

HOLMES COUNTY, OHIO

Basic Financial Statements

For the Year Ended
December 31, 2023

JG | **Julian
& Grube**
Serving Ohio Local Governments

HOLMES COUNTY, OHIO

BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE OF CONTENTS

Table of Contents.....	1
Accountant’s Compilation Report	2
Management’s Discussion and Analysis	3 - 16
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18 - 19
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	20
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	24
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - County Board of DD.....	25
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Motor Vehicle License.....	26
Statement of Net Position - Proprietary Funds	27
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	28
Statement of Cash Flows - Proprietary Funds	29
Statement of Fiduciary Net Position - Fiduciary Funds.....	30
Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	31
Notes to the Basic Financial Statements.....	32 - 94
Required Supplementary Information:	
Schedule of the County’s Proportionate Share of the Net Pension Liability/Asset:	
Ohio Public Employees Retirement System (OPERS).....	96 - 97
State Teachers Retirement System (STRS) of Ohio	98 - 99
Schedule of County Pension Contributions:	
Ohio Public Employees Retirement System (OPERS)	100 - 101
State Teachers Retirement System (STRS) of Ohio.....	102 - 103
Schedule of the County’s Proportionate Share of the Net OPEB Liability/Asset:	
Ohio Public Employees Retirement System (OPERS)	104 - 105
State Teachers Retirement System (STRS) of Ohio.....	106 - 107
Schedule of County OPEB Contributions:	
Ohio Public Employees Retirement System (OPERS)	108 - 109
State Teachers Retirement System (STRS) of Ohio.....	110 - 111
Notes to Required Supplementary Information	112 - 116



333 County Line Road, West
Westerville, OH 43082
614-846-1899

jginc.biz

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, 2023 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 21, 2024

HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 (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, 2023. 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 2023 are as follows:

- The total net position of the County increased \$28,263,049 from the 2022 net position of \$97,966,924. Net position of governmental activities increased \$22,255,674, which represents a 24.92% increase from the 2022 net position of \$89,309,718. Net position of business-type activities increased \$6,007,375 or 69.39% from the 2022 net position of \$8,657,206.
- General revenues accounted for \$32,990,666 or 44.12% of total governmental activities revenue. Program specific revenues accounted for \$41,789,424 or 55.88% of total governmental activities revenue.
- The County had \$46,393,326 in governmental activities expenses; \$41,789,424, or 90.08%, of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$32,990,666 were adequate to provide for these programs.
- The general fund, the County's largest major governmental fund, had revenues and other financing sources of \$25,867,861 in 2023, an increase of \$6,020,190 or 30.33% from 2022. The general fund had expenditures and other financing uses of \$19,845,607 in 2023, a decrease of \$1,531,735 or 7.17% from 2022. The net changes in revenues and expenditures contributed to the general fund balance increase of \$6,022,254 or 25.37% from 2022's fund balance.
- The county board of developmental disabilities (DD) fund, a major governmental fund, had revenues of \$7,765,485 in 2023, an increase of \$675,200 or 9.52% from 2022. The DD fund had expenditures and other financing uses of \$5,948,258 in 2023, an increase of \$63,967 or 1.09% from 2022. The net changes in revenues and expenditures contributed to the DD fund balance increase of \$1,817,227 or 34.72% from 2022 to 2023.
- The motor vehicle license fund, a major governmental fund, had revenues and other financing sources of \$17,904,244 in 2023, an increase of \$7,730,981 or 75.99% from 2022. The motor vehicle license fund had expenditures of \$17,520,225 in 2023, an increase of \$6,769,665 or 62.97% from 2022. The motor vehicle license fund balance increased \$384,019 or 9.34% from 2022 to 2023.
- Net position for the business-type activities, which consists of the sewer district, increased in 2023 by \$6,007,375 or 69.39% from the 2022 net position of \$8,657,206.

Using the Basic Financial Statements (BFS)

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

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

HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 (SEE ACCOUNTANT'S COMPILATION REPORT)

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 2023?" These statements include *all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the County's net position and changes in net position. This change in net position is important because it tells the reader that, for the County as a whole, the financial position of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, and other factors.

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

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

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

Reporting the County's Most Significant Funds

Fund Financial Statements

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

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

Governmental Funds

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

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

HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 (SEE ACCOUNTANT'S COMPILATION REPORT)

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.

HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023 and December 31, 2022 net position.

	Net Position					
	Governmental	Governmental	Business-type	Business-type	Total	Total
	Activities	Activities	Activities	Activities	Total	Total
	2023	2022	2023	2022	2023	2022
<u>Assets</u>						
Current and other assets	\$ 89,422,414	\$ 89,255,502	\$ 1,256,181	\$ 1,168,036	\$ 90,678,595	\$ 90,423,538
Capital assets, net	62,782,198	47,608,330	19,531,651	13,835,237	82,313,849	61,443,567
Total assets	152,204,612	136,863,832	20,787,832	15,003,273	172,992,444	151,867,105
<u>Deferred Outflows of Resources</u>	13,680,292	4,209,392	82,758	30,075	13,763,050	4,239,467
<u>Liabilities</u>						
Current and other liabilities	5,594,995	11,526,518	151,660	90,257	5,746,655	11,616,775
Long-term liabilities outstanding:						
Due within one year	1,818,821	1,623,786	283,092	282,470	2,101,913	1,906,256
Net pension liability	28,638,132	8,722,109	171,478	52,065	28,809,610	8,774,174
Net OPEB liability	581,411	-	3,550	-	584,961	-
Other amounts	5,948,862	6,750,720	5,593,144	5,868,750	11,542,006	12,619,470
Total liabilities	42,582,221	28,623,133	6,202,924	6,293,542	48,785,145	34,916,675
<u>Deferred Inflows of Resources</u>	11,737,291	23,140,373	3,085	82,600	11,740,376	23,222,973
<u>Net Position</u>						
Net investment in capital assets	59,655,673	43,124,411	13,663,767	7,692,125	72,699,999	50,816,536
Restricted	21,911,712	21,752,434	642	-	21,912,354	21,752,434
Unrestricted	29,998,007	24,432,873	1,000,172	965,081	31,617,620	25,397,954
Total net position	\$ 111,565,392	\$ 89,309,718	\$ 14,664,581	\$ 8,657,206	\$ 126,229,973	\$ 97,966,924

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, 2023 (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, 2023, the County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$126,229,973. This amounts to \$111,565,392 in governmental activities and \$14,664,581 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 47.58% 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, 2023, was \$72,699,999. 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, 2023 (SEE ACCOUNTANT'S COMPILATION REPORT)

A portion of the County's net position, \$21,912,354 or 17.36%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$31,617,620.

Capital assets, net, increased due to several large grants, totaling over approximately \$11 million, from the Ohio Department of Transportation (ODOT) and Ohio Public Works Commission (OPWC) for road and bridge work and the spending of ARPA funding on the Winesburg wastewater treatment plant and the Berlin wastewater treatment plant projects.

The decrease in current liabilities can be attributed to the spending of ARPA funding. The balance of that funding was recorded as unearned revenue as it could not be recognized as revenue until spent on qualifying items. During 2023, the County spent approximately \$6 million in ARPA funding, which resulted in a significantly smaller amount of unearned revenue being reported.

The net pension liability for governmental activities increased \$19,916,023, deferred outflow of resources related to pension increased \$7,925,119 and deferred inflows of resources related to pension decreased \$10,110,167. These changes were the result of changes at the pension system level for Ohio Public Employees Retirement System (OPERS). Primarily, net investment income on investments at the pension system were negative for the 2022 measurement date that are used for the 2023 reporting. This caused a large decrease in their respective fiduciary net positions which was a drastic change from the previous year's large positive investment returns.

HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 (SEE ACCOUNTANT'S COMPILATION REPORT)

The following table shows the changes in net position for governmental and business-type activities for 2023 and 2022.

	Change in Net Position					
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities	2023 Total	2022 Total
	2023	2023	2022	2022		
Revenues						
Program revenues:						
Charges for services and sales	\$ 7,784,487	\$ 1,433,820	\$ 7,468,484	\$ 1,257,340	\$ 9,218,307	\$ 8,725,824
Operating grants and contributions	22,011,587	-	15,763,066	-	22,011,587	15,763,066
Capital grants and contributions	11,993,350	61,962	3,631,406	451,591	12,055,312	4,082,997
Total program revenues	<u>41,789,424</u>	<u>1,495,782</u>	<u>26,862,956</u>	<u>1,708,931</u>	<u>43,285,206</u>	<u>28,571,887</u>
General revenues:						
Property taxes	10,945,431	-	9,931,857	-	10,945,431	9,931,857
Sales tax	16,582,435	-	16,539,606	-	16,582,435	16,539,606
Unrestricted grants	2,381,180	-	1,957,630	-	2,381,180	1,957,630
Investment earnings	2,903,684	-	(1,330,272)	-	2,903,684	(1,330,272)
Other	177,936	1,416	305,755	2,602	179,352	308,357
Total general revenues	<u>32,990,666</u>	<u>1,416</u>	<u>27,404,576</u>	<u>2,602</u>	<u>32,992,082</u>	<u>27,407,178</u>
Total revenues	<u>74,780,090</u>	<u>1,497,198</u>	<u>54,267,532</u>	<u>1,711,533</u>	<u>76,277,288</u>	<u>55,979,065</u>
Expenses						
Program expenses:						
General government:						
Legislative and executive	7,777,865	-	6,535,731	-	7,777,865	6,535,731
Judicial	2,789,323	-	1,948,101	-	2,789,323	1,948,101
Public safety	7,857,805	-	5,081,352	-	7,857,805	5,081,352
Public works	10,545,957	-	9,635,069	-	10,545,957	9,635,069
Health	689,768	-	585,251	-	689,768	585,251
Human services	16,057,637	-	12,861,925	-	16,057,637	12,861,925
Conservation and recreation	595,590	-	535,993	-	595,590	535,993
Interest and fiscal charges	79,381	-	90,250	-	79,381	90,250
Sewer district	-	1,620,913	-	1,305,736	1,620,913	1,305,736
Total expenses	<u>46,393,326</u>	<u>1,620,913</u>	<u>37,273,672</u>	<u>1,305,736</u>	<u>48,014,239</u>	<u>38,579,408</u>
Excess of revenues over (under) expenses	28,386,764	(123,715)	16,993,860	405,797	28,263,049	17,399,657
Transfers	(6,131,090)	6,131,090	(1,335,268)	1,335,268	-	-
Change in net position	22,255,674	6,007,375	15,658,592	1,741,065	28,263,049	17,399,657
Net position at beginning of year	<u>89,309,718</u>	<u>8,657,206</u>	<u>73,651,126</u>	<u>6,916,141</u>	<u>97,966,924</u>	<u>80,567,267</u>
Net position at end of year	<u>\$ 111,565,392</u>	<u>\$ 14,664,581</u>	<u>\$ 89,309,718</u>	<u>\$ 8,657,206</u>	<u>\$ 126,229,973</u>	<u>\$ 97,966,924</u>

Governmental Activities

Governmental activities net position increased by \$22,255,674 in 2023.

As discussed previously, the amount of capital grants and contributions was a significant reason for the increase in overall revenues during 2023. Also, the County saw an increase of approximately \$4.2 million in investment earnings during 2023 due to higher interest rates and a strong investment market. Finally, the County was able to recognize ARPA revenue as operating grants and contributions as it was spent during 2023.

HOLMES COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)**

Overall, expenses of the governmental activities increased \$9,119,654. This increase is primarily the result of an increase in pension expense. Pension expense increased approximately \$5.3 million. This increase was the result of an increase in expenses incurred at the pension system level for Ohio Public Employees Retirement System (OPERS) due to a decrease in net investment income on investments compared to previous years. Inflation also resulted in an increase in expenses during the year.

General government expenses, which include legislative and executive and judicial programs, accounted for \$10,567,188 or 22.78% of total governmental expenses. General government expenses were partly funded by \$4,731,510 of direct charges to users in 2023 and \$865,480 in operating grants and contributions. Public works expenses, the County's third largest category of expenses, totaled \$10,545,957 in 2023 or 22.73% 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 \$16,057,637 or 34.61% of total governmental expenses. These expenses were funded partly by \$1,419,261 in charges to users and \$7,519,063 in operating grants and contributions.

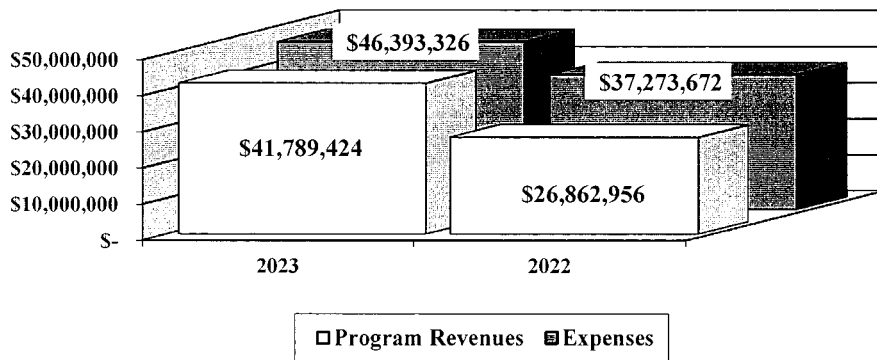
Operating grants and contributions, which is mostly intergovernmental revenue from the State and Federal governments, totaled \$22,011,587 in 2023, compared to \$15,763,066 in 2022. These revenues are restricted to a particular program or purpose.

During 2023, the County received \$11,993,350 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 \$32,990,666 and amounted to 44.12% of total revenues. These revenues primarily consist of property and sales tax revenue of \$27,527,866 or 83.44% of total general revenues in 2023. The other primary source of general revenues is grants and entitlements not restricted to specific programs, which makes up \$2,381,180 or 7.22% of the total. These revenues consist primarily of local government and property tax reimbursements.

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

Governmental Activities - Program Revenues vs. Total Expenses



HOLMES COUNTY, OHIO

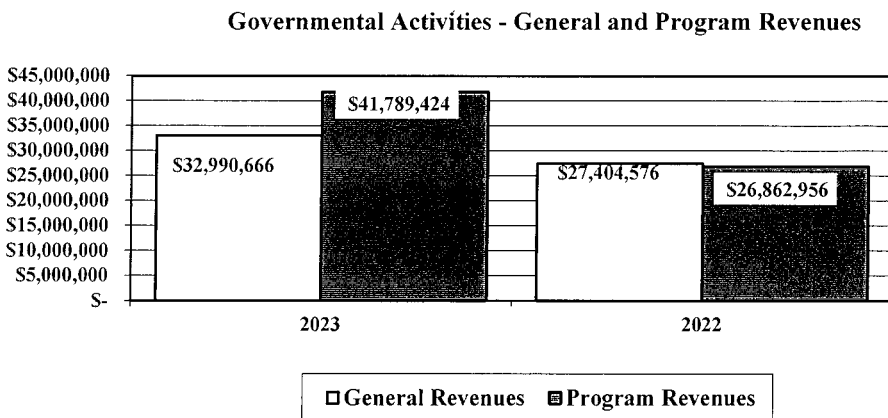
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)**

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 2023 and 2022. That is, it identifies the cost of these services supported by general revenues (such as tax revenue and unrestricted State grants and entitlements).

	Governmental Activities			
	Total Cost of Services 2023	Net Cost of Services 2023	Net Cost of Services 2022	Net Cost of Services 2022
Program Expenses:				
General government:				
Legislative and executive	\$ 7,777,865	\$ 2,692,033	\$ 6,535,731	\$ 723,152
Judicial	2,789,323	2,278,165	1,948,101	1,549,011
Public safety	7,857,805	6,502,105	5,081,352	3,767,059
Public works	10,545,957	(14,987,820)	9,635,069	(877,598)
Health	689,768	325,135	585,251	(273,943)
Human services	16,057,637	7,119,313	12,861,925	4,896,792
Conservation and recreation	595,590	595,590	535,933	535,993
Interest and fiscal charges	79,381	79,381	90,250	90,250
Total	\$ 46,393,326	\$ 4,603,902	\$ 37,273,612	\$ 10,410,716

The dependence upon general revenues for governmental activities is apparent, with 9.92% of expenses supported through taxes and other general revenues during 2023.

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

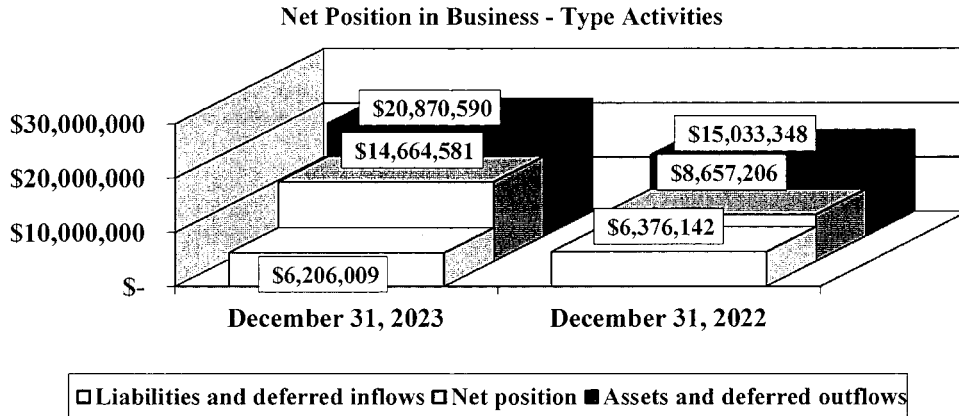


HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

Business-Type Activities

During 2023, the sewer district enterprise fund had program revenues of \$1,495,782, general revenues of \$1,416, transfers in of \$6,131,090, and expenses of \$1,620,913 for fiscal year 2023. The net position of the sewer fund increased \$6,007,375 or 69.39% from 2022'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, 2023 and 2022.



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 \$61,629,439, which is \$7,549,553 greater than last year's total of \$54,079,886. The table below shows the fund balance and the total change in fund balance as of December 31, 2023, for all major and nonmajor governmental funds.

	Fund Balances <u>12/31/23</u>	Fund Balances <u>12/31/22</u>	<u>Change</u>
Major funds:			
General	\$ 29,756,514	\$ 23,734,260	\$ 6,022,254
County Board of DD	7,051,523	5,234,296	1,817,227
Motor Vehicle License	4,497,093	4,113,074	384,019
Nonmajor governmental funds	<u>20,324,309</u>	<u>20,998,256</u>	<u>(673,947)</u>
Total	<u>\$ 61,629,439</u>	<u>\$ 54,079,886</u>	<u>\$ 7,549,553</u>

HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 (SEE ACCOUNTANT'S COMPILATION REPORT)

General Fund

The County's general fund balance increased \$6,022,254. The tables that follow assist in illustrating the revenues and expenditures of the general fund.

	2023 <u>Amount</u>	2022 <u>Amount</u>	Percentage <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 17,305,168	\$ 16,185,522	6.92 %
Charges for services	3,027,634	2,886,421	4.89 %
Licenses and permits	6,365	8,515	(25.25) %
Fines and forfeitures	71,753	16,843	326.01 %
Intergovernmental	2,369,418	1,804,288	31.32 %
Investment income	2,863,341	(1,374,649)	308.30 %
Other	<u>178,616</u>	<u>306,808</u>	(41.78) %
Total	<u>\$ 25,822,295</u>	<u>\$ 19,833,748</u>	30.19 %

Taxes revenue, which includes primarily real property and sales taxes, represents 67.02% of all general fund revenues. Most of the increase in tax revenue came from property tax revenue, which increased \$867,745. This is mainly due to an increase in the assessed valuation. Investment income increased \$4,237,990 primarily due to an increase in the fair value of the County's investments and an increase in interest revenue. All other revenues remained consistent with 2022.

	2023 <u>Amount</u>	2022 <u>Amount</u>	Percentage <u>Change</u>
<u>Expenditures</u>			
General government:			
Legislative and executive	\$ 5,122,745	\$ 4,973,900	2.99 %
Judicial	2,401,816	2,177,245	10.31 %
Public safety	6,630,208	5,645,780	17.44 %
Health	126,305	123,091	2.61 %
Human services	834,737	819,684	1.84 %
Conservation and recreation	595,590	535,993	11.12 %
Capital outlay	76,099	34,149	122.84 %
Debt service	<u>15,925</u>	<u>13,980</u>	13.91 %
Total	<u>\$ 15,803,425</u>	<u>\$ 14,323,822</u>	10.33 %

Total general fund expenditures increased 10.33% from 2022. The increase in expenditures in the general fund was primarily due to inflation and customary wage and benefit increases for employees.

HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 (SEE ACCOUNTANT'S COMPILATION REPORT)

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 \$7,765,485 in 2023. The DD fund had expenditures and other financing uses of \$5,948,258 in 2022. The net changes in revenues and expenditures contributed to the DD fund balance increase of \$1,817,227 or 34.72% from 2022 to 2023.

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 \$17,904,244 in 2023. 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 \$17,520,225 in 2023. The motor vehicle license fund balance increased \$384,019 or 9.34% from 2022 to 2023.

Budgeting Highlights - General Fund

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

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

In the general fund, original budgeted revenues of \$16,674,618 were increased to \$17,688,316 in the final budgeted revenues. Actual revenues and other financing sources of \$23,726,879 were greater than final budgeted revenues and other financing sources by \$6,038,563 or 34.14%.

Original budgeted expenditures and other financing uses in the general fund were \$27,871,640. This was increased to \$29,371,019 in the final budget and other financing uses. Actual expenditures and other financing uses of \$19,341,458 were \$10,029,561 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 2023, the County had \$82,313,849 (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, \$62,782,198 was reported in governmental activities and \$19,531,651 was reported in business-type activities. The following table shows 2023 balances compared to 2022.

HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 2,100,488	\$ 1,948,028	\$ 98,503	\$ 98,503	\$ 2,198,991	\$ 2,046,531
Improvements other than buildings	1,143,168	1,049,505	-	-	1,143,168	1,049,505
Building and improvements	9,990,280	10,360,201	7,138,295	7,418,228	17,128,575	17,778,429
Machinery and equipment	2,424,852	2,607,491	342,374	309,849	2,767,226	2,917,340
Vehicles	1,956,009	1,522,285	-	-	1,956,009	1,522,285
Infrastructure	41,047,957	27,558,513	-	-	41,047,957	27,558,513
Sewer/water lines	-	-	3,999,882	3,461,527	3,999,882	3,461,527
Intangible right to use:						
Leased equipment	156,759	141,361	-	-	156,759	141,361
Construction in progress	3,962,685	2,420,946	7,952,597	2,547,130	11,915,282	4,968,076
Total	\$ 62,782,198	\$ 47,608,330	\$ 19,531,651	\$ 13,835,237	\$ 82,313,849	\$ 61,443,567

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 65.38% of the County's total governmental capital assets.

The County's third 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 20.48% of the County's total business-type capital assets.

Debt Administration

At December 31, 2023 the County had \$10,382,345 in general obligation bonds, lease obligations, and loans payable. Of this total, \$937,196 is due within one year and \$9,445,149 is due in more than one year. The following table summarizes the outstanding debt.

Outstanding Debt, at Year End

	<u>Governmental</u>	<u>Business-Type</u>	<u>Governmental</u>	<u>Business-Type</u>
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>
	<u>2023</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>
Long-Term Obligations				
General obligation bonds	\$ 1,910,000	\$ 1,440,000	\$ 2,130,000	\$ 1,530,000
Leases payable	120,867	-	128,963	-
OWDA loans	-	2,117,111	-	2,190,151
OPWC loans	2,482,289	2,312,078	2,862,024	2,424,367
Total	\$ 4,513,156	\$ 5,869,189	\$ 5,120,987	\$ 6,144,518

HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023 (SEE ACCOUNTANT'S COMPILATION REPORT)

The County's total legal debt margin was \$38,359,297 at December 31, 2023 and the unvoted legal debt margin was \$14,016,374. 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 2023 is 44,390. At the end of 2023, the average unemployment rate for the County was 2.8%, compared to the 3.5% State average and the 3.6% national average.

These economic factors were considered in preparing the County's initial budget for 2024. Budgeted revenues and other financing sources in the general fund for 2024 were \$18,704,113. The County will continue to seek out grant opportunities in order to stretch the local tax dollars provided by citizens.

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.

HOLMES COUNTY, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2023
(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	\$ 63,882,290	\$ 1,437,773	\$ 65,320,063	\$ -	\$ 159,864
Cash and cash equivalents in segregated accounts	705,566	-	705,566	181,531	-
Receivables:					
Sales taxes	4,312,456	-	4,312,456	-	-
Real and other taxes	11,646,579	-	11,646,579	-	-
Accounts	300,248	132,976	433,224	1,645	-
Accrued interest	317,087	-	317,087	-	-
Due from other governments	6,697,558	-	6,697,558	5,000	-
Leases	56,870	-	56,870	-	-
Materials and supplies inventory	782,468	690	783,158	-	-
Prepayments	250,319	-	250,319	2,968	-
Internal balance	315,900	(315,900)	-	-	-
Net pension asset	105,079	642	105,721	-	745
Net OPEB asset	49,994	-	49,994	-	-
Capital assets:					
Non-depreciable capital assets	6,063,173	8,051,100	14,114,273	54,357	-
Depreciable capital assets, net	56,719,025	11,480,551	68,199,576	5,976,920	-
Total capital assets, net	62,782,198	19,531,651	82,313,849	6,031,277	-
Total assets	152,204,612	20,787,832	172,992,444	6,222,421	160,609
Deferred outflows of resources:					
Unamortized deferred charges on debt refunding	32,753	-	32,753	-	-
Pension	11,895,426	72,012	11,967,438	-	83,105
OPEB	1,752,113	10,746	1,762,859	-	12,417
Total deferred outflows of resources	13,680,292	82,758	13,763,050	-	95,522
Liabilities:					
Accounts payable	2,199,413	99,667	2,299,080	3,675	-
Contracts payable	986,584	-	986,584	14,750	-
Accrued wages and benefits payable	791,229	4,726	795,955	-	5,488
Due to other governments	182,413	39,120	221,533	-	848
Payroll withholding payable	170,411	-	170,411	-	-
Accrued interest payable	3,187	8,147	11,334	-	-
Claims payable	216,090	-	216,090	-	-
Unearned revenue	1,045,668	-	1,045,668	21,598	-
Long-term liabilities:					
Due within one year	1,818,821	283,092	2,101,913	-	12,688
Due in more than one year:					
Net pension liability	28,638,132	171,478	28,809,610	-	199,047
Net OPEB liability	581,411	3,550	584,961	-	4,121
Other amounts due in more than one year	5,948,862	5,593,144	11,542,006	-	11,950
Total liabilities	42,582,221	6,202,924	48,785,145	40,023	234,142
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	11,283,900	-	11,283,900	-	-
Leases	55,509	-	55,509	-	-
Pension	141,151	1,834	142,985	-	1,965
OPEB	256,731	1,251	257,982	-	1,381
Total deferred inflows of resources	11,737,291	3,085	11,740,376	-	3,346
Net position:					
Net investment in capital assets	59,655,673	13,663,767	72,699,999	6,016,527	-
Restricted for:					
Capital projects	260,468	-	260,468	-	-
Debt service	57,807	-	57,807	-	-
Public works projects	9,056,636	-	9,056,636	-	-
Public safety programs	847,620	-	847,620	-	-
Human services programs	9,337,719	-	9,337,719	-	-
Real estate assessment	1,021,387	-	1,021,387	-	-
Court special projects	363,251	-	363,251	-	-
Other purposes	966,824	642	967,466	-	745
Unrestricted	29,998,007	1,000,172	31,617,620	165,871	17,898
Total net position	\$ 111,565,392	\$ 14,664,581	\$ 126,229,973	\$ 6,182,398	\$ 18,643

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (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	\$ 7,777,865	\$ 4,322,968	\$ 762,864	\$ -
Judicial	2,789,323	408,542	102,616	-
Public safety	7,857,805	518,958	836,742	-
Public works	10,545,957	765,776	12,774,651	11,993,350
Health	689,768	348,982	15,651	-
Human services	16,057,637	1,419,261	7,519,063	-
Conservation and recreation	595,590	-	-	-
Interest and fiscal charges	79,381	-	-	-
Total governmental activities	<u>46,393,326</u>	<u>7,784,487</u>	<u>22,011,587</u>	<u>11,993,350</u>
Business-type activities:				
Sewer District	<u>1,620,913</u>	<u>1,433,820</u>	-	<u>61,962</u>
Total business-type activities	<u>1,620,913</u>	<u>1,433,820</u>	-	<u>61,962</u>
Total primary government	<u>\$ 48,014,239</u>	<u>\$ 9,218,307</u>	<u>\$ 22,011,587</u>	<u>\$ 12,055,312</u>
Component Units:				
Holmes County Airport Authority	\$ 279,351	\$ 99,859	\$ 75,000	\$ 377,344
Regional Planning Commission	<u>171,969</u>	<u>11,000</u>	<u>140,500</u>	<u>-</u>
Total component units	<u>\$ 451,320</u>	<u>\$ 110,859</u>	<u>\$ 215,500</u>	<u>\$ 377,344</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 position 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
\$ (2,692,033)	\$ -	\$ (2,692,033)	\$ -	\$ -
(2,278,165)	-	(2,278,165)	-	-
(6,502,105)	-	(6,502,105)	-	-
14,987,820	-	14,987,820	-	-
(325,135)	-	(325,135)	-	-
(7,119,313)	-	(7,119,313)	-	-
(595,590)	-	(595,590)	-	-
(79,381)	-	(79,381)	-	-
<u>(4,603,902)</u>	<u>-</u>	<u>(4,603,902)</u>	<u>-</u>	<u>-</u>
-	(125,131)	(125,131)	-	-
-	(125,131)	(125,131)	-	-
<u>(4,603,902)</u>	<u>(125,131)</u>	<u>(4,729,033)</u>	<u>-</u>	<u>-</u>
-	-	-	272,852	-
-	-	-	-	(20,469)
-	-	-	272,852	(20,469)
4,449,988	-	4,449,988	-	-
5,336,397	-	5,336,397	-	-
1,159,046	-	1,159,046	-	-
16,582,435	-	16,582,435	-	-
2,381,180	-	2,381,180	-	-
2,903,684	-	2,903,684	2,141	-
177,936	1,416	179,352	171	1,046
<u>32,990,666</u>	<u>1,416</u>	<u>32,992,082</u>	<u>2,312</u>	<u>1,046</u>
<u>(6,131,090)</u>	<u>6,131,090</u>	<u>-</u>	<u>-</u>	<u>-</u>
22,255,674	6,007,375	28,263,049	275,164	(19,423)
89,309,718	8,657,206	97,966,924	5,907,234	38,066
<u>\$ 111,565,392</u>	<u>\$ 14,664,581</u>	<u>\$ 126,229,973</u>	<u>\$ 6,182,398</u>	<u>\$ 18,643</u>

HOLMES COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	General	County Board of DD	Motor Vehicle License	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents	\$ 28,211,068	\$ 6,569,015	\$ 3,709,287	\$ 22,289,146	\$ 60,778,516
Cash and cash equivalents in segregated accounts	-	682,695	-	22,871	705,566
Receivables (net of allowance for uncollectibles):					
Sales taxes	3,331,052	-	-	981,404	4,312,456
Real and other taxes	4,495,773	6,008,209	-	1,142,597	11,646,579
Accounts	118,804	4,945	50,578	111,743	286,070
Interfund loans	421,041	-	-	-	421,041
Accrued interest	316,802	-	-	285	317,087
Due from other funds	1,275	-	-	-	1,275
Due from other governments	807,053	158,879	4,105,031	1,626,595	6,697,558
Leases	-	-	-	56,870	56,870
Prepayments	212,770	5,822	5,672	26,055	250,319
Materials and supplies inventory	88,813	14,465	572,074	107,116	782,468
Total assets	<u>\$ 38,004,451</u>	<u>\$ 13,444,030</u>	<u>\$ 8,442,642</u>	<u>\$ 26,364,682</u>	<u>\$ 86,255,805</u>
Liabilities:					
Accounts payable	\$ 249,055	\$ 97,639	\$ 242,349	\$ 1,610,370	\$ 2,199,413
Contracts payable	-	-	-	986,584	986,584
Accrued wages and benefits payable	368,936	100,229	91,821	230,243	791,229
Compensated absences payable	7,044	-	-	-	7,044
Interfund loans payable	-	-	-	105,141	105,141
Due to other funds	-	-	-	1,275	1,275
Due to other governments	69,145	27,551	17,179	68,538	182,413
Payroll withholding payable	170,411	-	-	-	170,411
Unearned revenue	-	-	-	1,045,668	1,045,668
Total liabilities	<u>864,591</u>	<u>225,419</u>	<u>351,349</u>	<u>4,047,819</u>	<u>5,489,178</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	4,410,000	5,770,700	-	1,103,200	11,283,900
Delinquent property tax revenue not available	85,773	237,509	-	39,397	362,679
Accrued interest not available	113,793	-	-	285	114,078
Sales tax revenue not available	2,161,271	-	-	638,885	2,800,156
Intergovernmental revenue not available	609,045	158,879	3,581,797	134,093	4,483,814
Other revenue not available	3,464	-	12,403	21,185	37,052
Leases	-	-	-	55,509	55,509
Total deferred inflows of resources	<u>7,383,346</u>	<u>6,167,088</u>	<u>3,594,200</u>	<u>1,992,554</u>	<u>19,137,188</u>
Fund balances:					
Nonspendable	423,872	20,287	577,746	133,171	1,155,076
Restricted	-	7,031,236	3,919,347	13,187,671	24,138,254
Committed	876,742	-	-	697,033	1,573,775
Assigned	9,401,918	-	-	6,772,173	16,174,091
Unassigned (deficit)	19,053,982	-	-	(465,739)	18,588,243
Total fund balances	<u>29,756,514</u>	<u>7,051,523</u>	<u>4,497,093</u>	<u>20,324,309</u>	<u>61,629,439</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 38,004,451</u>	<u>\$ 13,444,030</u>	<u>\$ 8,442,642</u>	<u>\$ 26,364,682</u>	<u>\$ 86,255,805</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

Total governmental fund balances		\$ 61,629,439
<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.		62,782,198
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	\$ 2,800,156	
Real and other taxes receivable	362,679	
Intergovernmental receivable	4,483,814	
Accounts receivable	37,052	
Accrued interest receivable	114,078	
Total	<u>7,797,779</u>	7,797,779
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	(1,910,000)	
Landfill closure and postclosure care liability	(1,679,287)	
Leases payable	(120,867)	
Compensated absences payable	(1,478,404)	
OPWC loans payable	(2,482,289)	
Accrued interest payable	(3,187)	
Total	<u>(7,674,034)</u>	(7,674,034)
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.		2,901,862
Unamortized deferred amounts on refundings are not recognized in the governmental funds.		32,753
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	105,079	
Deferred outflows of resources	11,895,426	
Deferred inflows of resources	(141,151)	
Net pension liability	(28,638,132)	
Total	<u>(16,778,778)</u>	(16,778,778)
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	49,994	
Deferred outflows of resources	1,752,113	
Deferred inflows of resources	(256,731)	
Net OPEB liability	(581,411)	
Total	<u>963,965</u>	963,965
Unamortized premiums on bond issuances are not recognized in the governmental funds.		<u>(89,792)</u>
Net position of governmental activities		<u><u>\$ 111,565,392</u></u>

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, 2023
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	General	County Board of DD	Motor Vehicle License	Other Governmental Funds	Total Governmental Funds
Revenues:					
Sales taxes	\$ 12,821,996	\$ -	\$ -	\$ 3,831,709	\$ 16,653,705
Real and other taxes	4,483,172	5,429,163	-	1,174,419	11,086,754
Charges for services	3,027,634	269,455	11,153	2,938,983	6,247,225
Licenses and permits	6,365	-	12,495	345,547	364,407
Fines and forfeitures	71,753	-	27,222	207,288	306,263
Intergovernmental	2,369,418	1,891,948	17,210,275	14,543,813	36,015,454
Investment income	2,863,341	720	-	168,321	3,032,382
Rental income	680	-	-	15,925	16,605
Contributions and donations	-	1,951	337,914	15,651	355,516
Other	177,936	172,248	300,748	295,946	946,878
Total revenues	<u>25,822,295</u>	<u>7,765,485</u>	<u>17,899,807</u>	<u>23,537,602</u>	<u>75,025,189</u>
Expenditures:					
Current:					
General government:					
Legislative and executive	5,122,745	-	-	2,398,536	7,521,281
Judicial	2,401,816	-	-	211,378	2,613,194
Public safety	6,630,208	-	-	762,019	7,392,227
Public works	-	-	17,520,225	4,285,859	21,806,084
Health	126,305	-	-	300,671	426,976
Human services	834,737	5,782,899	-	9,208,619	15,826,255
Conservation and recreation	595,590	-	-	-	595,590
Capital outlay	76,099	-	-	10,536,239	10,612,338
Debt service:					
Principal retirement	14,184	13,758	-	630,017	657,959
Interest and fiscal charges	1,741	1,601	-	81,011	84,353
Total expenditures	<u>15,803,425</u>	<u>5,798,258</u>	<u>17,520,225</u>	<u>28,414,349</u>	<u>67,536,257</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,018,870</u>	<u>1,967,227</u>	<u>379,582</u>	<u>(4,876,747)</u>	<u>7,488,932</u>
Other financing sources (uses):					
Sale of capital assets	6,056	-	4,437	-	10,493
Lease transaction	39,510	-	-	10,618	50,128
Transfers in	-	-	-	4,372,223	4,372,223
Transfers (out)	(4,042,182)	(150,000)	-	(180,041)	(4,372,223)
Total other financing sources (uses)	<u>(3,996,616)</u>	<u>(150,000)</u>	<u>4,437</u>	<u>4,202,800</u>	<u>60,621</u>
Net change in fund balances	6,022,254	1,817,227	384,019	(673,947)	7,549,553
Fund balances at beginning of year	<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>
Fund balances at end of year	<u>\$ 29,756,514</u>	<u>\$ 7,051,523</u>	<u>\$ 4,497,093</u>	<u>\$ 20,324,309</u>	<u>\$ 61,629,439</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

Net change in fund balances - total governmental funds		\$	7,549,553
<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		\$	18,566,661
Current year depreciation			<u>(3,392,793)</u>
Total			15,173,868
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.			
Sales taxes			(71,270)
Real and other taxes			(141,323)
Intergovernmental revenues			(92,556)
Investment income			40,277
Other revenues			<u>19,773</u>
Total			(245,099)
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.			
			(50,128)
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.			
			657,959
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			520
Amortization of deferred amounts on refunding			(1,828)
Amortization of bond premiums			<u>6,280</u>
Total			4,972
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			2,358,540
OPEB			21,782
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			(4,393,997)
OPEB			868,516
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			(126,850)
Landfill closure and postclosure care liability			<u>115,219</u>
Total			(11,631)
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>321,339</u>
Change in net position of governmental activities		\$	<u>22,255,674</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, 2023
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales taxes	\$ 10,060,000	\$ 10,060,000	\$ 12,811,798	\$ 2,751,798
Real and other taxes	3,560,000	3,560,000	4,476,041	916,041
Charges for services	1,424,700	1,706,305	2,128,774	422,469
Licenses and permits	4,440	4,440	6,365	1,925
Fines and forfeitures	59,500	59,500	66,646	7,146
Intergovernmental	1,074,478	1,806,571	2,359,826	553,255
Investment income	450,000	450,000	1,657,460	1,207,460
Rental income	500	500	756	256
Other	41,000	41,000	113,157	72,157
Total revenues	<u>16,674,618</u>	<u>17,688,316</u>	<u>23,620,823</u>	<u>5,932,507</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	13,944,639	15,102,295	7,421,069	7,681,226
Judicial	1,965,911	1,938,379	1,775,437	162,942
Public safety	4,358,937	4,618,479	4,549,902	68,577
Health	133,000	138,000	126,305	11,695
Human services	618,000	618,000	523,582	94,418
Conservation and recreation	2,323,580	2,323,590	323,590	2,000,000
Total expenditures	<u>23,344,067</u>	<u>24,738,743</u>	<u>14,719,885</u>	<u>10,018,858</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,669,449)</u>	<u>(7,050,427)</u>	<u>8,900,938</u>	<u>15,951,365</u>
Other financing sources (uses):				
Sale of capital assets	-	-	6,056	6,056
Advances in	-	-	100,000	100,000
Advances (out)	(105,141)	(105,141)	(105,141)	-
Transfers (out)	(4,422,432)	(4,527,135)	(4,516,432)	10,703
Total other financing sources (uses)	<u>(4,527,573)</u>	<u>(4,632,276)</u>	<u>(4,515,517)</u>	<u>116,759</u>
Net change in fund balances	(11,197,022)	(11,682,703)	4,385,421	16,068,124
Fund balances at beginning of year	22,719,849	22,719,849	22,719,849	-
Prior year encumbrances appropriated	71,132	71,132	71,132	-
Fund balance at end of year	<u>\$ 11,593,959</u>	<u>\$ 11,108,278</u>	<u>\$ 27,176,402</u>	<u>\$ 16,068,124</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 COUNTY BOARD OF DD
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (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.	\$ 5,204,551	\$ 5,204,551	\$ 5,409,304	\$ 204,753
Charges for services.	433,900	337,822	268,878	(68,944)
Intergovernmental.	1,272,597	1,368,675	1,891,948	523,273
Investment income.	800	800	720	(80)
Contributions and donations.	800	800	3,606	2,806
Other	219,006	219,006	188,130	(30,876)
Total revenues	<u>7,131,654</u>	<u>7,131,654</u>	<u>7,762,586</u>	<u>630,932</u>
Expenditures:				
Current:				
Human services.	6,185,628	6,883,628	5,823,280	1,060,348
Excess of revenues over expenditures.	<u>946,026</u>	<u>248,026</u>	<u>1,939,306</u>	<u>1,691,280</u>
Other financing uses:				
Transfers (out).	-	(150,000)	(150,000)	-
Net change in fund balances.	946,026	98,026	1,789,306	1,691,280
Fund balances at beginning of year	<u>4,578,752</u>	<u>4,578,752</u>	<u>4,578,752</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,524,778</u>	<u>\$ 4,676,778</u>	<u>\$ 6,368,058</u>	<u>\$ 1,691,280</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MOTOR VEHICLE LICENSE
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 47,000	\$ 47,000	\$ 11,153	\$ (35,847)
Licenses and permits	18,000	18,000	11,780	(6,220)
Fines and forfeitures	22,000	22,000	29,153	7,153
Intergovernmental	17,866,278	17,866,278	17,782,792	(83,486)
Investment income	518	518	-	(518)
Contributions and donations	240,000	240,000	337,914	97,914
Other	250,000	250,000	250,929	929
Total revenues	18,443,796	18,443,796	18,423,721	(20,075)
Expenditures:				
Current:				
Public works	18,493,379	19,504,948	18,643,539	861,409
Excess of expenditures over revenues	(49,583)	(1,061,152)	(219,818)	841,334
Other financing sources:				
Sale of capital assets	-	-	4,437	4,437
Net change in fund balances	(49,583)	(1,061,152)	(215,381)	845,771
Fund balances at beginning of year	3,614,822	3,614,822	3,614,822	-
Prior year encumbrances appropriated	47,703	47,703	47,703	-
Fund balance at end of year	\$ 3,612,942	\$ 2,601,373	\$ 3,447,144	\$ 845,771

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023
(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	\$ 1,437,773	\$ 3,103,774
Receivables (net of allowance for uncollectibles)		
Accounts	132,976	14,178
Materials and supplies inventory	690	-
Total current assets	1,571,439	3,117,952
Noncurrent assets:		
Net pension asset	642	-
Capital assets:		
Non-depreciable capital assets	8,051,100	-
Depreciable capital assets, net	11,480,551	-
Total capital assets, net	19,531,651	-
Total noncurrent assets	19,532,293	-
Total assets	21,103,732	3,117,952
Deferred outflows of resources:		
Pension	72,012	-
OPEB	10,746	-
Total deferred outflows of resources	82,758	-
Liabilities:		
Current liabilities:		
Accounts payable	99,667	-
Accrued wages and benefits payable	4,726	-
Due to other governments	39,120	-
Interfund loans payable	315,900	-
Accrued interest payable	8,147	-
Claims payable	-	216,090
Current portion of compensated absences payable	7,215	-
Current portion of general obligation bonds payable	90,000	-
Current portion of OWDA loans payable	73,589	-
Current portion of OPWC loans payable	112,288	-
Total current liabilities	750,652	216,090
Long-term liabilities:		
Compensated absences payable	1,137	-
General obligation bonds payable	1,348,695	-
OWDA loans payable	2,043,522	-
OPWC loans payable	2,199,790	-
Net pension liability	171,478	-
Net OPEB liability	3,550	-
Total long-term liabilities	5,768,172	-
Total liabilities	6,518,824	216,090
Deferred inflows of resources:		
Pension	1,834	-
OPEB	1,251	-
Total deferred inflows of resources	3,085	-
Net position:		
Net investment in capital assets	13,663,767	-
Restricted for other purposes	642	-
Unrestricted	1,000,172	2,901,862
Total net position	\$ 14,664,581	\$ 2,901,862

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, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Business-type Activities - Enterprise Fund Sewer District	Governmental Activities - Internal Service Fund
Operating revenues:		
Charges for services	\$ 1,433,820	\$ 2,849,665
Other	1,416	71,898
Total operating revenues	<u>1,435,236</u>	<u>2,921,563</u>
Operating expenses:		
Personal services	137,514	-
Contract services	821,442	-
Materials and supplies	118,955	-
Claims	-	2,600,124
Depreciation	517,846	-
Other	1,276	100
Total operating expenses	<u>1,597,033</u>	<u>2,600,224</u>
Operating income (loss)	(161,797)	321,339
Nonoperating expenses:		
Interest and fiscal charges	<u>(23,880)</u>	-
Income (loss) before capital contributions	(185,677)	321,339
Capital contributions	<u>6,193,052</u>	-
Change in net position	6,007,375	321,339
Net position at beginning of year	<u>8,657,206</u>	<u>2,580,523</u>
Net position at end of year	<u>\$ 14,664,581</u>	<u>\$ 2,901,862</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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	\$ 1,422,790	\$ 2,849,665
Cash received from other operations	1,416	57,720
Cash payments for personal services	(126,030)	-
Cash payments for contractual services	(737,248)	-
Cash payments for materials and supplies	(142,358)	-
Cash payments for claims	-	(2,851,400)
Cash payments for other expenses	(1,276)	(100)
Net cash provided by operating activities	<u>417,294</u>	<u>55,885</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(83,170)	-
Cash received from grants	61,962	-
Principal payments on bonds, notes and loans	(275,329)	-
Interest payments on bonds, notes and loans	(24,113)	-
Net cash (used in) capital and related financing activities	<u>(320,650)</u>	<u>-</u>
Net increase in cash and cash equivalents	96,644	55,885
Cash and cash equivalents at beginning of year	1,341,129	3,047,889
Cash and cash equivalents at end of year	<u>\$ 1,437,773</u>	<u>\$ 3,103,774</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (161,797)	\$ 321,339
Adjustments:		
Depreciation	517,846	-
Changes in assets, deferred outflows, liabilities, and deferred inflows:		
Change in accounts receivable	(11,030)	(14,178)
Change in materials and supplies inventory	131	-
Change in net pension asset	1,013	-
Change in net OPEB asset	18,385	-
Change in deferred outflows of resources - pension	(43,715)	-
Change in deferred outflows of resources - OPEB	(8,968)	-
Change in accounts payable	49,210	-
Change in accrued wages and benefits	(150)	-
Change in claims payable	-	(251,276)
Change in due to other governments	12,677	-
Change in compensated absences payable	244	-
Change in net pension liability	119,413	-
Change in net OPEB liability	3,550	-
Change in deferred inflows of resources - pension	(61,770)	-
Change in deferred inflows of resources - OPEB	(17,745)	-
Net cash provided by operating activities	<u>\$ 417,294</u>	<u>\$ 55,885</u>

Non-cash transactions:

At December 31, 2023, the Sewer District fund received \$6,131,090 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, 2023
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Custodial</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 5,003,398
Cash in segregated accounts	1,011,861
Receivables (net of allowances for uncollectibles):	
Real and other taxes	49,982,174
Accounts	292,714
Due from other governments	3,147,535
Prepayments	<u>1,178</u>
Total assets	<u>59,438,860</u>
Liabilities:	
Accounts payable	398,414
Accrued wages and benefits	73,459
Due to other governments	<u>586,657</u>
Total liabilities	<u>1,058,530</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	<u>48,794,192</u>
Net position:	
Restricted for individuals, organizations and other governments	<u>9,586,138</u>
Total net position	<u>\$ 9,586,138</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, 2023
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	Custodial
Additions:	
Intergovernmental	\$ 4,311,199
Amounts received as fiscal agent	5,738,918
Fines, forfeitures, licenses, permits and fees for other governments	5,186,698
Real and other tax collections for other governments	48,361,795
Other custodial fund collections	1,766,144
Total additions	65,364,754
Deductions:	
Distributions of state funds to other governments	4,321,357
Distributions as fiscal agent	5,327,938
Fines, forfeitures, licenses, permits and fees distributions to other governments	5,186,698
Real and other tax distributions to other governments	48,814,409
Other custodial fund disbursements	1,814,019
Total deductions	65,464,421
Net change in fiduciary net position	(99,667)
Net position beginning of year	9,685,805
Net position end of year	\$ 9,586,138

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (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, 2023 (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.

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, Soil and Water Conservation and Holmes County Park District.

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.

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 \$434,587 to the Council during 2023.

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 2023, the County paid \$28,463 to MEORC for services provided.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (SEE ACCOUNTANT'S COMPILATION REPORT)

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

Ohio Mid-Eastern Governments Association (OMEGA) - OMEGA is organized as an agency of the local governments by agreement among the membership. OMEGA provides opportunities in economic and community development through networking, education, planning, research and allocation of resources. OMEGA consists of Belmont, Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Tuscarawas and Columbiana Counties and other political subdivisions in the counties.

OMEGA's governing board consists of a twenty-one-member Executive Board comprised of members appointed from each participating county and the cities within each county to supervise the administrative functions of OMEGA. The executive board elects officers and appoints an executive director and its own fiscal officer. The board exercises total control, including budgeting, appropriating, contracting, and designating management.

The continued existence of OMEGA is not dependent on the County's continued participation and no equity interest exists. OMEGA has no outstanding debt. During 2023, the County contributed \$6,633 to OMEGA.

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 2023 was \$203,327.

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

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.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (SEE ACCOUNTANT'S COMPILATION REPORT)

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

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.

The following are the County's major governmental funds:

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

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

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

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

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (SEE ACCOUNTANT'S COMPILATION REPORT)

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

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.

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.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (SEE ACCOUNTANT'S COMPILATION REPORT)

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

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.

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.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (SEE ACCOUNTANT'S COMPILATION REPORT)

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

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, 2023, but which were levied to finance 2024 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.

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.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (SEE ACCOUNTANT'S COMPILATION REPORT)

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

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 2023.

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 2023 are included in the final budget amounts in the budget-to-actual comparisons.

Lapsing of Appropriations - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and is not re-appropriated.

F. Cash, Cash Equivalents and Investments

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

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

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

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT’S COMPILATION REPORT)

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

During 2023, 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, 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 2023 amounted to \$2,863,341 which includes \$1,718,069 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.

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

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (SEE ACCOUNTANT'S COMPILATION REPORT)

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

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, 2023, 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, 2023 and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments.

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

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

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

J. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2022, are recorded as prepayments using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

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

K. Accrued Liabilities and Long-Term Obligations

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

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (SEE ACCOUNTANT'S COMPILATION REPORT)

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

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

L. Interfund Transactions

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

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

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.

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

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (SEE ACCOUNTANT'S COMPILATION REPORT)

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Board of Commissioners, which includes giving the County Auditor the authority to constrain monies for intended purposes. The Board of Commissioners has, by resolution, authorized the County Auditor to assign fund balances for encumbrances outstanding at year-end.

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

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

N. Estimates

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

O. Net Position

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

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

P. Total Column

A total column is presented on the entity-wide statement of net position and statement of activities. Contracts payable in the governmental activities in the amount of \$619,441 are related to sewer construction projects. This amount of contracts payable has been included in net investment in capital assets in the total column on the statement of net position. The contracts payable have been excluded from net investment in capital assets in the governmental activities and the business-type activities on the statement of net position.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

Q. 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.

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.

R. 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.

S. 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.

T. 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.

U. 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 2023, the sewer district fund received \$61,962 in capital contributions from grantors and \$6,131,090 in capital contributions from governmental activities.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2023, the County has implemented GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements", GASB Statement No. 96, "Subscription Based Information Technology Arrangements", certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the County.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the County.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 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.

B. Deficit Fund Balances

Fund balances at December 31, 2023 included the following individual fund deficits:

	<u>Deficit</u>
<u>Nonmajor governmental funds</u>	
Ohio Department of Development Grant	\$ 369,213
Demolition site revitalization	96,526

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.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of this state or the political subdivisions of this state, provided the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;
5. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided these investments are made only through eligible institutions;
6. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies;
8. High grade commercial paper for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the County's total average portfolio; and,
9. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the County's total average portfolio.

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.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

At year end, the County had \$127,396 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, 2023, the carrying amount of all County deposits, including nonnegotiable certificates of deposit and cash in segregated accounts, was \$26,840,831 and the bank balance was \$27,449,131. Of the bank balance, \$1,801,629 was covered by the FDIC and \$25,647,502 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 2023, 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.

C. Investments

As of December 31, 2023, 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	\$ 9,286,229	\$ 3,091,127	\$ 1,926,350	\$ 461,735	\$ 3,807,017
FHLB	6,848,515	1,120,306	575,530	1,804,144	3,348,535
FHLMC	3,189,013	480,945	2,164,066	544,002	-
FNMA	4,159,862	1,070,662	2,982,622	106,578	-
FAMC	415,786	-	-	229,710	186,076
Corporate notes	2,906,024	1,144,135	1,761,889	-	-
Municipal bonds	2,332,369	1,210,177	440,446	119,266	562,480
Negotiable CDs	4,772,493	2,390,374	1,183,918	227,342	970,859
U.S. Treasury note	11,026,878	748,425	566,427	2,854,824	6,857,202
U.S. Government money market mutual fund	295,356	295,356	-	-	-
Total	\$ 45,232,525	\$ 11,551,507	\$ 11,601,248	\$ 6,347,601	\$ 15,732,169

The weighted average of maturity of investments is 2.08 years.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 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 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, 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.

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, 2023:

Measurement/ Investment type	Measurement	
	Value	% of Total
<i>Fair Value</i>		
FFCB	\$ 9,286,229	20.53
FHLB	6,848,515	15.14
FHLMC	3,189,013	7.05
FNMA	4,159,862	9.20
FAMC	415,786	0.92
Corporate note	2,906,024	6.42
Municipal bond	2,332,369	5.16
Negotiable CDs	4,772,493	10.55
U.S. Treasury note	11,026,878	24.38
U.S. Government money market mutual fund	295,356	0.65
Total	\$ 45,232,525	100.00

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2023:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 26,840,831
Investments	45,232,525
Cash on hand	<u>127,396</u>
Total	<u>\$ 72,200,752</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 64,587,856
Business-type activities	1,437,773
Component unit ⁽¹⁾	159,864
Custodial	<u>6,015,259</u>
Total	<u>\$ 72,200,752</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."

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund Transfers

Interfund transfers for the year ended December 31, 2023, consisted of the following, as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	
Nonmajor governmental funds	\$ 4,042,182
<u>Transfer from County Board of DD fund to:</u>	
Nonmajor governmental funds	150,000
<u>Transfers from nonmajor governmental funds to:</u>	
Nonmajor governmental funds	<u>180,041</u>
Total	<u>\$ 4,372,223</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.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

B. Due to/From Other Funds

Due to/from other funds consisted of the following at December 31, 2023, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ <u>1,275</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, 2023 as reported on the fund financial statements:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 105,141
General fund	Sewer	<u>315,900</u>
Total		<u>\$ 421,041</u>

The loan balance from the general fund to a nonmajor governmental fund is to cover grant expenditures which will be reimbursed in 2024. Interfund loans between governmental funds are eliminated on the statement of net position.

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. 2023 public utility property taxes became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

HOLMES COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)**

NOTE 6 - PROPERTY TAXES - (Continued)

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, 2023 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 2023 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, 2023 was \$12.80 per \$1,000 of assessed value. The total assessed value of real property upon which 2023 property tax receipts were based was \$1,589,528,250.

NOTE 7 - RECEIVABLES

Receivables at December 31, 2023, consisted of taxes, interest, accounts (billings for user charged services and other fees), and intergovernmental receivables arising from grants, entitlements and shared revenue. All intergovernmental receivables have been classified as "due from other governments" on the balance sheet and statement of net position. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

A. Permissive Sales and Use Tax

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

Amounts that have been collected by the State and that are to be received within the available period are accrued as revenue on the fund financial statements. Each month, the sales tax revenue is allocated to County funds in accordance with the yearly Resolution adopted by the Commissioner. During 2023, 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 2023 amounted to \$16,653,705 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	\$ 232,293
Local government	255,000
Casino	318,643
Other	1,117
Total	<u>807,053</u>

(Continued)

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 7 - RECEIVABLES - (Continued)

<u>County Board of DD</u>	
Homestead and rollback	\$ 158,879
<u>Motor vehicle license</u>	
Gasoline excise and motor vehicle license tax	4,050,411
Other	54,620
Total	<u>4,105,031</u>
<u>Nonmajor governmental funds</u>	
Public assistance	696,222
Child support enforcement	151,535
Youth services	73,979
State victims assistance grant	9,435
County home	52,866
Office of criminal justice	2,416
Ohio Department of Development grant	502,281
Demolition site revitalization	105,141
Continuing professional education	32,004
Children services	716
Total nonmajor governmental funds	<u>1,626,595</u>
Total governmental funds	<u>\$ 6,697,558</u>
<u>Custodial funds</u>	
County public library	\$ 731,224
Gasoline and license tax	1,680,034
Undivided local government	170,000
Permissive tax	13,235
Family and children first council	15,000
Board of health	12,500
Park district	525,542
Total custodial funds	<u>\$ 3,147,535</u>

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 7 - RECEIVABLES - (Continued)

C. Leases Receivable

The County is reporting leases receivable of \$56,870 in the county home fund, a nonmajor governmental fund. For 2023, the County recognized lease revenue of \$13,877, which is reported in rental income and interest revenue of \$1,950.

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>
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>\$ 56,870</u>	<u>\$ 3,930</u>	<u>\$ 60,800</u>

THIS SPACE INTENTIONALLY LEFT BLANK

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, was as follows:

	Balance 12/31/2022	Additions	Deductions	Balance 12/31/2023
<u>Governmental activities:</u>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,948,028	\$ 152,460	\$ -	\$ 2,100,488
Construction in progress	<u>2,420,946</u>	<u>11,879,933</u>	<u>(10,338,194)</u>	<u>3,962,685</u>
Total capital assets, not being depreciated	<u>4,368,974</u>	<u>12,032,393</u>	<u>(10,338,194)</u>	<u>6,063,173</u>
<i>Capital assets, being depreciated:</i>				
Buildings	26,443,077	281,150	-	26,724,227
Improvements other than buildings	1,662,984	202,048	-	1,865,032
Machinery and equipment	7,570,646	214,991	(46,505)	7,739,132
Vehicles	6,257,124	999,765	(81,763)	7,175,126
Intangible right to use - leased equipment	389,466	50,128	-	439,594
Infrastructure	<u>50,733,348</u>	<u>15,124,380</u>	<u>-</u>	<u>65,857,728</u>
Total capital assets, being depreciated	<u>93,056,645</u>	<u>16,872,462</u>	<u>(128,268)</u>	<u>109,800,839</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(16,082,876)	(651,071)	-	(16,733,947)
Improvements other than buildings	(613,479)	(108,385)	-	(721,864)
Machinery and equipment	(4,963,155)	(397,630)	46,505	(5,314,280)
Vehicles	(4,734,840)	(566,040)	81,763	(5,219,117)
Intangible right to use - leased equipment	(248,104)	(34,731)	-	(282,835)
Infrastructure	<u>(23,174,835)</u>	<u>(1,634,936)</u>	<u>-</u>	<u>(24,809,771)</u>
Total accumulated depreciation	<u>(49,817,289)</u>	<u>(3,392,793)</u>	<u>128,268</u>	<u>(53,081,814)</u>
Total capital assets, being depreciated net	<u>43,239,356</u>	<u>13,479,669</u>	<u>-</u>	<u>56,719,025</u>
Governmental activities capital assets, net	<u>\$ 47,608,330</u>	<u>\$ 25,512,062</u>	<u>\$(10,338,194)</u>	<u>\$ 62,782,198</u>

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

<u>Governmental activities:</u>	
Legislative and executive	\$ 151,529
Judicial	71,243
Public safety	275,932
Public works	2,215,625
Health	253,684
Human services	<u>424,780</u>
Total depreciation expense - governmental activities	<u>\$ 3,392,793</u>

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 8 - CAPITAL ASSETS - (Continued)

	Balance 12/31/2022	Additions	Deductions	Balance 12/31/2023
<u>Business-type activities:</u>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 98,503	\$ -	\$ -	\$ 98,503
Construction in progress	<u>2,547,130</u>	<u>6,131,090</u>	<u>(725,623)</u>	<u>7,952,597</u>
Total capital assets, not being depreciated	<u>2,645,633</u>	<u>6,131,090</u>	<u>(725,623)</u>	<u>8,051,100</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	11,209,228	-	-	11,209,228
Machinery and equipment	1,181,247	83,170	-	1,264,417
Sewer/water lines	<u>7,303,586</u>	<u>725,623</u>	<u>-</u>	<u>8,029,209</u>
Total capital assets, being depreciated	<u>19,694,061</u>	<u>808,793</u>	<u>-</u>	<u>20,502,854</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(3,791,000)	(279,933)	-	(4,070,933)
Machinery and equipment	(871,398)	(50,645)	-	(922,043)
Sewer/water lines	<u>(3,842,059)</u>	<u>(187,268)</u>	<u>-</u>	<u>(4,029,327)</u>
Total accumulated depreciation	<u>(8,504,457)</u>	<u>(517,846)</u>	<u>-</u>	<u>(9,022,303)</u>
Total capital assets, being depreciated net	<u>11,189,604</u>	<u>290,947</u>	<u>-</u>	<u>11,480,551</u>
Business-type activities capital assets, net	<u>\$ 13,835,237</u>	<u>\$ 6,422,037</u>	<u>\$ (725,623)</u>	<u>\$ 19,531,651</u>

Depreciation expense was charged to the enterprise fund as follows:

<u>Business-type activities:</u>	
Sewer district	<u>\$ 517,846</u>

THIS SPACE INTENTIONALLY LEFT BLANK

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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 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>			
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

THIS SPACE INTENTIONALLY LEFT BLANK

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

B. Governmental Activities Long-Term Obligations

During 2023, the following activity occurred in the County's governmental long-term obligations.

	<u>Balance</u> <u>12/31/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2023</u>	<u>Due in</u> <u>One Year</u>
<u>General obligation bonds:</u>					
Series 2017 landfill improvement refunding bonds	\$ 1,825,000	\$ -	\$ (70,000)	\$ 1,755,000	\$ 75,000
Series 2011 various purpose refunding bonds	<u>305,000</u>	<u>-</u>	<u>(150,000)</u>	<u>155,000</u>	<u>155,000</u>
Total general obligation bonds	<u>2,130,000</u>	<u>-</u>	<u>(220,000)</u>	<u>1,910,000</u>	<u>230,000</u>
<u>OPWC loans (direct borrowing):</u>					
OPWC loan - resurfacing CN15V	162,798	-	(25,046)	137,752	25,046
OPWC loan - resurfacing CN16V	1,086,726	-	(167,189)	919,537	167,189
OPWC loan - resurfacing CN10X	375,000	-	(50,000)	325,000	50,000
OPWC loan - resurfacing CN05Y	675,000	-	(75,000)	600,000	75,000
OPWC loan - resurfacing CN10W	<u>562,500</u>	<u>-</u>	<u>(62,500)</u>	<u>500,000</u>	<u>62,500</u>
Total OPWC loans	<u>2,862,024</u>	<u>-</u>	<u>(379,735)</u>	<u>2,482,289</u>	<u>379,735</u>
<u>Other long-term obligations:</u>					
Landfill closure and postclosure care liability	1,794,506	-	(115,219)	1,679,287	150,000
Leases payable	128,963	50,128	(58,224)	120,867	51,584
Net pension liability	8,722,109	19,916,023	-	28,638,132	-
Net OPEB liability	-	581,411	-	581,411	-
Compensated absences	<u>1,362,941</u>	<u>1,038,096</u>	<u>(915,589)</u>	<u>1,485,448</u>	<u>1,007,502</u>
Total other long-term obligations	<u>12,008,519</u>	<u>21,585,658</u>	<u>(1,089,032)</u>	<u>32,505,145</u>	<u>1,209,086</u>
Total governmental activities long-term obligations	17,000,543	21,585,658	(1,688,767)	36,897,434	1,818,821
Unamortized premium on bonds	<u>96,072</u>	<u>-</u>	<u>(6,280)</u>	<u>89,792</u>	<u>-</u>
Total on statement of net position	<u>\$ 17,096,615</u>	<u>\$ 21,585,658</u>	<u>\$ (1,695,047)</u>	<u>\$ 36,987,226</u>	<u>\$ 1,818,821</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, 2023
(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 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, 2023.

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		

THIS SPACE INTENTIONALLY LEFT BLANK

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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:

Year	General Obligation Bonds		
	Principal	Interest	Total
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	80,000	58,000	138,000
2029 - 2033	445,000	240,000	685,000
2034 - 2038	545,000	143,200	688,200
2039 - 2041	380,000	30,800	410,800
Total	<u>\$ 1,910,000</u>	<u>\$ 727,137</u>	<u>\$ 2,637,137</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:

Year	Leases Payable			OPWC Loans
	Principal	Interest	Total	Principal
2024	\$ 51,584	\$ 3,892	\$ 55,476	\$ 379,735
2025	34,049	1,856	35,905	379,735
2026	12,973	982	13,955	379,735
2027	13,027	548	13,575	379,734
2028	9,234	139	9,373	379,732
2029 - 2031	-	-	-	583,618
Total	<u>\$ 120,867</u>	<u>\$ 7,417</u>	<u>\$ 128,284</u>	<u>\$ 2,482,289</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, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

C. Business-Type Activities Long-term Obligations

During 2023, the following activity occurred in the County's business-type activities long-term obligations.

	Balance			Balance	Amounts
	<u>12/31/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2023</u>	<u>Due in</u> <u>One Year</u>
<u>General obligation bond:</u>					
Series 2012 sewer system improvement refunding bonds	\$ 1,530,000	\$ -	\$ (90,000)	\$ 1,440,000	\$ 90,000
<u>OWDA loans (direct borrowing):</u>					
Walnut Creek WWTP 9297	637,696	-	(20,962)	616,734	21,120
Walnut Creek WWTP 9298	1,552,455	-	(52,078)	1,500,377	52,469
Total OWDA loans	<u>2,190,151</u>	<u>-</u>	<u>(73,040)</u>	<u>2,117,111</u>	<u>73,589</u>
<u>OPWC loans (direct borrowing):</u>					
Walnut Creek	33,451	-	(8,363)	25,088	8,362
Walnut Creek Upgrade	666,666	-	(33,333)	633,333	33,334
October Hills Phase I	261,324	-	(13,067)	248,257	13,066
October Hills Phase II	404,251	-	(17,576)	386,675	17,576
Mt. Hope WWTP CN18U	1,058,675	-	(39,950)	1,018,725	39,950
Total OPWC loans	<u>2,424,367</u>	<u>-</u>	<u>(112,289)</u>	<u>2,312,078</u>	<u>112,288</u>
<u>Other long-term obligations:</u>					
Net pension liability	52,065	119,413	-	171,478	-
Net OPEB liability	-	3,550	-	3,550	-
Compensated absences	8,108	7,385	(7,141)	8,352	7,215
Total other long-term obligations	<u>60,173</u>	<u>130,348</u>	<u>(7,141)</u>	<u>183,380</u>	<u>7,215</u>
Total business-type activities long-term obligations	6,204,691	130,348	(282,470)	6,052,569	283,092
Less: unamortized discount on bonds	<u>(1,406)</u>	<u>-</u>	<u>101</u>	<u>(1,305)</u>	<u>-</u>
Total on the statement of net position	<u>\$ 6,203,285</u>	<u>\$ 130,348</u>	<u>\$ (282,369)</u>	<u>\$ 6,051,264</u>	<u>\$ 283,092</u>

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, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

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, 2023.

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. The total principal and interest remaining to be paid on the OWDA loans is \$2,335,421. Annual principal and interest payments on the loans are expected to require 25.09 percent of net revenues and 6.22 percent of total revenues. Principal and interest paid for the current year were \$89,330, total net revenues were \$356,046 and total revenues were \$1,435,236.

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:

Year Ended	General obligation bonds		
	Principal	Interest	Total
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	105,000	39,065	144,065
2029 - 2033	565,000	144,535	709,535
2034 - 2036	390,000	33,576	423,576
Total	<u>\$ 1,440,000</u>	<u>\$ 402,049</u>	<u>\$ 1,842,049</u>

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

<u>Year Ended</u>	Direct Borrowings			
	OWDA Loans			OPWC Loans
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>
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	75,826	13,504	89,330	103,926
2029 - 2033	387,761	58,886	446,647	519,629
2034 - 2038	402,550	44,097	446,647	519,628
2039 - 2043	417,903	28,744	446,647	473,227
2044 - 2048	433,841	12,806	446,647	234,902
2049 - 2050	101,540	644	102,184	19,975
Total	<u>\$ 2,117,111</u>	<u>\$ 218,310</u>	<u>\$ 2,335,421</u>	<u>\$ 2,312,078</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, 2023, the County's total legal debt margin was \$38,359,297 and the unvoted legal debt margin was \$14,016,374.

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, 2023, the County's total liability for unpaid compensated absences was \$1,493,800.

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, 2023 (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 2023, 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, 2023
(SEE ACCOUNTANT’S COMPILATION REPORT)

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 \$216,090 for estimated claims payments incurred and due at year-end. Changes in the claims payable in 2023 follows:

Year	Balance at Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
2023	\$ 467,366	\$ 2,600,124	\$ (2,851,400)	\$ 216,090
2022	291,080	3,119,592	(2,943,306)	467,366

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 FOR THE YEAR ENDED DECEMBER 31, 2023 (SEE ACCOUNTANT'S COMPILATION REPORT)

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 is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group.

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20.00% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

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

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

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

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

**** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

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, 2023 (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 \$2,344,870 for 2023. Of this amount, \$119,999 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 Aug. 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until Aug. 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

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

The DC Plan allows members to place all of their member contributions and 11.09% of the 14.00% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS Ohio. The remaining 2.91% of the 14.00% 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, 12.00% of the 14.00% percent member rate is deposited into the member's DC account and the remaining 2.00% 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
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

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 2023 employer and employee contribution rate of 14.00% was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

The County's contractually required contribution to STRS was \$50,763 for 2023. Of this amount, \$2,433 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, 2022, 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, 2023, 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	0.10341000%	0.06898800%	0.07821900%	0.00247311%	
Proportion of the net pension liability/asset current measurement date	<u>0.10449400%</u>	<u>0.04676000%</u>	<u>0.06757400%</u>	<u>0.00257056%</u>	
Change in proportionate share	<u>0.00108400%</u>	<u>-0.02222800%</u>	<u>-0.01064500%</u>	<u>0.00009745%</u>	
Proportionate share of the net pension liability	\$ 28,256,042	\$ -	\$ -	\$ 553,568	\$ 28,809,610
Proportionate share of the net pension asset	-	100,884	4,837	-	105,721
Pension expense	4,446,709	12,935	(469)	(36,007)	4,423,168

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	STRS	Total
Deferred outflows of resources					
Differences between expected and actual experience	\$ 938,547	\$ 6,203	\$ 13,899	\$ 20,183	\$ 978,832
Net difference between projected and actual earnings on pension plan investments	8,053,861	36,768	2,271	-	8,092,900
Changes of assumptions	298,506	6,680	306	45,589	351,081
Changes in employer's proportionate percentage/difference between employer contributions	152,496	-	-	19,359	171,855
Contributions subsequent to the measurement date	2,277,910	20,869	46,091	27,900	2,372,770
Total deferred outflows of resources	<u>\$ 11,721,320</u>	<u>\$ 70,520</u>	<u>\$ 62,567</u>	<u>\$ 113,031</u>	<u>\$ 11,967,438</u>
Deferred inflows of resources					
Differences between expected and actual experience	\$ -	\$ 14,418	\$ -	\$ 1,226	\$ 15,644
Net difference between projected and actual earnings on pension plan investments	-	-	-	1,657	1,657
Changes of assumptions	-	-	-	34,315	34,315
Changes in employer's proportionate percentage/difference between employer contributions	26,360	-	-	65,009	91,369
Total deferred inflows of resources	<u>\$ 26,360</u>	<u>\$ 14,418</u>	<u>\$ -</u>	<u>\$ 102,207</u>	<u>\$ 142,985</u>

\$2,372,770 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, 2024.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

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
2024	\$ 1,171,249	\$ 1,489	\$ 2,306	\$ (47,762)	\$ 1,127,282
2025	1,929,815	6,762	2,478	(27,729)	1,911,326
2026	2,370,643	9,383	2,521	58,183	2,440,730
2027	3,945,343	15,830	2,854	232	3,964,259
2028	-	(37)	1,637	-	1,600
Thereafter	-	1,806	4,680	-	6,486
Total	\$ 9,417,050	\$ 35,233	\$ 16,476	\$ (17,076)	\$ 9,451,683

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, 2022, 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, 2022, compared to the December 31, 2021 actuarial valuation, are presented below.

Wage inflation

Current measurement date	2.75%
Prior measurement date	2.75%

Future salary increases, including inflation

Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	2.75% 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: 3.00%, simple through 2022, then 2.05% simple

Investment rate of return

Current measurement date	6.90%
Prior measurement date	6.90%

Actuarial cost method

Individual entry age

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric 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, 2022, these best estimates are summarized in the following table:

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

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

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, 2022 was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments 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	\$ 42,326,606	\$ 28,256,042	\$ 16,551,855
Combined Plan	(52,649)	(100,884)	(139,113)
Member-Directed Plan	(3,093)	(4,837)	(6,186)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 actuarial valuation compared with June 30, 2022 are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	8.50% 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, 2023, 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
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

The actuarial assumptions used in the June 30, 2023, 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, 2022, valuation were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016. An actuarial study is done on a quinquennial basis.

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	100.00 %	

* Final target weights reflected at 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, 2023. 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. 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, 2023. 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, 2023.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00%, 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	\$ 851,266	\$ 553,568

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (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. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

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

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

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

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

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

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

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

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

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

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

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

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50.00% of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.00% 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 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a 2.00% allocation to health care for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2023 was 4.00%; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$21,915 for 2023. Of this amount, \$1,121 is reported as due to other governments.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 14.00% of covered payroll. For 2023, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. STRS's total OPEB asset was measured as of June 30, 2023, 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 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	0.10143100%	0.00247311%	
Proportion of the net OPEB liability current measurement date	<u>0.10134900%</u>	<u>0.00257056%</u>	
Change in proportionate share	<u>-0.00008200%</u>	<u>0.00009745%</u>	
Proportionate share of the net OPEB liability	\$ 584,961	\$ -	\$ 584,961
Proportionate share of the net OPEB asset	-	49,994	49,994
OPEB expense	(867,263)	(5,898)	(873,161)

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

At December 31, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 78	\$ 78
Net difference between projected and actual earnings on OPEB plan investments	1,161,752	89	1,161,841
Changes of assumptions	571,344	7,364	578,708
Changes in employer's proportionate percentage/difference between employer contributions	96	221	317
Contributions subsequent to the measurement date	21,915	-	21,915
Total deferred outflows of resources	<u>\$ 1,755,107</u>	<u>\$ 7,752</u>	<u>\$ 1,762,859</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 145,912	\$ 7,626	\$ 153,538
Changes of assumptions	47,012	32,990	80,002
Changes in employer's proportionate percentage/difference between employer contributions	18,557	5,885	24,442
Total deferred inflows of resources	<u>\$ 211,481</u>	<u>\$ 46,501</u>	<u>\$ 257,982</u>

\$21,915 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 in the year ending December 31, 2024.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Year Ending December 31:	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
2024	\$ 175,766	\$ (17,968)	\$ 157,798
2025	422,453	(8,026)	414,427
2026	362,271	(3,470)	358,801
2027	561,221	(3,519)	557,702
2028	-	(3,228)	(3,228)
Thereafter	-	(2,538)	(2,538)
Total	<u>\$ 1,521,711</u>	<u>\$ (38,749)</u>	<u>\$ 1,482,962</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, 2021, rolled forward to the measurement date of December 31, 2022.

THIS SPACE INTENTIONALLY LEFT BLANK

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

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	2.75%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75%
	including wage inflation
Prior Measurement date	2.75 to 10.75%
	including wage inflation
Single Discount Rate:	
Current measurement date	5.22%
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	4.05%
Prior Measurement date	1.84%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2036
Prior Measurement date	5.50% initial, 3.50% ultimate in 2034
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 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6% for 2022.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

The allocation of investment assets within the Health Care portfolio is approved by the Board 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. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00 %	2.56 %
Domestic equities	26.00	4.60
Real Estate Investment Trusts (REITs)	7.00	4.70
International equities	25.00	5.51
Risk parity	2.00	4.37
Other investments	6.00	1.84
Total	<u>100.00 %</u>	

Discount Rate - A single discount rate of 5.22% was used to measure the total OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6.00%. 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 4.05%. 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 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB liability calculated using the single discount rate of 5.22%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.22%) or one-percentage-point higher (6.22%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net OPEB liability/(asset)	\$ 1,990,940	\$ 584,961	\$ (575,202)

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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 health care; the trend starting in 2023 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 liability	\$ 548,297	\$	584,961	\$	626,228

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023, actuarial valuation, compared with June 30, 2022, are presented below:

	June 30, 2023		June 30, 2022	
Inflation	2.50%		2.50%	
Projected salary increases	Varies by service from 2.50% to 8.50%		8.50% 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%	4.14%	7.50%	3.94%
Medicare	-10.94%	4.14%	-68.78%	3.94%
Prescription Drug				
Pre-Medicare	-11.95%	4.14%	9.00%	3.94%
Medicare	1.33%	4.14%	-5.47%	3.94%

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

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

For the actuarial valuation as of June 30, 2023, 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, 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.

The actuarial assumptions used in the June 30, 2023, 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, 2022, valuation were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016. An actuarial experience study is done on a quinquennial basis.

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

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected 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>	

* Final target weights reflected at 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, 2023. 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, 2023. 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, 2023.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the County's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2023, 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.

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net OPEB asset	\$ 42,313	\$ 49,994	\$ 56,683
	1% Decrease	Current Trend Rate	1% Increase
County's proportionate share of the net OPEB asset	\$ 56,993	\$ 49,994	\$ 41,563

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, and motor vehicle license fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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>	County <u>Board of DD</u>	Motor Vehicle <u>License</u>
Budget basis	\$ 4,385,421	\$ 1,789,306	\$ (215,381)
Net adjustment for revenue accruals	1,296,280	2,899	(523,914)
Net adjustment for expenditure accruals	117,514	25,022	861,171
Net adjustment for other sources/(uses)	49,482	-	-
Funds budgeted elsewhere	135,782	-	-
Adjustment for encumbrances	<u>37,775</u>	<u>-</u>	<u>262,143</u>
GAAP basis	<u>\$ 6,022,254</u>	<u>\$ 1,817,227</u>	<u>\$ 384,019</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, 2023.

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, 2023.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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	\$ 88,813	\$ 14,465	\$ 572,074	\$ 107,116	\$ 782,468
Prepayments	212,770	5,822	5,672	26,055	250,319
Unclaimed monies	<u>122,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,289</u>
Total nonspendable	<u>423,872</u>	<u>20,287</u>	<u>577,746</u>	<u>133,171</u>	<u>1,155,076</u>
Restricted:					
Capital projects	-	-	-	230,884	230,884
Debt service	-	-	-	31,091	31,091
Public works projects	-	-	3,919,347	2,423,668	6,343,015
Public safety programs	-	-	-	927,878	927,878
Health	-	-	-	380,231	380,231
Human services programs	-	7,031,236	-	6,673,408	13,704,644
Real estate assessment	-	-	-	1,317,244	1,317,244
Court special projects	-	-	-	363,251	363,251
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>840,016</u>	<u>840,016</u>
Total restricted	<u>-</u>	<u>7,031,236</u>	<u>3,919,347</u>	<u>13,187,671</u>	<u>24,138,254</u>
Committed:					
Capital projects	-	-	-	697,033	697,033
Jail kitchen	166,970	-	-	-	166,970
Compensated absences	<u>709,772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>709,772</u>
Total committed	<u>876,742</u>	<u>-</u>	<u>-</u>	<u>697,033</u>	<u>1,573,775</u>
Assigned:					
Subsequent year appropriations	8,996,381	-	-	-	8,996,381
Public safety programs	369,357	-	-	-	369,357
Legislative and executive	36,180	-	-	-	36,180
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,772,173</u>	<u>6,772,173</u>
Total assigned	<u>9,401,918</u>	<u>-</u>	<u>-</u>	<u>6,772,173</u>	<u>16,174,091</u>
Unassigned (deficit)	<u>19,053,982</u>	<u>-</u>	<u>-</u>	<u>(465,739)</u>	<u>18,588,243</u>
Total fund balances	<u>\$ 29,756,514</u>	<u>\$ 7,051,523</u>	<u>\$ 4,497,093</u>	<u>\$ 20,324,309</u>	<u>\$ 61,629,439</u>

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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	\$ 36,180
Motor Vehicle License	<u>262,143</u>
Total	<u>\$ 298,323</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, 2023, of \$1,679,287 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, 2023. 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, 2023, vacation and sick leave liability were \$12,688 and \$11,950, 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, 2023
(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 \$16,518 for 2023. Of this amount, \$847 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, 2022, 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	0.00069497%	0.00046363%	0.00052567%	
Proportion of the net pension liability/asset current measurement date	<u>0.00067382%</u>	<u>0.00030153%</u>	<u>0.00043574%</u>	
Change in proportionate share	<u>-0.00002115%</u>	<u>-0.00016210%</u>	<u>-0.00008993%</u>	
Proportionate share of the net pension liability	\$ 199,047	\$ -	\$ -	\$ 199,047
Proportionate share of the net pension asset	-	711	34	745
Pension expense	31,804	91	(3)	31,892

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

At December 31, 2023, 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	\$ 6,611	\$ 44	\$ 98	\$ 6,753
Net difference between projected and actual earnings on pension plan investments	56,735	259	16	57,010
Changes of assumptions	2,103	47	2	2,152
Changes in employer's proportionate percentage/ difference between employer contributions	672	-	-	672
Contributions subsequent to the measurement date	16,046	147	325	16,518
Total deferred outflows of resources	<u>\$ 82,167</u>	<u>\$ 497</u>	<u>\$ 441</u>	<u>\$ 83,105</u>
Deferred inflows of resources				
Differences between expected and actual experience	\$ -	\$ 102	\$ -	\$ 102
Changes in employer's proportionate percentage/ difference between employer contributions	1,863	-	-	1,863
Total deferred inflows of resources	<u>\$ 1,863</u>	<u>\$ 102</u>	<u>\$ -</u>	<u>\$ 1,965</u>

\$16,518 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, 2024.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
Year Ending December 31:				
2024	\$ 7,114	\$ 10	\$ 16	\$ 7,140
2025	12,652	48	17	12,717
2026	16,700	66	18	16,784
2027	27,792	112	20	27,924
2028	-	-	12	12
Thereafter	-	12	33	45
Total	<u>\$ 64,258</u>	<u>\$ 248</u>	<u>\$ 116</u>	<u>\$ 64,622</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	\$ 298,165	\$ 199,047	\$ 116,598
Combined Plan	(371)	(711)	(980)
Member-Directed Plan	(22)	(34)	(44)

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 \$154 for 2023. 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, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. 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, 2023
(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	0.00068167%
Proportion of the net OPEB liability/asset current measurement date	<u>0.00065354%</u>
Change in proportionate share	<u>-0.00002813%</u>
Proportionate share of the net OPEB liability	\$ 4,121
OPEB expense	\$ (5,957)

At December 31, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred outflows of resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 8,184
Changes of assumptions	4,025
Changes in employer's proportionate percentage/ difference between employer contributions	\$ 54
Contributions subsequent to the measurement date	154
Total deferred outflows of resources	<u>\$ 12,417</u>
Deferred inflows of resources	
Differences between expected and actual experience	\$ 1,028
Changes of assumptions	331
Changes in employer's proportionate percentage/ difference between employer contributions	22
Total deferred inflows of resources	<u>\$ 1,381</u>

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT’S COMPILATION REPORT)

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

\$154 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, 2024.

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

		<u>OPERS</u>	
Year Ending December 31:			
2024	\$	1,392	
2025		2,984	
2026		2,552	
2027		<u>3,954</u>	
Total	<u>\$</u>	<u>10,882</u>	

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

Sensitivity of the Commission’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the Commission’s proportionate share of the net OPEB liability calculated using the single discount rate of 5.22%, as well as what the Commission’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.22%) or one-percentage-point higher (6.22%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Commission's proportionate share of the net OPEB liability (asset)	\$ 14,025	\$ 4,121	\$ (4,052)

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

Retiree health care valuations use a health care cost trend assumption 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 2023 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.

	<u>1% Decrease</u>	<u>Current Health Care Trend Rate Assumption</u>	<u>1% Increase</u>
Commission's proportionate share of the net OPEB liability	\$ 3,862	\$ 4,121	\$ 4,411

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023 follows:

Land	\$ 54,357
Land improvements	5,852,717
Buildings and improvements	1,404,007
Equipment	<u>514,027</u>
Subtotal	7,825,108
Less: accumulated depreciation	<u>(1,793,831)</u>
Net capital assets	<u>\$ 6,031,277</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, 2023, the carrying amount and bank balance of the Airport Authority’s deposits was \$181,531. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2023, all of the bank balance of \$181,531 was covered by the FDIC and none 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, 2023 (SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 21 - TAX ABATEMENTS

As of December 31, 2023, 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 2023, 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	\$ 31,577
Ezone	<u>130,902</u>
Total	<u>\$ 162,479</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 ended in April 2023. The County will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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 TEN YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Traditional Plan:</i>				
County's proportion of the net pension liability	0.104494%	0.103410%	0.104887%	0.098815%
County's proportionate share of the net pension liability	\$ 28,256,042	\$ 8,224,399	\$ 14,227,086	\$ 17,912,915
County's covered payroll	\$ 14,763,593	\$ 14,654,150	\$ 13,840,729	\$ 12,503,214
County's proportionate share of the net pension liability as a percentage of its covered payroll	191.39%	56.12%	102.79%	143.27%
Plan fiduciary net position as a percentage of the total pension liability	75.74%	96.62%	86.88%	82.17%
<i>Combined Plan:</i>				
County's proportion of the net pension asset	0.046760%	0.068988%	0.105145%	0.097349%
County's proportionate share of the net pension asset	\$ 100,884	\$ 248,472	\$ 278,024	\$ 186,174
County's covered payroll	\$ 197,143	\$ 288,100	\$ 424,979	\$ 393,586
County's proportionate share of the net pension asset as a percentage of its covered payroll	51.17%	86.25%	65.42%	47.30%
Plan fiduciary net position as a percentage of the total pension asset	137.14%	169.88%	157.67%	145.28%
<i>Member Directed Plan:</i>				
County's proportion of the net pension asset	0.067574%	0.078219%	0.064390%	0.052978%
County's proportionate share of the net pension asset	\$ 4,837	\$ 12,982	\$ 10,752	\$ 1,837
County's covered payroll	\$ 430,420	\$ 446,620	\$ 352,000	\$ 275,120
County's proportionate share of the net pension asset as a percentage of its covered payroll	1.12%	2.91%	3.05%	0.67%
Plan fiduciary net position as a percentage of the total pension asset	126.74%	171.84%	188.21%	118.84%

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	0.100162%	0.101214%	0.100671%	0.099833%	0.184390%	0.184390%
\$	24,914,923	\$ 14,320,963	\$ 20,562,919	\$ 15,480,900	\$ 20,916,180	\$ 20,443,753
\$	11,129,671	\$ 11,055,862	\$ 10,696,317	\$ 20,937,183	\$ 20,624,208	\$ 23,104,608
	223.86%	129.53%	192.24%	73.94%	101.42%	88.48%
	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%
	0.087132%	0.077208%	0.064543%	0.072030%	0.202512%	0.202512%
\$	88,491	\$ 94,795	\$ 32,312	\$ 31,379	\$ 74,865	\$ 20,403
\$	331,614	\$ 284,415	\$ 251,242	\$ 851,408	\$ 740,250	\$ 768,454
	26.68%	33.33%	12.86%	3.69%	10.11%	2.66%
	126.64%	137.28%	116.55%	116.90%	114.83%	104.56%
	0.014828%	0.040005%	0.040348%	0.038540%		
\$	307	\$ 1,259	\$ 151	\$ 132		
\$	212,410	\$ 197,220	\$ 165,817	\$ 210,258		
	0.14%	0.64%	0.09%	0.06%		
	113.42%	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 TEN YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
County's proportion of the net pension liability	0.00257056%	0.00247311%	0.00278081%	0.00273492%
County's proportionate share of the net pension liability	\$ 553,568	\$ 549,775	\$ 355,551	\$ 661,753
County's covered-employee payroll	\$ 324,157	\$ 331,979	\$ 334,021	\$ 375,250
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	170.77%	165.61%	106.45%	176.35%
Plan fiduciary net position as a percentage of the total pension liability	80.02%	78.88%	87.78%	75.48%

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.00364501%	0.00404573%	0.00438642%	0.00457000%	0.00435302%	0.00435302%
\$ 806,072	\$ 889,565	\$ 1,042,003	\$ 1,529,717	\$ 1,203,047	\$ 1,102,636
\$ 402,179	\$ 452,586	\$ 508,529	\$ 490,221	\$ 490,221	\$ 460,864
200.43%	196.55%	204.91%	312.05%	245.41%	239.25%
77.40%	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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 2,277,910	\$ 2,066,903	\$ 2,051,581	\$ 1,937,702
Contributions in relation to the contractually required contribution	<u>(2,277,910)</u>	<u>(2,066,903)</u>	<u>(2,051,581)</u>	<u>(1,937,702)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 16,270,786	\$ 14,763,593	\$ 14,654,150	\$ 13,840,729
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 20,869	\$ 27,600	\$ 40,334	\$ 59,497
Contributions in relation to the contractually required contribution	<u>(20,869)</u>	<u>(27,600)</u>	<u>(40,334)</u>	<u>(59,497)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 173,908	\$ 197,143	\$ 288,100	\$ 424,979
Contributions as a percentage of covered payroll	12.00%	14.00%	14.00%	14.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 46,091	\$ 43,042	\$ 44,662	\$ 35,200
Contributions in relation to the contractually required contribution	<u>(46,091)</u>	<u>(43,042)</u>	<u>(44,662)</u>	<u>(35,200)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 460,910	\$ 430,420	\$ 446,620	\$ 352,000
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

Note: Information 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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,750,450	\$ 1,558,154	\$ 1,437,262	\$ 1,283,558	\$ 2,512,462	\$ 2,474,905
<u>(1,750,450)</u>	<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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 12,503,214	\$ 11,129,671	\$ 11,055,862	\$ 10,696,317	\$ 20,937,183	\$ 20,624,208
14.00%	14.00%	13.00%	12.00%	12.00%	12.00%
\$ 55,102	\$ 46,426	\$ 36,974	\$ 30,149	\$ 102,169	\$ 88,830
<u>(55,102)</u>	<u>(46,426)</u>	<u>(36,974)</u>	<u>(30,149)</u>	<u>(102,169)</u>	<u>(88,830)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 393,586	\$ 331,614	\$ 284,415	\$ 251,242	\$ 851,408	\$ 740,250
14.00%	14.00%	13.00%	12.00%	12.00%	12.00%
\$ 27,512	\$ 21,241	\$ 19,722	\$ 19,898	\$ 25,231	
<u>(27,512)</u>	<u>(21,241)</u>	<u>(19,722)</u>	<u>(19,898)</u>	<u>(25,231)</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ 275,120	\$ 212,410	\$ 197,220	\$ 165,817	\$ 210,258	
10.00%	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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 50,763	\$ 45,382	\$ 46,477	\$ 46,763
Contributions in relation to the contractually required contribution	<u>(50,763)</u>	<u>(45,382)</u>	<u>(46,477)</u>	<u>(46,763)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 362,593	\$ 324,157	\$ 331,979	\$ 334,021
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 52,535	\$ 56,305	\$ 63,362	\$ 71,194	\$ 68,631	\$ 64,521
<u>(52,535)</u>	<u>(56,305)</u>	<u>(63,362)</u>	<u>(71,194)</u>	<u>(68,631)</u>	<u>(64,521)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 375,250	\$ 402,179	\$ 452,586	\$ 508,529	\$ 490,221	\$ 496,315
14.00%	14.00%	14.00%	14.00%	14.00%	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 SEVEN YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
County's proportion of the net OPEB liability/asset	0.101349%	0.101431%	0.103266%	0.096947%
County's proportionate share of the net OPEB liability/(asset)	\$ 584,961	\$ (2,904,129)	\$ (1,685,255)	\$ 12,281,217
County's covered payroll	\$ 15,391,156	\$ 15,388,870	\$ 13,171,920	\$ 11,673,695
County's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	3.80%	18.87%	12.79%	105.20%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	94.79%	128.23%	115.57%	47.80%

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>2019</u>	<u>2018</u>	<u>2017</u>
	0.097431%	0.097900%	0.096850%
\$	11,536,997	\$ 9,588,384	\$ 9,782,201
\$	11,537,497	\$ 11,113,376	\$ 21,998,849
	100.00%	86.28%	88.02%
	46.33%	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 SEVEN YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
County's proportion of the net OPEB asset	0.00257056%	0.00247311%	0.00278081%	0.00273492%
County's proportionate share of the net OPEB asset	\$ 49,994	\$ 64,037	\$ 58,631	\$ 48,066
County's covered-employee payroll	\$ 324,157	\$ 331,979	\$ 334,021	\$ 375,250
County's proportionate share of the net OPEB asset as a percentage of its covered-employee payroll	15.42%	19.29%	17.55%	12.81%
Plan fiduciary net position as a percentage of the total OPEB asset	168.52%	230.73%	174.73%	182.13%

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>2019</u>	<u>2018</u>	<u>2017</u>
0.00364501%	0.00404573%	0.00438642%
\$ 60,370	\$ 65,000	\$ 171,142
\$ 402,179	\$ 452,586	\$ 508,529
15.01%	14.36%	33.65%
174.70%	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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 21,915	\$ 17,217	\$ 17,865	\$ 14,080
Contributions in relation to the contractually required contribution	<u>(21,915)</u>	<u>(17,217)</u>	<u>(17,865)</u>	<u>(14,080)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 16,905,604	\$ 15,391,156	\$ 15,388,870	\$ 14,617,708
Contributions as a percentage of covered payroll	0.13%	0.11%	0.12%	0.10%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 11,005	\$ 8,497	\$ 129,996	\$ 244,687	\$ 200,397	\$ 261,412
<u>(11,005)</u>	<u>(8,497)</u>	<u>(129,996)</u>	<u>(244,687)</u>	<u>(200,397)</u>	<u>(261,412)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 13,171,920	\$ 11,673,695	\$ 11,537,497	\$ 11,113,376	\$ 21,998,849	\$ 21,364,458
0.08%	0.07%	1.13%	2.20%	0.91%	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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</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	\$ 362,593	\$ 324,157	\$ 331,979	\$ 334,021
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,589
-	-	-	-	-	(4,589)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 375,250	\$ 402,179	\$ 452,586	\$ 508,529	\$ 490,221	\$ 496,315
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

HOLMES COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(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.
- There were no changes in benefit terms from the amounts reported for 2023.

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%.
- There were no changes in assumptions for 2023.

(Continued)

HOLMES COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023
(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 assumptions for 2018.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- There were no changes in assumptions for 2022.
- There were no changes in assumptions for 2023.

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.
- There were no changes in assumptions for 2023.

(Continued)

HOLMES COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023
(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.
- There were no changes in benefit terms from the amounts reported for 2023.

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 10.50%, 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 10.50%, 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.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22%, (b) the municipal bond rate was changed from 1.84% to 4.05% and (c) the health care cost trend rate was changed from 5.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.

(Continued)

HOLMES COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (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%.
- For 2023, there were no change in assumptions.

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.

(Continued)

HOLMES COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

- 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.
- For 2023, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) health care cost trend rates were changed to the following: medical pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate, Medicare -68.78% initial - 3.94% ultimate to -10.94% initial - 4.14% ultimate; prescription drug pre-Medicare from 9.00% initial - 3.94% ultimate to -11.95% initial - 4.14% ultimate, Medicare -5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.