(5,808,111)	(5,336,951)	7,771,288	13,108,239
Other financing sources (uses):				
Sale of capital assets.	-	-	13,922	13,922
Advances (out)	(100,000)	(100,000)	(100,000)	-
Transfers (out).	(6,888,337)	(7,414,520)	(7,414,520)	-
Total other financing sources (uses)	(6,988,337)	(7,514,520)	(7,500,598)	13,922
Net change in fund balances	(12,796,448)	(12,851,471)	270,690	13,122,161
Fund balances at beginning of year	22,434,437	22,434,437	22,434,437	-
Prior year encumbrances appropriated	14,722	14,722	14,722	-
Fund balance at end of year	\$ 9,652,711	\$ 9,597,688	\$ 22,719,849	\$ 13,122,161

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, 2022
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Real and other taxes.	\$ 5,045,297	\$ 5,045,297	\$ 5,126,765	\$ 81,468
Charges for services.	333,860	333,860	345,384	11,524
Intergovernmental.	1,260,425	1,260,425	1,373,877	113,452
Investment income.	800	800	720	(80)
Contributions and donations.	800	800	200	(600)
Other	214,830	214,830	214,047	(783)
Total revenues	6,856,012	6,856,012	7,060,993	204,981
Expenditures:				
Current:				
Human services.	6,402,778	6,447,227	5,704,579	742,648
Excess of revenues over expenditures.	453,234	408,785	1,356,414	947,629
Other financing uses:				
Transfers (out)	-	(200,000)	(200,000)	-
Total other financing uses	-	(200,000)	(200,000)	-
Net change in fund balances.	453,234	208,785	1,156,414	947,629
Fund balances at beginning of year	3,422,338	3,422,338	3,422,338	-
Fund balance at end of year	\$ 3,875,572	\$ 3,631,123	\$ 4,578,752	\$ 947,629

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, 2022
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 8,000	\$ 8,000	\$ 11,949	\$ 3,949
Licenses and permits	18,000	18,000	15,515	(2,485)
Fines and forfeitures	22,000	22,000	21,674	(326)
Intergovernmental	7,932,380	7,932,380	7,934,354	1,974
Investment income	518	518	-	(518)
Contributions and donations	240,000	240,000	468,177	228,177
Other	450,000	710,847	483,154	(227,693)
Total revenues	<u>8,670,898</u>	<u>8,931,745</u>	<u>8,934,823</u>	<u>3,078</u>
Expenditures:				
Current:				
Public works	<u>9,305,356</u>	<u>10,403,203</u>	<u>9,512,608</u>	<u>890,595</u>
Excess of expenditures over revenues	(634,458)	(1,471,458)	(577,785)	893,673
Other financing sources:				
Sale of capital assets	-	-	138,310	138,310
Total other financing sources	-	-	138,310	138,310
Net change in fund balances	(634,458)	(1,471,458)	(439,475)	1,031,983
Fund balances at beginning of year	3,619,639	3,619,639	3,619,639	-
Prior year encumbrances appropriated	434,658	434,658	434,658	-
Fund balance at end of year	<u>\$ 3,419,839</u>	<u>\$ 2,582,839</u>	<u>\$ 3,614,822</u>	<u>\$ 1,031,983</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)
 AMERICAN RESCUE PLAN ACT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ 4,269,357	\$ 4,269,357	\$ -
Investment income.	5,000	11,622	30,163	18,541
Other	-	342,052	23	(342,029)
Total revenues	<u>5,000</u>	<u>4,623,031</u>	<u>4,299,543</u>	<u>(323,488)</u>
Expenditures:				
Current:				
Public works	<u>4,185,422</u>	<u>8,808,453</u>	<u>1,375,527</u>	<u>7,432,926</u>
Net change in fund balances	(4,180,422)	(4,185,422)	2,924,016	7,109,438
Fund balances at beginning of year	3,307,512	3,307,512	3,307,512	-
Prior year encumbrances appropriated . . .	<u>877,910</u>	<u>877,910</u>	<u>877,910</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 7,109,438</u>	<u>\$ 7,109,438</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2022
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	Business-type Activities - Enterprise Fund Sewer District	Governmental Activities - Internal Service Fund
Assets:		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 1,341,129	\$ 3,047,889
Receivables (net of allowance for uncollectibles)		
Accounts	121,946	-
Materials and supplies inventory	821	-
Total current assets	1,463,896	3,047,889
Noncurrent assets:		
Net pension asset	1,655	-
Net OPEB asset	18,385	-
Capital assets:		
Non-depreciable capital assets	2,645,633	-
Depreciable capital assets, net	11,189,604	-
Total capital assets, net	13,835,237	-
Total noncurrent assets	13,855,277	-
Total assets	15,319,173	3,047,889
Deferred outflows of resources:		
Pension	28,297	-
OPEB	1,778	-
Total deferred outflows of resources	30,075	-
Liabilities:		
Current liabilities:		
Accounts payable	50,457	-
Accrued wages and benefits payable	4,876	-
Due to other governments	26,443	-
Interfund loans payable	315,900	-
Accrued interest payable	8,481	-
Claims payable	-	467,366
Current portion of compensated absences payable	7,141	-
Current portion of general obligation bonds payable	90,000	-
Current portion of OWDA loans payable	73,040	-
Current portion of OPWC loans payable	112,289	-
Total current liabilities	688,627	467,366
Long-term liabilities:		
Compensated absences payable	967	-
General obligation bonds payable	1,438,594	-
OWDA loans payable	2,117,111	-
OPWC loans payable	2,312,078	-
Net pension liability	52,065	-
Total long-term liabilities	5,920,815	-
Total liabilities	6,609,442	467,366
Deferred inflows of resources:		
Pension	63,604	-
OPEB	18,996	-
Total deferred inflows of resources	82,600	-
Total liabilities and deferred inflows of resources	6,692,042	467,366
Net position:		
Net investment in capital assets	7,692,125	-
Unrestricted	965,081	2,580,523
Total net position	\$ 8,657,206	\$ 2,580,523

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, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Sewer District	
Operating revenues:		
Charges for services	\$ 1,257,340	\$ 2,504,898
Other	2,602	48,177
Total operating revenues	<u>1,259,942</u>	<u>2,553,075</u>
Operating expenses:		
Personal services	85,353	-
Contract services	502,097	-
Materials and supplies	142,112	-
Claims	-	3,119,592
Depreciation	500,401	-
Other	431	275
Total operating expenses	<u>1,230,394</u>	<u>3,119,867</u>
Operating income (loss)	29,548	(566,792)
Nonoperating expenses:		
Interest and fiscal charges	(75,342)	-
Loss before capital contributions	(45,794)	(566,792)
Capital contributions	1,786,859	-
Change in net position	1,741,065	(566,792)
Net position at beginning of year	<u>6,916,141</u>	<u>3,147,315</u>
Net position at end of year	<u>\$ 8,657,206</u>	<u>\$ 2,580,523</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Sewer District	
Cash flows from operating activities:		
Cash received from sales/charges for services	\$ 1,383,277	\$ 2,504,898
Cash received from other operations	2,602	48,177
Cash payments for personal services	(119,188)	-
Cash payments for contractual services	(532,403)	-
Cash payments for materials and supplies	(104,876)	-
Cash payments for claims	-	(2,943,306)
Cash payments for other expenses	(431)	(275)
Net cash provided by (used in) operating activities.	<u>628,981</u>	<u>(390,506)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(719,917)	-
Cash received from grants	451,591	-
Principal payments on bonds, notes and loans	(269,924)	-
Interest payments on bonds, notes and loans	(79,458)	-
Net cash (used in) capital and related financing activities	<u>(617,708)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	11,273	(390,506)
Cash and cash equivalents at beginning of year	<u>1,329,856</u>	<u>3,438,395</u>
Cash and cash equivalents at end of year	<u>\$ 1,341,129</u>	<u>\$ 3,047,889</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss).	\$ 29,548	\$ (566,792)
Adjustments:		
Depreciation.	500,401	-
Changes in assets, deferred outflows, liabilities, and deferred inflows:		
Change in accounts receivable	125,937	-
Change in materials and supplies inventory	(516)	-
Change in net pension asset	73	-
Change in net OPEB asset	(8,298)	-
Change in deferred outflows of resources - pension	(9,545)	-
Change in deferred outflows of resources - OPEB	6,871	-
Change in accounts payable	(18,244)	-
Change in accrued wages and benefits	591	-
Change in claims payable.	-	176,286
Change in due to other governments	25,781	-
Change in compensated absences payable.	(452)	-
Change in net pension liability	(33,088)	-
Change in deferred inflows of resources - pension	23,462	-
Change in deferred inflows of resources - OPEB	(13,540)	-
Net cash provided by (used in) operating activities	<u>\$ 628,981</u>	<u>\$ (390,506)</u>

Non-cash transactions:

At December 31, 2022, the Sewer District fund received \$1,335,268 in capital contributions from governmental funds.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 DECEMBER 31, 2022
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Custodial</u>
Assets:	
Equity in pooled cash and cash equivalents.	\$ 4,770,865
Cash in segregated accounts	1,193,989
Receivables (net of allowances for uncollectibles):	
Real and other taxes	51,347,196
Accounts	347,804
Due from other governments	2,601,646
Prepayments	871
Total assets	<u>60,262,371</u>
Liabilities:	
Accounts payable	108,195
Accrued wages and benefits	74,945
Due to other governments	<u>767,187</u>
Total liabilities	<u>950,327</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	<u>49,626,239</u>
Net position:	
Restricted for individuals, organizations and other governments .	<u>9,685,805</u>
Total net position	<u>\$ 9,685,805</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, 2022
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	Custodial
Additions:	
Intergovernmental	\$ 4,257,393
Amounts received as fiscal agent	4,982,686
Fines, forfeitures, licenses, permits and fees for other governments	4,697,900
Real and other tax collections for other governments	41,753,185
Other custodial fund collections	2,536,869
Total additions	58,228,033
Deductions:	
Distributions of state funds to other governments	4,156,101
Distributions as fiscal agent	4,375,406
Fines, forfeitures, licenses, permits and fees	
distributions to other governments	4,697,900
Real and other tax distributions to other governments	41,497,234
Other custodial fund disbursements	2,498,324
Total deductions	57,224,965
Net change in fiduciary net position	1,003,068
Net position beginning of year	8,682,737
Net position end of year	\$ 9,685,805

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022 (SEE ACCOUNTANT'S COMPILATION REPORT)

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 two component units which are discussed below.

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, 2022 (SEE ACCOUNTANT'S COMPILATION REPORT)

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.

FORMER COMPONENT UNIT

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. During 2022, the organization of the Workshop changed and the Board of DD no longer provides significant services and resources to the Workshop. Therefore, the Workshop is no longer presented 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 19 and 20.

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, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

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 \$234,587 to the Council during 2022.

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 2022, the County paid approximately \$200,000 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 2022 was \$184,786.

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, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

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, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

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.

American Rescue Plan Act fund - The American Rescue Plan Act fund accounts for monies received from the federal government as part of the American Rescue Plan Act of 2021. This Act provides additional relief to address the continued impact of the COVID-19 pandemic.

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, 2022 (SEE ACCOUNTANT'S COMPILATION REPORT)

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.

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.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

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.

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 assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 12 and 13 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, 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 assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. 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, 2022, but which were levied to finance 2023 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. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The deferred inflow of resources for leases is related to the lease receivable and is being amortized to lease revenue in a systematic and rational manner over the term of the lease.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

See Notes 12 and 13 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, 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.

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 2022.

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 2022 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.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

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 2022, 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), Federal Agricultural Mortgage Corporation (FAMC), negotiable certificates of deposit, treasury notes, corporate notes, municipal bonds, commercial paper, 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 2022 amounted to \$(1,374,649) which includes \$(879,839) assigned from other County funds.

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/amortized except for land and construction in process. Improvements are depreciated over the remaining useful lives of the related capital assets.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT’S COMPILATION REPORT)

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

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/amortizes 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
Intangible right to use - leased equipment	5 years	-
Sewer/water lines	-	40 years
Infrastructure	20 - 50 years	20 - 50 years

The County is reporting intangible right to use assets related to leased equipment. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

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, 2022, 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, 2022 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.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

J. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2021, 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.

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.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "due to/from other funds" for loans that cover negative cash balances in various funds and "interfund loans receivable/ payable" for short-term loans. These amounts 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.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

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.

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, 2022 (SEE ACCOUNTANT'S COMPILATION REPORT)

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 9.

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 2022.

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.

T. Capital Contributions

Capital contributions on the proprietary fund financial statements arise from contributions from governmental activities, from outside contributions of capital assets, from grants, or from outside contributions of resources restricted to capital acquisition and construction. During 2022, the sewer district fund received \$451,591 in capital contributions from grantors and \$1,335,268 in capital contributions from governmental activities.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2022, the County has implemented GASB Statement No. 87, "Leases", GASB Implementation Guide 2019-3, "Leases", GASB Implementation Guide 2020-1, "Implementation Guide Update - 2020", GASB Statement No. 91, "Conduit Debt Obligations", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 93, "Replacement of Interbank Offered Rates", GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022 (SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the County.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the County.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the County.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the County.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the County.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the County.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at December 31, 2022 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
State Victims Assistance Grant	\$ 1,189
Targeted Community Alternative	10,535
Provia Project	106,113

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.

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;

HOLMES COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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 \$179,703 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, 2022, the carrying amount of all County deposits, including nonnegotiable certificates of deposit and cash in segregated accounts, was \$26,076,293 and the bank balance was \$26,255,597. Of the bank balance, \$1,872,548 was covered by the FDIC and \$24,383,049 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 2022, 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, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of December 31, 2022, 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	\$ 7,655,757	\$ 943,321	\$ 3,008,974	\$ 1,854,788	\$ 1,848,674
FHLB	5,280,144	427,200	1,080,902	550,350	3,221,692
FHLMC	4,626,871	-	460,975	2,898,097	1,267,799
FNMA	3,543,634	345,206	1,034,410	2,059,759	104,259
FAMC	402,540	-	-	-	402,540
Corporate notes	2,818,875	-	1,096,981	1,721,894	-
Municipal bonds	2,064,319	199,008	1,177,593	533,659	154,059
Negotiable CDs	7,237,898	3,310,038	2,324,677	1,157,875	445,308
Commercial paper	729,825	729,825	-	-	-
U.S. Treasury note	9,665,813	2,633,665	497,793	546,141	5,988,214
U.S. Government money market mutual fund	35,974	35,974	-	-	-
Total	\$ 44,061,650	\$ 8,624,237	\$ 10,682,305	\$ 11,322,563	\$ 13,432,545

The weighted average of maturity of investments is 2.38 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, FAMC), negotiable CDs, municipal bonds, commercial paper, U.S. Treasury notes, 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 and U.S. Treasury notes are rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The County's investment in corporate notes are rated AA and A+ by Standard & Poor's. The County's investment in municipal bonds is rated AAA and AA by Standard & Poor's. The County's investment in commercial paper is 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, U.S. Treasury notes, commercial paper, corporate notes and municipal bonds 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 Treasurer or qualified trustee.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT’S COMPILATION REPORT)

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, 2022:

<u>Measurement/ Investment type</u>	<u>Measurement</u>	
	<u>Value</u>	<u>% of Total</u>
<i>Fair Value</i>		
FFCB	\$ 7,655,757	17.38
FHLB	5,280,144	11.98
FHLMC	4,626,871	10.50
FNMA	3,543,634	8.04
FAMC	402,540	0.91
Corporate note	2,818,875	6.40
Municipal bond	2,064,319	4.69
Negotiable CDs	7,237,898	16.43
Commercial paper	729,825	1.66
U.S. Treasury note	9,665,813	21.94
U.S. Government money market mutual fund	<u>35,974</u>	<u>0.07</u>
Total	<u>\$ 44,061,650</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, 2022:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 26,076,293
Investments	44,061,650
Cash on hand	<u>179,703</u>
Total	<u>\$ 70,317,646</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 62,838,994
Business-type activities	1,341,129
Component unit ⁽¹⁾	172,669
Custodial	<u>5,964,854</u>
Total	<u>\$ 70,317,646</u>

⁽¹⁾ Cash and cash equivalents of the Holmes County Regional Planning Commission are pooled and invested by the County (See Note 19 for detail). Cash and cash equivalents of the Holmes County Airport Authority are held separate from the County (See Notes 20 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, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund Transfers

Interfund transfers for the year ended December 31, 2022, consisted of the following, as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	
Nonmajor governmental funds	\$ 7,053,520
<u>Transfer from County Board of DD fund to:</u>	
Nonmajor governmental funds	200,000
<u>Transfers from nonmajor governmental funds to:</u>	
Nonmajor governmental funds	<u>224,388</u>
Total	<u>\$ 7,477,908</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.

B. Due to/From Other Funds

Due to/from other funds consisted of the following at December 31, 2022, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 8,973</u>

The balances resulted from the time lag between the dates that payments between the funds are made. Amounts due to/from between governmental funds are eliminated on the statement of net position.

C. Interfund Loans

Interfund loans receivable/payable consisted of the following at December 31, 2022 as reported on the fund financial statements:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 100,000
General fund	Sewer	<u>315,900</u>
Total		<u>\$ 415,900</u>

The loan balance from the general fund to a nonmajor governmental fund is to finance the County's portion of an Ohio Department of Transportation project. Interfund loans between governmental funds are eliminated on the statement of net position.

HOLMES COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)**

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

The loan balance from the general fund to the Sewer fund is to help finance the cost of improvements to the Winesburg wastewater treatment plant. Loans between governmental funds and enterprise funds are reported as "internal balance" on the statement of net position.

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. 2022 public utility property taxes became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 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, 2022 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 2022 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.

The full tax rate for all County operations for the year ended December 31, 2022 was \$12.80 per \$1,000 of assessed value. The total assessed value of real property upon which 2022 property tax receipts were based was \$1,543,849,340.

NOTE 7 - RECEIVABLES

Receivables at December 31, 2022, 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.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT’S COMPILATION REPORT)

NOTE 7 - RECEIVABLES - (Continued)

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 2022, 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 2022 amounted to \$16,375,554 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	\$ 193,611
Local government	225,000
Casino	321,895
Other	48,959
Total	789,465
 <u>County Board of DD</u>	
Homestead and rollback	160,410
 <u>Motor vehicle license</u>	
Gasoline excise and motor vehicle license tax	4,080,346
Grants	1,165,517
Other	14,512
Total	5,260,375
 <u>Nonmajor governmental funds</u>	
Public assistance	292,318
Child support enforcement	154,845
Youth services	67,196
State victims assistance grant	9,254
County home	52,786
Office of criminal justice	2,416
Total nonmajor governmental funds	578,815
Total governmental funds	\$ 6,789,065
 <u>Custodial funds</u>	
County public library	\$ 774,310
Gasoline and license tax	1,657,349
Undivided local government	150,000
Permissive tax	1,684
Family and children first council	9,377
Park district	8,926
Total custodial funds	\$ 2,601,646

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 7 - RECEIVABLES - (Continued)

C. Leases Receivable

The County is reporting leases receivable of \$70,054 in the county home fund, a nonmajor governmental fund. For 2022, the County recognized lease revenue of \$13,877, which is reported in rental income and interest revenue of \$2,341.

The County has entered into the following lease agreement as the lessor at the following terms:

<u>Lease Type</u>	<u>Lease Commencement Date</u>	<u>Years</u>	<u>Lease End Date</u>	<u>Payment Method</u>
Farmland	2022	6	2027	Semi-Annual

The following is a schedule of future lease payments under the lease agreement:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 13,184	\$ 2,016	\$ 15,200
2024	13,585	1,615	15,200
2025	13,998	1,202	15,200
2026	14,424	776	15,200
2027	<u>14,863</u>	<u>337</u>	<u>15,200</u>
Total	<u>\$ 70,054</u>	<u>\$ 5,946</u>	<u>\$ 76,000</u>

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HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022, was as follows:

<u>Governmental activities:</u>	Balance 12/31/2021	Additions	Deductions	Balance 12/31/2022
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,912,028	\$ 36,000	\$ -	\$ 1,948,028
Construction in progress	<u>1,856,214</u>	<u>2,816,438</u>	<u>(2,251,706)</u>	<u>2,420,946</u>
Total capital assets, not being depreciated	<u>3,768,242</u>	<u>2,852,438</u>	<u>(2,251,706)</u>	<u>4,368,974</u>
<i>Capital assets, being depreciated:</i>				
Buildings	24,199,581	2,243,496	-	26,443,077
Improvements other than buildings	1,481,376	181,608	-	1,662,984
Machinery and equipment	6,823,852	963,819	(217,025)	7,570,646
Vehicles	6,010,929	473,977	(227,782)	6,257,124
Intangible right to use - leased equipment	382,427	7,039	-	389,466
Infrastructure	<u>46,054,210</u>	<u>4,679,138</u>	<u>-</u>	<u>50,733,348</u>
Total capital assets, being depreciated	<u>84,952,375</u>	<u>8,549,077</u>	<u>(444,807)</u>	<u>93,056,645</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(15,458,535)	(624,341)	-	(16,082,876)
Improvements other than buildings	(514,070)	(99,409)	-	(613,479)
Machinery and equipment	(4,634,855)	(360,853)	32,553	(4,963,155)
Vehicles	(4,509,533)	(453,089)	227,782	(4,734,840)
Intangible right to use - leased equipment	(217,759)	(30,345)	-	(248,104)
Infrastructure	<u>(21,796,904)</u>	<u>(1,377,931)</u>	<u>-</u>	<u>(23,174,835)</u>
Total accumulated depreciation	<u>(47,131,656)</u>	<u>(2,945,968)</u>	<u>260,335</u>	<u>(49,817,289)</u>
Total capital assets, being depreciated net	<u>37,820,719</u>	<u>5,603,109</u>	<u>(184,472)</u>	<u>43,239,356</u>
Governmental activities capital assets, net	<u>\$ 41,588,961</u>	<u>\$ 8,455,547</u>	<u>\$ (2,436,178)</u>	<u>\$ 47,608,330</u>

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

<u>Governmental activities:</u>	
Legislative and executive	\$ 157,497
Judicial	68,840
Public safety	261,062
Public works	1,821,184
Health	252,176
Human services	<u>385,209</u>
Total depreciation expense - governmental activities	<u>\$ 2,945,968</u>

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 8 - CAPITAL ASSETS - (Continued)

<u>Business-type activities:</u>	Balance 12/31/2021	Additions	Deductions	Balance 12/31/2022
<i>Capital assets, not being depreciated:</i>				
Land	\$ 98,503	\$ -	\$ -	\$ 98,503
Construction in progress	588,326	1,958,804	-	2,547,130
Total capital assets, not being depreciated	686,829	1,958,804	-	2,645,633
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	11,209,228	-	-	11,209,228
Machinery and equipment	1,084,866	96,381	-	1,181,247
Sewer/water lines	7,303,586	-	-	7,303,586
Total capital assets, being depreciated	19,597,680	96,381	-	19,694,061
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(3,511,067)	(279,933)	-	(3,791,000)
Machinery and equipment	(829,127)	(42,271)	-	(871,398)
Sewer/water lines	(3,663,862)	(178,197)	-	(3,842,059)
Total accumulated depreciation	(8,004,056)	(500,401)	-	(8,504,457)
Total capital assets, being depreciated net	11,593,624	(404,020)	-	11,189,604
Business-type activities capital assets, net	\$ 12,280,453	\$ 1,554,784	\$ -	\$ 13,835,237

Depreciation expense was charged to the enterprise fund as follows:

<u>Business-type activities:</u>	
Sewer district	\$ 500,401

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HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT’S COMPILATION REPORT)

NOTE 9 - 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
<u>OPWC loans:</u>			
Sanitary sewer plant	0.00%	58,226	1/1/2023
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
County Resurfacing CN05Y	0.00%	750,000	1/1/2032
Mt. Hope WWTP CN18U	0.00%	1,198,500	7/1/2049
<u>OWDA loans:</u>			
Refinance of USDA-RD Loan 92-12 Walnut Creek	0.75%	656,241	7/1/2050
Refinance of USDA-RD Loan 92-09 Walnut Creek	0.75%	1,598,636	1/1/2050

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HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

B. Governmental Activities Long-Term Obligations

During 2022, the following activity occurred in the County's governmental long-term obligations.

	<u>Balance</u> <u>12/31/2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2022</u>	<u>Due in</u> <u>One Year</u>
<u>General obligation bonds:</u>					
Series 2017 landfill improvement refunding bonds	\$ 1,840,000	\$ -	\$ (15,000)	\$ 1,825,000	\$ 70,000
Series 2011 landfill improvement bonds	60,600	-	(60,600)	-	-
Series 2011 various purpose refunding bonds	450,000	-	(145,000)	305,000	150,000
Total general obligation bonds	<u>2,350,600</u>	<u>-</u>	<u>(220,600)</u>	<u>2,130,000</u>	<u>220,000</u>
<u>OPWC loans (direct borrowing):</u>					
OPWC loan - resurfacing CN15V	187,844	-	(25,046)	162,798	25,046
OPWC loan - resurfacing CN16V	1,253,915	-	(167,189)	1,086,726	167,189
OPWC loan - resurfacing CN10X	425,000	-	(50,000)	375,000	50,000
OPWC loan - resurfacing CN05Y	750,000	-	(75,000)	675,000	75,000
OPWC loan - resurfacing CN10W	625,000	-	(62,500)	562,500	62,500
Total OPWC loans	<u>3,241,759</u>	<u>-</u>	<u>(379,735)</u>	<u>2,862,024</u>	<u>379,735</u>
<u>Other long-term obligations:</u>					
Landfill closure and postclosure care liability	1,863,476	-	(68,970)	1,794,506	43,500
Leases payable	173,779	7,039	(51,855)	128,963	53,575
Net pension liability	14,497,484	194,224	(5,969,599)	8,722,109	-
Compensated absences	1,336,671	872,945	(846,675)	1,362,941	926,976
Total other long-term obligations	<u>17,871,410</u>	<u>1,074,208</u>	<u>(6,937,099)</u>	<u>12,008,519</u>	<u>1,024,051</u>
Total governmental activities long-term obligations	23,526,269	1,074,208	(7,537,434)	17,000,543	1,623,786
Unamortized premium on bonds	102,352	-	(6,280)	96,072	-
Total on statement of net position	<u>\$ 23,628,621</u>	<u>\$ 1,074,208</u>	<u>\$ (7,543,714)</u>	<u>\$ 17,096,615</u>	<u>\$ 1,623,786</u>

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. The Series 2017 Landfill Improvement Refunding Bonds bear annual interest ranging from 1.00-4.00% and mature December 1, 2041.

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.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT’S COMPILATION REPORT)

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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 matured on 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 18 for detail on the County’s landfill closure and postclosure care liability.

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 five OPWC loans related to governmental activities outstanding at December 31, 2022.

Leases Payable: The County has entered into lease agreements for the right to use equipment (primarily copiers) with varying years and terms. Due to the implementation of GASB Statement No. 87, the County will report intangible - right to use capital assets and corresponding liability for the future scheduled payments under the leases. Principal and interest payments are being paid from the general fund, County Board of DD fund and the following nonmajor governmental funds: dog and kennel fund, public assistance fund, and real estate assessment fund,

Net Pension Liability and Net OPEB Liability: The County pays obligations related to employee compensation from the fund benefitting from their services. See Note 12 and Note 13 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, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 9 - 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>
2023	\$ 220,000	\$ 77,526	\$ 297,526
2024	230,000	70,674	300,674
2025	75,000	63,175	138,175
2026	75,000	61,488	136,488
2027	80,000	59,800	139,800
2028 - 2032	430,000	257,200	687,200
2033 - 2037	520,000	164,000	684,000
2038 - 2041	500,000	50,800	550,800
Total	<u>\$ 2,130,000</u>	<u>\$ 804,663</u>	<u>\$ 2,934,663</u>

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

<u>Year</u>	<u>Leases Payable</u>			<u>OPWC</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Loans</u>
				<u>Principal</u>
2023	\$ 53,575	\$ 5,173	\$ 58,748	\$ 379,735
2024	42,548	2,652	45,200	379,735
2025	24,739	890	25,629	379,735
2026	3,379	299	3,678	379,735
2027	3,142	157	3,299	379,734
2028 - 2031	1,580	40	1,620	963,350
Total	<u>\$ 128,963</u>	<u>\$ 9,211</u>	<u>\$ 138,174</u>	<u>\$ 2,862,024</u>

The OPWC loans are direct borrowings. 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, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

C. Business-Type Activities Long-term Obligations

During 2022, the following activity occurred in the County's business-type activities long-term obligations.

	Balance 12/31/2021	Additions	Reductions	Balance 12/31/2022	Amounts Due in One Year
<u>General obligation bond:</u>					
Series 2012 sewer system improvement refunding bonds	\$ 1,620,000	\$ -	\$ (90,000)	\$ 1,530,000	\$ 90,000
<u>OWDA loans (direct borrowing):</u>					
Walnut Creek WWTP 9297	656,241	-	(18,545)	637,696	20,962
Walnut Creek WWTP 9298	1,598,636	-	(46,181)	1,552,455	52,078
Total OWDA loans	2,254,877	-	(64,726)	2,190,151	73,040
<u>OPWC loans (direct borrowing):</u>					
Sanitary sewer plant	2,911	-	(2,911)	-	-
Walnut Creek	41,813	-	(8,362)	33,451	8,363
Walnut Creek Upgrade	699,999	-	(33,333)	666,666	33,333
October Hills Phase I	274,390	-	(13,066)	261,324	13,067
October Hills Phase II	421,827	-	(17,576)	404,251	17,576
Mt. Hope WWTP CN18U	1,098,625	-	(39,950)	1,058,675	39,950
Total OPWC loans	2,539,565	-	(115,198)	2,424,367	112,289
<u>Other long-term obligations:</u>					
Net pension liability	85,153	-	(33,088)	52,065	-
Compensated absences	8,560	6,920	(7,372)	8,108	7,141
Total other long-term obligations	93,713	6,920	(40,460)	60,173	7,141
Total business-type activities long-term obligations	6,508,155	6,920	(310,384)	6,204,691	282,470
Less: unamortized discount on bonds	(1,507)	-	101	(1,406)	-
Total on the statement of net position	\$ 6,506,648	\$ 6,920	\$ (310,283)	\$ 6,203,285	\$ 282,470

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 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.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
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NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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 five OPWC loans related to business-type activities outstanding at December 31, 2022.

Ohio Water Development Authority (OWDA) Loans:

OWDA Loans: The County has entered into debt financing arrangements through the Ohio Water Development Authority (OWDA). The County has pledged future sewer revenues to repay the OWDA loans. The loans are payable solely from sewer fund revenues and are payable through 2050. Annual principal and interest payments on the Walnut Creek wastewater treatment plant loans are expected to require all of the available net revenues. The total principal and interest remaining to be paid on the OWDA loans is \$2,424,751.

OWDA loans are direct borrowings that have terms negotiated directly between the County and the OWDA and are not offered for public sale. In the event of default, the OWDA 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

Other Long-Term Obligations:

Net Pension Liability and Net OPEB Liability: The County pays obligations related to employee compensation from the fund benefitting from their services. See Notes 12 and 13 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:

<u>Year Ended</u>	<u>General obligation bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 90,000	\$ 52,490	\$ 142,490
2024	90,000	50,128	140,128
2025	95,000	47,765	142,765
2026	95,000	44,915	139,915
2027	100,000	42,065	142,065
2028 - 2032	550,000	161,925	711,925
2033 - 2036	<u>510,000</u>	<u>80,606</u>	<u>590,606</u>
Total	<u>\$ 1,530,000</u>	<u>\$ 479,894</u>	<u>\$ 2,009,894</u>

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Year Ended	Direct Borrowings			
	OWDA Loans			OPWC Loans
	Principal	Interest	Total	Principal
2023	\$ 73,040	\$ 16,289	\$ 89,329	\$ 112,289
2024	73,589	15,741	89,330	112,288
2025	74,142	15,188	89,330	112,289
2026	74,699	14,631	89,330	112,288
2027	75,260	14,069	89,329	103,926
2028 - 2032	384,869	61,778	446,647	519,628
2033 - 2037	399,548	47,100	446,648	519,629
2038 - 2042	414,786	31,861	446,647	519,627
2043 - 2047	430,605	16,042	446,647	252,478
2048 - 2050	189,613	1,901	191,514	59,925
Total	<u>\$ 2,190,151</u>	<u>\$ 234,600</u>	<u>\$ 2,424,751</u>	<u>\$ 2,424,367</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.

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, 2022, the County's total legal debt margin was \$34,995,562 and the unvoted legal debt margin was \$13,337,821.

NOTE 10 - 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, 2022, the County's total liability for unpaid compensated absences was \$1,371,049.

B. Health Insurance

The County provides health insurance to its employees through a self-insured program. See Note 11.C. for more detail.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022 (SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 11 - 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.

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 2022, 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.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
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NOTE 11 - RISK MANAGEMENT - (Continued)

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 \$467,366 for estimated claims payments incurred and due at year-end. Changes in the claims payable in 2022 follows:

Year	Balance at Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
2022	\$ 291,080	\$ 3,119,592	\$ (2,943,306)	\$ 467,366
2021	312,694	2,392,241	(2,413,855)	291,080

NOTE 12 - 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

The net pension liability/asset and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions and OPEB are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension 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.

The 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.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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/OPEB liability/asset on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in 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 13 for the OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - County employees, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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.

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HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The 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.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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%.

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

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

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

	State and Local	Public Safety	Law Enforcement
2022 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	***	****
2022 Actual Contribution Rates			
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 employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

*** 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

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

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022 (SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

The County's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$2,137,545 for 2022. Of this amount, \$109,913 is reported as due to other governments.

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.

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

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

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit 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 50 and after termination of employment.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit 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.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 2022 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2022, the full employer contribution was allocated to pension.

The County's contractually required contribution to STRS was \$45,382 for 2022. Of this amount, \$2,332 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 OPERS was measured as of December 31, 2021, 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, 2022, 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	0.10488700%	0.10514500%	0.06439000%	0.00278081%	
Proportion of the net pension liability/asset current measurement date	<u>0.10341000%</u>	<u>0.06898800%</u>	<u>0.07821900%</u>	<u>0.00247311%</u>	
Change in proportionate share	<u>-0.00147700%</u>	<u>-0.03615700%</u>	<u>0.01382900%</u>	<u>-0.00030770%</u>	
Proportionate share of the net pension liability	\$ 8,224,399	\$ -	\$ -	\$ 549,775	\$ 8,774,174
Proportionate share of the net pension asset	-	(248,472)	(12,982)	-	(261,454)
Pension expense	(901,594)	(8,966)	(2,083)	(34,508)	(947,151)

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HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2022, 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
Deferred outflows of resources					
Differences between expected and actual experience	\$ 419,268	\$ 1,542	\$ 12,838	\$ 7,037	\$ 440,685
Net difference between projected and actual earnings on pension plan investments	-	-	-	19,126	19,126
Changes of assumptions	1,028,453	12,485	434	65,791	1,107,163
Changes in employer's proportionate percentage/difference between employer contributions	260,830	-	-	9,844	270,674
Contributions subsequent to the measurement date	2,066,903	27,600	43,042	23,411	2,160,956
Total deferred outflows of resources	<u>\$ 3,775,454</u>	<u>\$ 41,627</u>	<u>\$ 56,314</u>	<u>\$ 125,209</u>	<u>\$ 3,998,604</u>
Deferred inflows of resources					
Differences between expected and actual experience	\$ 180,381	\$ 27,793	\$ -	\$ 2,101	\$ 210,275
Net difference between projected and actual earnings on pension plan investments	9,782,624	53,269	2,957	-	9,838,850
Changes of assumptions	-	-	-	49,523	49,523
Changes in employer's proportionate percentage/difference between employer contributions	85,812	-	-	130,462	216,274
Total deferred inflows of resources	<u>\$ 10,048,817</u>	<u>\$ 81,062</u>	<u>\$ 2,957</u>	<u>\$ 182,086</u>	<u>\$ 10,314,922</u>

\$2,160,956 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/increase to the net pension liability/asset in the year ending December 31, 2023.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - 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
2023	\$ (1,095,235)	\$ (16,328)	\$ 1,290	\$ (60,749)	\$ (1,171,022)
2024	(3,388,553)	(22,571)	966	(47,924)	(3,458,082)
2025	(2,300,291)	(14,800)	1,158	(27,368)	(2,341,301)
2026	(1,556,188)	(10,947)	1,205	55,753	(1,510,177)
2027	1	(1,454)	1,593	-	140
Thereafter	-	(935)	4,103	-	3,168
Total	<u>\$ (8,340,266)</u>	<u>\$ (67,035)</u>	<u>\$ 10,315</u>	<u>\$ (80,288)</u>	<u>\$ (8,477,274)</u>

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, 2021, 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, 2021, are presented below.

Wage inflation	
Current measurement date	2.75%
Prior measurement date	3.25%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	
Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 0.50%, simple through 2021, then 2.15% simple
Investment rate of return	
Current measurement date	6.90%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In July 2021, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 0.50% simple through 2021 then 2.15% simple to 3.00% simple through 2022 then 2.05% simple.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 15.3% for 2021.

The allocation of investment assets within 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, 2021, 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	24.00 %	1.03 %
Domestic equities	21.00	3.78
Real estate	11.00	3.66
Private equity	12.00	7.43
International equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	<u>100.00 %</u>	<u>4.21 %</u>

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability/asset was 6.90%, 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, 2021 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 6.90%, 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 (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 21,683,989	\$ 8,224,399	\$ (2,975,770)
Combined Plan	(185,406)	(248,472)	(297,658)
Member-Directed Plan	(11,440)	(12,982)	(14,300)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022 actuarial valuation compared with June 30, 2021 are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.50%	2.50%
Projected salary increases	8.50% at age 20 to 2.50% at age 65	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2022, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

For the June 30, 2021, actuarial valuation, post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Tables 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Tables with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

The actuarial assumptions used in the June 30, 2022, valuation were adopted by the board from the results of an actuarial experience study for July 1, 2015, through June 30, 2021. The actuarial assumptions used in the June 30, 2021, valuation were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

STRS Ohio's 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	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00 %</u>	

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 the rates described in Note 1. 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 Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

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

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net pension liability	\$ 830,511	\$ 549,775	\$ 312,360

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022 (SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 12 for a description of the net OPEB liability/asset.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 2022, 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. For 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$17,217 for 2022. Of this amount, \$885 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 elimination date was postponed indefinitely. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, 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% of covered payroll. For 2022, STRS did not allocate any employer contributions to post-employment health care.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

The net OPEB liability/asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, 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, 2022, 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 liability/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/asset prior measurement date	0.10326600%	0.00278081%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.10143100%</u>	<u>0.00247311%</u>	
Change in proportionate share	<u>-0.00183500%</u>	<u>-0.00030770%</u>	
Proportionate share of the net OPEB asset	\$ (2,904,129)	\$ (64,037)	\$ (2,968,166)
OPEB expense	(2,185,965)	(132,069)	(2,318,034)

At December 31, 2022, 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>
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 930	\$ 930
Net difference between projected and actual earnings on OPEB plan investments	-	1,112	1,112
Changes of assumptions	-	2,731	2,731
Changes in employer's proportionate percentage/difference between employer contributions	184,033	259	184,292
Contributions subsequent to the measurement date	17,217	-	17,217
Total deferred outflows of resources	<u>\$ 201,250</u>	<u>\$ 5,032</u>	<u>\$ 206,282</u>

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	OPERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 440,512	\$ 9,616	\$ 450,128
Net difference between projected and actual earnings on OPEB plan investments	1,384,485	-	1,384,485
Changes of assumptions	1,175,558	45,413	1,220,971
Changes in employer's proportionate percentage/difference between employer contributions	35,337	8,693	44,030
Total deferred inflows of resources	<u>\$ 3,035,892</u>	<u>\$ 63,722</u>	<u>\$ 3,099,614</u>

\$17,217 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/increase to the net OPEB liability/asset in the year ending December 31, 2023.

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	STRS	Total
Year Ending December 31:			
2023	\$ (1,694,919)	\$ (17,960)	\$ (1,712,879)
2024	(655,602)	(17,733)	(673,335)
2025	(302,504)	(8,091)	(310,595)
2026	(198,833)	(3,693)	(202,526)
2027	(1)	(3,709)	(3,710)
Thereafter	-	(7,504)	(7,504)
Total	<u>\$ (2,851,859)</u>	<u>\$ (58,690)</u>	<u>\$ (2,910,549)</u>

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, 2020, rolled forward to the measurement date of December 31, 2021.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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	
Current measurement date	2.75%
Prior Measurement date	3.25%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75%
	including wage inflation
Prior Measurement date	3.25 to 10.75%
	including wage inflation
Single Discount Rate:	
Current measurement date	6.00%
Prior Measurement date	6.00%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	1.84%
Prior Measurement date	2.00%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2034
Prior Measurement date	8.50% initial, 3.50% ultimate in 2035
Actuarial Cost Method	Individual Entry Age Normal

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

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

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.3% for 2021.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

For each major asset class that is included in the Health Care’s portfolio’s target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	0.91 %
Domestic equities	25.00	3.78
Real Estate Investment Trusts (REITs)	7.00	3.71
International equities	25.00	4.88
Risk parity	2.00	2.92
Other investments	7.00	1.93
Total	<u>100.00 %</u>	<u>3.45 %</u>

Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. 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) a 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 the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the County’s Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB asset calculated using the single discount rate of 6.00%, as well as what the proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net OPEB asset	\$ 1,707,901	\$ 2,904,129	\$ 3,897,017

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of healthcare; the trend starting in 2022 is 5.50%. 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 the health care 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 asset	\$ 2,935,512	\$ 2,904,129	\$ 2,866,899

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022, actuarial valuation, compared with June 30, 2021, are presented below:

	June 30, 2022		June 30, 2021	
Inflation	2.50%		2.50%	
Projected salary increases	8.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.00%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.00%		7.00%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	3.94%	5.00%	4.00%
Medicare	-68.78%	3.94%	-16.18%	4.00%
Prescription Drug				
Pre-Medicare	9.00%	3.94%	6.50%	4.00%
Medicare	-5.47%	3.94%	29.98%	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
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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

For the actuarial valuation as of June 30, 2022, healthy mortality rates are based on Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the actuarial valuation as of June 30, 2021, 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.

The actuarial assumptions used in the June 30, 2022, valuation were adopted by the board from the results of an actuarial experience study for July 1, 2015, through June 30, 2021. The actuarial assumptions used in the June 30, 2021, valuation were adopted by the board from the results of an actuarial experience study for 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 Real Rate of Return **</u>
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	<u>1.00</u>	1.00
Total	<u><u>100.00 %</u></u>	

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

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

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

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, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) 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.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT’S COMPILATION REPORT)

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net OPEB asset	\$ 59,201	\$ 64,037	\$ 68,180
	1% Decrease	Current Trend Rate	1% Increase
County's proportionate share of the net OPEB asset	\$ 66,422	\$ 64,037	\$ 61,027

NOTE 14 - 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, motor vehicle license fund, and American Rescue Plan Act 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).

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HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 14 - 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:

Net Change in Fund Balance

	<u>General Fund</u>	<u>County Board of DD</u>	<u>Motor Vehicle License</u>	<u>American Rescue Plan Act</u>
Budget basis	\$ 270,690	\$ 1,156,414	\$ (439,475)	\$ 2,924,016
Net adjustment for revenue accruals	(1,891,582)	29,292	1,100,130	(2,849,547)
Net adjustment for expenditure accruals	(332,055)	20,288	(1,285,655)	(74,469)
Net adjustment for other sources/(uses)	101,596	-	-	-
Funds budgeted elsewhere	250,548	-	-	-
Adjustment for encumbrances	<u>71,132</u>	<u>-</u>	<u>47,703</u>	<u>-</u>
GAAP basis	<u>\$ (1,529,671)</u>	<u>\$ 1,205,994</u>	<u>\$ (577,297)</u>	<u>\$ -</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 15 - 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, 2022.

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, 2022.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 16 - 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 on the following page.

Fund balance	General	County Board of DD	Motor Vehicle License	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Materials and supplies inventory	\$ 102,115	\$ 15,196	\$ 485,710	\$ 81,240	\$ 684,261
Prepayments	180,186	4,807	4,265	89,841	279,099
Unclaimed monies	<u>120,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,451</u>
Total nonspendable	<u>402,752</u>	<u>20,003</u>	<u>489,975</u>	<u>171,081</u>	<u>1,083,811</u>
Restricted:					
Capital projects	-	-	-	2,445,318	2,445,318
Debt service	-	-	-	29,328	29,328
Public works projects	-	-	3,623,099	1,965,617	5,588,716
Public safety programs	-	-	-	899,886	899,886
Health	-	-	-	322,644	322,644
Human services programs	-	5,214,293	-	6,882,877	12,097,170
Real estate assessment	-	-	-	1,017,622	1,017,622
Court special projects	-	-	-	326,875	326,875
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>802,999</u>	<u>802,999</u>
Total restricted	<u>-</u>	<u>5,214,293</u>	<u>3,623,099</u>	<u>14,693,166</u>	<u>23,530,558</u>
Committed:					
Capital projects	-	-	-	751,846	751,846
Jail kitchen	137,995	-	-	-	137,995
Compensated absences	<u>518,055</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>518,055</u>
Total committed	<u>656,050</u>	<u>-</u>	<u>-</u>	<u>751,846</u>	<u>1,407,896</u>
Assigned:					
Subsequent year appropriations	11,125,890	-	-	-	11,125,890
Public safety programs	373,888	-	-	-	373,888
Legislative and executive	71,132	-	-	-	71,132
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,500,000</u>	<u>5,500,000</u>
Total assigned	<u>11,570,910</u>	<u>-</u>	<u>-</u>	<u>5,500,000</u>	<u>17,070,910</u>
Unassigned (deficit)	<u>11,104,548</u>	<u>-</u>	<u>-</u>	<u>(117,837)</u>	<u>10,986,711</u>
Total fund balances	<u>\$ 23,734,260</u>	<u>\$ 5,234,296</u>	<u>\$ 4,113,074</u>	<u>\$ 20,998,256</u>	<u>\$ 54,079,886</u>

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT’S COMPILATION REPORT)

NOTE 17 - 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	\$ 71,132
Motor Vehicle License	47,703
Nonmajor Governmental Funds	<u>1,220</u>
Total	<u>\$ 120,055</u>

NOTE 18 - 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, 2022, of \$1,794,506 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, 2022. However, actual costs may be higher due to inflation, changes in technology, or changes in regulations.

NOTE 19 - 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.

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, 2022, vacation and sick leave liability were \$12,066 and \$11,068, respectively. The entire compensated absences liability is reported on the government-wide financial statements.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 19 - HOLMES COUNTY REGIONAL PLANNING COMMISSION - (Continued)

D. Defined Benefit Pension Plan

Like the primary government, the Commission participates in the Ohio Public Employees Retirement System (OPERS). See Note 12 for a description of OPERS.

The Commission's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$15,715 for 2022. Of this amount, \$874 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, 2021, 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	0.00068251%	0.00068419%	0.00041899%	
Proportion of the net pension liability/asset current measurement date	<u>0.00069497%</u>	<u>0.00046363%</u>	<u>0.00052567%</u>	
Change in proportionate share	<u>0.00001246%</u>	<u>-0.00022056%</u>	<u>0.00010668%</u>	
Proportionate share of the net pension liability	\$ 60,465	\$ -	\$ -	\$ 60,465
Proportionate share of the net pension asset	-	(1,827)	(95)	(1,922)
Pension expense	(7,462)	(66)	(15)	(7,543)

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 19 - HOLMES COUNTY REGIONAL PLANNING COMMISSION - (Continued)

At December 31, 2022, 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
Deferred outflows of resources				
Differences between expected and actual experience	\$ 3,082	\$ 11	\$ 94	\$ 3,187
Changes of assumptions	7,562	92	3	7,657
Changes in employer's proportionate percentage/ difference between employer contributions	4,060	-	-	4,060
Contributions subsequent to the measurement date	15,196	203	316	15,715
Total deferred outflows of resources	<u>\$ 29,900</u>	<u>\$ 306</u>	<u>\$ 413</u>	<u>\$ 30,619</u>
Deferred inflows of resources				
Differences between expected and actual experience	\$ 1,326	\$ 204	\$ -	\$ 1,530
Net difference between projected and actual earnings on pension plan investments	71,920	392	22	72,334
Total deferred inflows of resources	<u>\$ 73,246</u>	<u>\$ 596</u>	<u>\$ 22</u>	<u>\$ 73,864</u>

\$15,715 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, 2023.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 19 - 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
2023	\$ (6,123)	\$ (120)	\$ 9	\$ (6,234)
2024	(24,068)	(166)	7	(24,227)
2025	(16,912)	(109)	9	(17,012)
2026	(11,439)	(80)	9	(11,510)
2027	-	(11)	12	1
Thereafter	-	(7)	29	22
Total	<u>\$ (58,542)</u>	<u>\$ (493)</u>	<u>\$ 75</u>	<u>\$ (58,960)</u>

The actuarial assumptions used by OPERS are discussed in Note 12.

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 6.90%, 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 (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Commission's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 159,419	\$ 60,465	\$ (21,878)
Combined Plan	(1,363)	(1,827)	(2,188)
Member-Directed Plan	(84)	(95)	(105)

E. Defined Benefit OPEB 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 was \$127 for 2022. Of this amount, \$1 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, 2020, rolled forward to the measurement date of December 31, 2021, 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, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 19 - 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	0.00067196%
Proportion of the net OPEB liability/asset current measurement date	<u>0.00068167%</u>
Change in proportionate share	<u><u>0.00000971%</u></u>
Proportionate share of the net OPEB liability	\$ (21,351)
OPEB expense	\$ (17,399)

At December 31, 2022, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred outflows of resources	
Changes in employer's proportionate percentage/ difference between employer contributions	\$ 1,387
Contributions subsequent to the measurement date	127
Total deferred outflows of resources	<u><u>\$ 1,514</u></u>
Deferred inflows of resources	
Differences between expected and actual experience	\$ 3,239
Net difference between projected and actual earnings on OPEB plan investments	10,179
Changes of assumptions	8,643
Total deferred inflows of resources	<u><u>\$ 22,061</u></u>

\$127 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, 2023.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 19 - HOLMES COUNTY REGIONAL PLANNING COMMISSION - (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:

	OPERS
Year Ending December 31:	
2023	\$ (12,310)
2024	(4,677)
2025	(2,224)
2026	(1,462)
2027	(1)
Total	\$ (20,674)

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

Sensitivity of the Commission's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate - The following table presents the Commission's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00%, as well as what the Commission's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Commission's proportionate share of the net OPEB asset	\$ 12,556	\$ 21,351	\$ 28,651

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

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of healthcare; the trend starting in 2022 is 5.50%. 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 the health care 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 asset	\$ 21,582	\$ 21,351	\$ 21,077

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT’S COMPILATION REPORT)

NOTE 20 - 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.

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, 2022 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>(1,601,886)</u>
Net capital assets	<u>\$ 5,548,609</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, 2022, the carrying amount and bank balance of the Airport Authority’s deposits was \$366,148. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2022, \$250,000 of the bank balance of \$366,148 was covered by the FDIC and \$116,148 was potentially exposed to custodial credit risk as discussed in Note 4.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT’S COMPILATION REPORT)

NOTE 21 - TAX ABATEMENTS

As of December 31, 2022, 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 2022, 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	\$ 25,480
Ezone	<u>122,608</u>
Total	<u>\$ 148,088</u>

NOTE 22 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency continues. During 2022, the County received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. The impact on the County’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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 NINE YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Traditional Plan:</i>				
County's proportion of the net pension liability	0.103410%	0.104887%	0.098815%	0.100162%
County's proportionate share of the net pension liability	\$ 8,224,399	\$ 14,227,086	\$ 17,912,915	\$ 24,914,923
County's covered payroll	\$ 14,654,150	\$ 13,840,729	\$ 12,503,214	\$ 11,129,671
County's proportionate share of the net pension liability as a percentage of its covered payroll	56.12%	102.79%	143.27%	223.86%
Plan fiduciary net position as a percentage of the total pension liability	96.62%	86.88%	82.17%	74.70%
<i>Combined Plan:</i>				
County's proportion of the net pension asset	0.068988%	0.105145%	0.097349%	0.087132%
County's proportionate share of the net pension asset	\$ 248,472	\$ 278,024	\$ 186,174	\$ 88,491
County's covered payroll	\$ 288,100	\$ 424,979	\$ 393,586	\$ 331,614
County's proportionate share of the net pension asset as a percentage of its covered payroll	86.25%	65.42%	47.30%	26.68%
Plan fiduciary net position as a percentage of the total pension asset	169.88%	157.67%	145.28%	126.64%
<i>Member Directed Plan:</i>				
County's proportion of the net pension asset	0.078219%	0.064390%	0.052978%	0.014828%
County's proportionate share of the net pension asset	\$ 12,982	\$ 10,752	\$ 1,837	\$ 307
County's covered payroll	\$ 466,620	\$ 352,000	\$ 275,120	\$ 212,410
County's proportionate share of the net pension asset as a percentage of its covered payroll	2.78%	3.05%	0.67%	0.14%
Plan fiduciary net position as a percentage of the total pension asset	171.84%	188.21%	118.84%	113.42%

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

2018	2017	2016	2015	2014
0.101214%	0.100671%	0.099833%	0.184390%	0.184390%
\$ 14,320,963	\$ 20,562,919	\$ 15,480,900	\$ 20,916,180	\$ 20,443,753
\$ 11,055,862	\$ 10,696,317	\$ 20,937,183	\$ 20,624,208	\$ 23,104,608
129.53%	192.24%	73.94%	101.42%	88.48%
84.66%	77.25%	81.08%	86.45%	86.36%
0.077208%	0.064543%	0.072030%	0.202512%	0.202512%
\$ 94,795	\$ 32,312	\$ 31,379	\$ 74,865	\$ 20,403
\$ 284,415	\$ 251,242	\$ 851,408	\$ 740,250	\$ 768,454
33.33%	12.86%	3.69%	10.11%	2.66%
137.28%	116.55%	116.90%	114.83%	104.56%
0.040005%	0.040348%	0.038540%		
\$ 1,259	\$ 151	\$ 132		
\$ 197,220	\$ 165,817	\$ 210,258		
0.64%	0.09%	0.06%		
124.45%	103.40%	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 NINE YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
County's proportion of the net pension liability	0.00247311%	0.00278081%	0.00273492%	0.00364501%
County's proportionate share of the net pension liability	\$ 549,775	\$ 355,551	\$ 661,753	\$ 806,072
County's covered-employee payroll	\$ 331,979	\$ 334,021	\$ 375,250	\$ 402,179
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	165.61%	106.45%	176.35%	200.43%
Plan fiduciary net position as a percentage of the total pension liability	78.88%	87.78%	75.48%	77.40%

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

2018	2017	2016	2015	2014
0.00404573%	0.00438642%	0.00457000%	0.00435302%	0.00435302%
\$ 889,565	\$ 1,042,003	\$ 1,529,717	\$ 1,203,047	\$ 1,102,636
\$ 452,586	\$ 508,529	\$ 490,221	\$ 490,221	\$ 460,864
196.55%	204.91%	312.05%	245.41%	239.25%
77.30%	75.30%	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 TEN YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 2,066,903	\$ 2,051,581	\$ 1,937,702	\$ 1,750,450
Contributions in relation to the contractually required contribution	<u>(2,066,903)</u>	<u>(2,051,581)</u>	<u>(1,937,702)</u>	<u>(1,750,450)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 14,763,593	\$ 14,654,150	\$ 13,840,729	\$ 12,503,214
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 27,600	\$ 40,334	\$ 59,497	\$ 55,102
Contributions in relation to the contractually required contribution	<u>(27,600)</u>	<u>(40,334)</u>	<u>(59,497)</u>	<u>(55,102)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 197,143	\$ 288,100	\$ 424,979	\$ 393,586
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 43,042	\$ 44,662	\$ 35,200	\$ 27,512
Contributions in relation to the contractually required contribution	<u>(43,042)</u>	<u>(44,662)</u>	<u>(35,200)</u>	<u>(27,512)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 430,420	\$ 446,620	\$ 352,000	\$ 275,120
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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 1,558,154	\$ 1,437,262	\$ 1,283,558	\$ 2,512,462	\$ 2,474,905	\$ 3,003,599
<u>(1,558,154)</u>	<u>(1,437,262)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
\$ 11,129,671	\$ 11,055,862	\$ 10,696,317	\$ 20,937,183	\$ 20,624,208	\$ 23,104,608
14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
\$ 46,426	\$ 36,974	\$ 30,149	\$ 102,169	\$ 88,830	\$ 99,899
<u>(46,426)</u>	<u>(36,974)</u>	<u>(30,149)</u>	<u>(102,169)</u>	<u>(88,830)</u>	<u>(99,899)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 331,614	\$ 284,415	\$ 251,242	\$ 851,408	\$ 740,250	\$ 768,454
14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
\$ 21,241	\$ 19,722	\$ 19,898	\$ 25,231		
<u>(21,241)</u>	<u>(19,722)</u>	<u>(19,898)</u>	<u>(25,231)</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
\$ 212,410	\$ 197,220	\$ 165,817	\$ 210,258		
10.00%	10.00%	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
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 45,382	\$ 46,477	\$ 46,763	\$ 52,535
Contributions in relation to the contractually required contribution	<u>(45,382)</u>	<u>(46,477)</u>	<u>(46,763)</u>	<u>(52,535)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 324,157	\$ 331,979	\$ 334,021	\$ 375,250
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 56,305	\$ 63,362	\$ 71,194	\$ 68,631	\$ 64,521	\$ 64,251
<u>(56,305)</u>	<u>(63,362)</u>	<u>(71,194)</u>	<u>(68,631)</u>	<u>(64,521)</u>	<u>(64,251)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 402,179	\$ 452,586	\$ 508,529	\$ 490,221	\$ 496,315	\$ 494,238
14.00%	14.00%	14.00%	14.00%	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/NET OPEB ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST SIX YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
County's proportion of the net OPEB liability/asset	0.101431%	0.103266%	0.096947%	0.097431%
County's proportionate share of the net OPEB liability/(asset)	\$ (2,904,129)	\$ (1,685,255)	\$ 12,281,217	\$ 11,536,997
County's covered payroll	\$ 15,388,870	\$ 13,171,920	\$ 11,673,695	\$ 11,537,497
County's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	18.87%	12.79%	105.20%	100.00%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	128.23%	115.57%	47.80%	46.33%

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

	<u>2018</u>	<u>2017</u>
	0.097900%	0.096850%
\$	9,588,384	\$ 9,782,201
\$	11,113,376	\$ 21,998,849
	86.28%	88.02%
	54.14%	54.05%

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 SIX YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
County's proportion of the net OPEB asset	0.00247311%	0.00278081%	0.00273492%	0.00364501%
County's proportionate share of the net OPEB asset	\$ 64,037	\$ 58,631	\$ 48,066	\$ 60,370
County's covered-employee payroll	\$ 331,979	\$ 334,021	\$ 375,250	\$ 402,179
County's proportionate share of the net OPEB asset as a percentage of its covered-employee payroll	19.29%	17.55%	12.81%	15.01%
Plan fiduciary net position as a percentage of the total OPEB asset	230.73%	174.73%	182.13%	174.70%

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

<u>2018</u>	<u>2017</u>
0.00404573%	0.00438642%
\$ 65,000	\$ 171,142
\$ 452,586	\$ 508,529
14.36%	33.65%
176.00%	47.10%

HOLMES COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 17,217	\$ 17,865	\$ 14,080	\$ 11,005
Contributions in relation to the contractually required contribution	<u>(17,217)</u>	<u>(17,865)</u>	<u>(14,080)</u>	<u>(11,005)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 15,391,156	\$ 15,388,870	\$ 13,171,920	\$ 11,673,695
Contributions as a percentage of covered payroll	0.11%	0.12%	0.11%	0.09%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 8,497	\$ 129,996	\$ 244,687	\$ 200,397	\$ 261,412	\$ 168,204
<u>(8,497)</u>	<u>(129,996)</u>	<u>(244,687)</u>	<u>(200,397)</u>	<u>(261,412)</u>	<u>(168,204)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 11,537,497	\$ 11,113,376	\$ 21,998,849	\$ 21,364,458	\$ 23,873,062	\$ -
0.07%	1.17%	1.11%	0.94%	1.10%	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
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</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	\$ 324,157	\$ 331,979	\$ 334,021	\$ 375,250
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ -	\$ -	\$ -	\$ -	\$ 4,589	\$ 4,963
-	-	-	-	(4,589)	(4,963)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 402,179	\$ 452,586	\$ 508,529	\$ 490,221	\$ 496,315	\$ 494,238
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

HOLMES COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.

Changes in assumptions :

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 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.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed from 0.50%, simple through 2021, then 2.15% simple to 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.

(Continued)

HOLMES COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

PENSION

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.
- There were no changes in benefit terms for 2019.
- There were no changes in benefit terms for 2020.
- There were no changes in benefit terms for 2021.
- There were no changes in benefit terms for 2022.

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 in assumptions for 2018.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) projected salary increases changed from 12.50% at age 20 to 2.50% at age 65 to 8.50% at age 20 to 2.50% at age 65 and (b) post-retirement mortality rates were changed from RP-2014 Annuitant Mortality Tables to Pub-2010 Teacher Health Annuitant Mortality Tables.

(Continued)

HOLMES COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.
- There were no changes in benefit terms from the amounts reported for 2022.

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 10.00%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, 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 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.00%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.

(Continued)

HOLMES COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022
(SEE ACCOUNTANT'S COMPILATION REPORT)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- For 2017, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For 2018, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For 2019, STRS increased the subsidy percentage from 1.944% to 1.984% 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.
- For 2020, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For 2021, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- For 2022, the non-Medicare subsidy percentage was increased from 2.100% to 2.200%.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- For 2017, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For 2018, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For 2019, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For 2021, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) projected salary increases changed from 12.50% at age 20 to 2.50% at age 65 to 8.50% at age 20 to 2.50% at age 65, (b) post-retirement mortality rates were changed from RP-2014 Annuitant Mortality Tables to Pub-2010 Teacher Health Annuitant Mortality Tables and (c) health care cost trend rates were changed to the following: medical pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate, Medicare -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate, Medicare 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.