



**HENRY COUNTY
DECEMBER 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

Henry County
660 North Perry Street
Napoleon, Ohio 43545-0546

To the Board of County Commissioners:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Henry County, Ohio as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Public Assistance, Motor Vehicle and Gas Tax, and County Board of Developmental Disabilities funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2024, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

September 20, 2024

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HENRY COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023

The management's discussion and analysis of Henry 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 basic financial statements and the notes to 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 \$3,075,567 during the year. Net position of governmental activities increased \$3,066,425 and net position of business-type activities increased \$9,142.
- General revenues accounted for \$18,164,062 or 42.43% of total governmental activities revenue. Program specific revenues accounted for \$24,644,374 or 57.57% of total governmental activities revenues.
- The County had \$39,713,519 in expenses related to governmental activities. \$24,644,374 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$18,164,062 were adequate to provide for these programs.
- The County's major governmental funds are the General fund, Public Assistance fund, Motor Vehicle and Gas Tax fund, and County Board of Developmental Disabilities (DD) fund. The General fund, the County's largest major fund, had revenues and other financing sources of \$15,429,121 and expenditures and other financing uses of \$12,622,260 in 2023. Fund balance increased \$2,806,861 or 23.07% from 2022 to 2023.
- The Public Assistance fund, a County major fund, had revenues and other financing sources of \$2,655,706 and expenditures of \$2,599,212. Fund balance increased \$56,494 or 8.51% from 2022 to 2023.
- The Motor Vehicle and Gas Tax fund, a County major fund, had revenues of \$6,157,144, and expenditures and other financing uses of \$6,941,987 in 2023. Fund balance decreased \$784,843 or 19.94% from 2022 to 2023.
- The County Board of DD fund, a County major fund, had revenues of \$3,990,110 and expenditures of \$5,603,656 in 2023. Fund balance decreased \$1,613,546 or 13.09% from 2022 to 2023.
- Net position for the business-type activities, which include the Sanitary Landfill, Tower, Hahn Center and Monroe Township landfill fees enterprise funds, increased in 2023 by \$9,142 or 0.01%.

Using these 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 nonmajor funds presented in total in one column. In the case of the County, there are four major governmental funds. The General fund is the largest major fund.

HENRY COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023

Reporting on 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 that 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, 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, Public Assistance fund, Motor Vehicle and Gas Tax fund, and the County Board of Developmental Disabilities (DD) fund.

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 spendable resources, as well as on balances of spendable 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.

HENRY COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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.

Proprietary Funds

The County maintains proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Sanitary Landfill, Tower, Hahn Center and Monroe Township landfill fees operations. The Sanitary Landfill fund is the County's only major enterprise fund.

Fiduciary Funds

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

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. The notes are found immediately following the basic 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 OPEB liability. The required supplementary information can be found immediately following the notes to the basic financial statements.

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HENRY COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

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.

	Governmental		Business-type		2023		2022	
	Activities	Activities	Activities	Activities	Total	Total	Total	Total
	<u>2023</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>				
Net Position								
Assets:								
Current and other assets	\$ 59,634,627	\$ 1,151,587	\$ 61,574,667	\$ 898,841	\$ 60,786,214	\$ 62,473,508		
Capital assets, net	<u>51,976,601</u>	<u>590,499</u>	<u>50,335,529</u>	<u>625,948</u>	<u>52,567,100</u>	<u>50,961,477</u>		
Total assets	<u>111,611,228</u>	<u>1,742,086</u>	<u>111,910,196</u>	<u>1,524,789</u>	<u>113,353,314</u>	<u>113,434,985</u>		
Deferred outflows of resources	<u>9,721,728</u>	<u>144,178</u>	<u>2,539,598</u>	<u>62,644</u>	<u>9,865,906</u>	<u>2,602,242</u>		
Liabilities:								
Long-term liabilities outstanding	23,557,624	2,833,566	8,781,772	2,520,887	26,391,190	11,302,659		
Other liabilities	<u>3,708,370</u>	<u>177,110</u>	<u>4,910,281</u>	<u>44,194</u>	<u>3,885,480</u>	<u>4,954,475</u>		
Total liabilities	<u>27,265,994</u>	<u>3,010,676</u>	<u>13,692,053</u>	<u>2,565,081</u>	<u>30,276,670</u>	<u>16,257,134</u>		
Deferred inflows of resources	<u>6,497,756</u>	<u>26,767</u>	<u>16,254,960</u>	<u>182,673</u>	<u>6,524,523</u>	<u>16,437,633</u>		
Net position:								
Net investment in capital assets	50,658,365	590,499	48,928,197	625,948	51,248,864	49,554,145		
Restricted	23,957,064	857	26,278,077	-	23,957,921	26,278,077		
Unrestricted (deficit)	<u>12,953,777</u>	<u>(1,742,535)</u>	<u>9,296,507</u>	<u>(1,786,269)</u>	<u>11,211,242</u>	<u>7,510,238</u>		
Total net position (deficit)	<u>\$ 87,569,206</u>	<u>\$ (1,151,179)</u>	<u>\$ 84,502,781</u>	<u>\$ (1,160,321)</u>	<u>\$ 86,418,027</u>	<u>\$ 83,342,460</u>		

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability 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.

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. 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.

HENRY COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023

GASB 68 and GASB 75 require the net pension liability/asset and the net OPEB liability 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, 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 exceeded liabilities and deferred inflows by \$86,418,027. This amounts to \$87,569,206 in governmental activities and a deficit of \$1,151,179 in business-type activities.

Capital assets reported on the government-wide statements represent the largest portion of the County's net position. At year-end, capital assets represented 46.37% of total governmental and business-type assets. Capital assets include land, buildings and improvements, machinery and equipment, vehicles, intangible right-to-use assets and infrastructure. The net investment in capital assets at December 31, 2023 was \$51,248,864. Capital assets are used to provide services to citizens and are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the County's governmental activities net position, \$23,957,064 or 27.36%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of governmental activities unrestricted net position is \$12,953,777.

HENRY COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

	Governmental		Business-type		2023		2022	
	Activities	Activities	Activities	Activities	Total	Total	Total	Total
	<u>2023</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>				
Change in Net Position								
Revenues:								
Program revenues:								
Charges for services and sales	\$ 5,523,973	\$ 774,171	\$ 5,149,916	\$ 765,473	\$ 6,298,144	\$ 5,915,389		
Operating grants and contributions	18,565,696	-	16,343,120	-	18,565,696	16,343,120		
Capital grants and contributions	554,705	-	16,376	-	554,705	16,376		
Total program revenues	24,644,374	774,171	21,509,412	765,473	25,418,545	22,274,885		
General revenues:								
Property taxes	6,952,805	-	6,339,797	-	6,952,805	6,339,797		
Sales tax	5,762,541	-	5,687,674	-	5,762,541	5,687,674		
Unrestricted grants	1,867,064	-	1,809,135	-	1,867,064	1,809,135		
Investment earnings	2,219,608	25,527	489,964	7,409	2,245,135	497,373		
Gain on sale of capital assets	-	321,940	-	-	321,940	-		
Miscellaneous	1,362,044	73,355	459,236	-	1,435,399	459,236		
Total general revenues	18,164,062	420,822	14,785,806	7,409	18,584,884	14,793,215		
Total revenues	42,808,436	1,194,993	36,295,218	772,882	44,003,429	37,068,100		
Expenses:								
Program expenses:								
General government	7,157,199	-	6,271,956	-	7,157,199	6,271,956		
Public safety	5,566,668	-	3,855,283	-	5,566,668	3,855,283		
Public works	9,325,396	-	5,382,356	-	9,325,396	5,382,356		
Health	212,738	-	132,792	-	212,738	132,792		
Human services	13,281,513	-	9,689,150	-	13,281,513	9,689,150		
Economic development	1,544,347	-	940,555	-	1,544,347	940,555		
Transportation	2,095,999	-	1,975,811	-	2,095,999	1,975,811		
Intergovernmental	301,914	-	291,924	-	301,914	291,924		
Other	191,715	-	269,706	-	191,715	269,706		
Interest and fiscal charges	36,030	-	42,862	-	36,030	42,862		
Sanitary landfill	-	1,034,366	-	634,815	1,034,366	634,815		
Other business-type activities:								
Tower fund	-	26,576	-	25,710	26,576	25,710		
Hahn Center	-	152,488	-	73,679	152,488	73,679		
Monroe Township landfill fees	-	913	-	1,042	913	1,042		
Total expenses	39,713,519	1,214,343	28,852,395	735,246	40,927,862	29,587,641		
Excess (deficiency) of revenues								
over (under) expenses	3,094,917	(19,350)	7,442,823	37,636	3,075,567	7,480,459		
Transfers	(28,492)	28,492	(6,919)	6,919	-	-		
Change in net position	3,066,425	9,142	7,435,904	44,555	3,075,567	7,480,459		
Net position (deficit) at								
beginning of year	84,502,781	(1,160,321)	77,066,877	(1,204,876)	83,342,460	75,862,001		
Net position (deficit) at end of year	\$ 87,569,206	\$ (1,151,179)	\$ 74,610,051	\$ (1,082,759)	\$ 86,418,027	\$ 83,342,460		

HENRY COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023

Governmental Activities

Governmental net position increased by \$3,066,425 or 3.63% in 2023.

Charges for services increased considerably due to an increase in real estate assessment fees collected.

The State and federal government contributed to the County revenues of \$18,565,696 in operating grants and contributions and \$554,705 in capital grants and contributions. The increase in capital grants and contributions was due to Ohio Public Works Commission (OPWC) money received during 2023. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$6,422,282, or 34.59%, are subsidized public works programs.

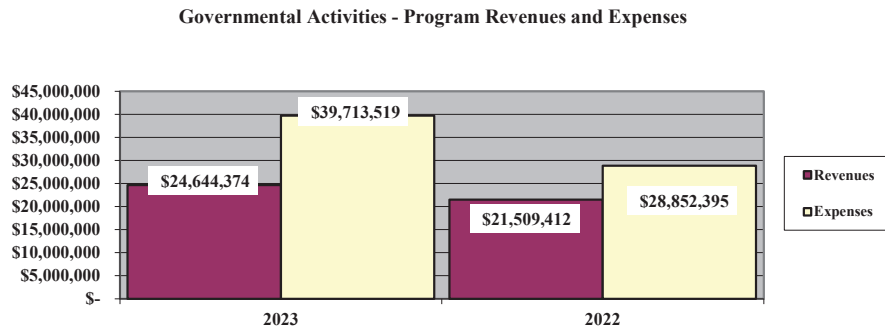
General revenues totaled \$18,164,062 and amounted to 42.43% of total revenues. These revenues primarily consist of property and sales tax revenue of \$12,715,346 or 70.00% of total general revenues in 2023. The other primary source of general revenues is grants and entitlements not restricted to specific programs of \$1,867,064. The large increase in investment earnings was the result of increases in interest rates earned on the County's investments.

Expenses of the governmental activities increased \$10,861,124 or 37.64%. This increase was the result of an increase in cost of operations as well as factors related to pension and OPEB expenses. Pension and OPEB expenses increased approximately \$4 million from last year. This was due to changes that took place at the pension system in the prior year.

Human services, which support the operations of the County Board of DD fund and Public Assistance fund, accounts for \$13,281,513 or 33.44% of total governmental expenses of the County. These expenses were funded by \$390,930 in charges to users of services and \$6,628,130 operating grants and contributions in 2023. General government expenses, which includes legislative and executive and judicial programs, totaled \$7,157,199 or 18.02% of total governmental expenses. General government expenses were partially covered by \$2,826,520 of direct charges to users and \$1,741,382 in operating grants in 2023.

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. 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.

The graph below presents the County's governmental activities program revenue and expenses for 2023 and 2022.



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).

HENRY COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Governmental Activities

	Total Cost of Services <u>2023</u>	Net Cost of Services <u>2023</u>	Total Cost of Services <u>2022</u>	Net Cost of Services <u>2022</u>
Program expenses:				
General government	\$ 7,157,199	\$ 2,589,297	\$ 6,271,956	\$ 1,940,266
Public safety	5,566,668	4,240,272	3,855,283	3,055,263
Public works	9,325,396	1,744,978	5,382,356	(1,579,779)
Health	212,738	84,253	132,792	(11,994)
Human services	13,281,513	6,262,453	9,689,150	3,625,500
Economic development and assistance	1,544,347	345,785	940,555	146,897
Transportation	2,095,999	(452,716)	1,975,811	(269,716)
Intergovernmental	301,914	301,914	291,924	291,924
Other	191,715	(83,121)	269,706	101,760
Interest and fiscal charges	<u>36,030</u>	<u>36,030</u>	<u>42,862</u>	<u>42,862</u>
Total	<u>\$ 39,713,519</u>	<u>\$ 15,069,145</u>	<u>\$ 28,852,395</u>	<u>\$ 7,342,983</u>

The dependence upon general revenues for governmental activities is apparent, with 37.94% of expenses supported through taxes and other general revenues during 2023.

Business-Type Activities

The Sanitary Landfill, Tower, Hahn Center and Monroe Township landfill fees are the County's enterprise funds. These programs had program revenues of \$774,171, general revenues of \$420,822, and expenses of \$1,214,343 for 2023. Net position increased \$9,142 or 0.01% during 2023.

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, unrestricted fund balance may serve as a useful measure of the County's net resources available for spending at year-end.

The County's governmental funds reported a combined fund balance of \$41,205,968, which is \$852,701 greater than last year's total of \$40,353,267.

HENRY COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

The following schedule indicates the fund balance and the total change in fund balance as of December 31, 2023 and December 31, 2022 for all major and nonmajor governmental funds.

	<u>Fund Balance</u> <u>December 31, 2023</u>	<u>Fund Balance</u> <u>December 31, 2022</u>	<u>Change</u>
Major funds:			
General	\$ 14,973,703	\$ 12,166,842	\$ 2,806,861
Public assistance fund	720,145	663,651	56,494
Motor vehicle and gas tax	3,151,739	3,936,582	(784,843)
County board of DD	10,715,628	12,329,174	(1,613,546)
Other nonmajor governmental funds	<u>11,644,753</u>	<u>11,257,018</u>	<u>387,735</u>
Total	<u>\$ 41,205,968</u>	<u>\$ 40,353,267</u>	<u>\$ 852,701</u>

General Fund

The General fund, the County's largest major fund, had revenues and other financing sources of \$15,429,121 and expenditures and other financing uses of \$12,622,260 in 2023. Fund balance increased \$2,806,861 or 23.07% during the year.

The table that follows assists in illustrating the revenues of the general fund during 2023 and 2022.

	<u>2023</u> <u>Amount</u>	<u>2022</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
Revenues:			
Taxes	\$ 8,229,858	\$ 8,217,338	0.15 %
Charges for services	1,706,720	1,706,138	0.03 %
Licenses and permits	1,963	1,509	30.09 %
Fines and forfeitures	88,613	91,010	(2.63) %
Intergovernmental	1,560,840	1,499,681	4.08 %
Investment income	2,215,147	489,964	352.10 %
Rental income	251,260	181,237	38.64 %
Other	<u>1,362,044</u>	<u>459,236</u>	196.59 %
Total	<u>\$ 15,416,445</u>	<u>\$ 12,646,113</u>	21.91 %

Sales taxes revenue increased due to additional purchases made in 2023 by residents of the County. Investment income increased due to an increase in interest rates.

HENRY COUNTY, OHIO

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

The table that follows assists in illustrating the expenditures of the general fund during 2023 and 2022.

	<u>2023</u>	<u>2022</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
Expenditures :			
Current:			
General government			
Legislative and executive	\$ 3,315,355	\$ 2,394,898	38.43 %
Judicial	2,015,952	1,832,322	10.02 %
Public safety	3,998,704	4,124,077	(3.04) %
Public works	1,143,565	264,489	332.37 %
Health	26,450	15,978	65.54 %
Human services	318,918	269,562	18.31 %
Economic development and assistance	149,672	114,811	30.36 %
Intergovernmental	301,914	291,924	3.42 %
Other	37,807	172,118	(78.03) %
Capital outlay	12,676	-	-
Debt service:			
Principal retirement	2,678	795	236.86 %
Interest and fiscal charges	<u>549</u>	<u>150</u>	266.00 %
 Total	 <u>\$ 11,324,240</u>	 <u>\$ 9,481,124</u>	 19.44 %

The overall increase in general fund expenditures is due mainly to an increase in public works and legislative and executive expenditures.

Public Assistance Fund

The Public Assistance fund, a County major fund, had revenues and other financing sources of \$2,655,706 and expenditures of \$2,599,212 in 2023. Fund balance increased \$56,494 or 8.51% from 2022 to 2023.

Motor Vehicle and Gas Tax Fund

The Motor Vehicle and Gas Tax fund, a County major fund, had revenues of \$6,157,144 and expenditures and other financing uses of \$6,941,987 in 2023. Fund balance decreased \$784,843 or 19.94% from 2022 to 2023.

County Board of Developmental Disabled (DD) Fund

The County Board of DD fund, a County major fund, had revenues of \$3,990,110 and expenditures of \$5,603,656 in 2023. The decrease in revenue is due to decreased property taxes being collected in 2023. Fund balance decreased \$1,613,546 or 13.09% 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.

Original budgeted revenues were \$11,081,283. Final budgeted revenues were \$14,739,003. Actual revenues of \$14,562,549 were lower than the final budget by \$176,454.

HENRY COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Original budgeted expenditures and other financing uses were \$11,180,682. Final budgeted expenditures and other financing uses were \$13,937,497. Actual expenditures and other financing uses of \$12,530,741 were less than final budgeted expenditures by \$1,406,756 due to conservative spending by the County.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. Activity within the County's major fund is described below.

Sanitary Landfill Fund

The Sanitary Landfill fund had operating revenues of \$705,238 and operating expenses of \$1,034,366 in 2023. The sanitary landfill fund also reported \$364,968 in non-operating revenues during 2023. The total change in net position for 2023 was an increase of \$64,332.

Capital Assets and Debt Administration

Capital Assets

At the end of 2023, the County had \$52,567,100 (net of accumulated depreciation/amortization) invested in land, buildings and improvements, machinery and equipment, vehicles, infrastructure and intangible right-to-use assets. Of this total, \$51,976,601 was reported in governmental activities and \$590,499 was reported in business-type activities.

The following table shows December 31, 2023 balances compared to December 31, 2022.

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

	<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	\$ 2,302,967	\$ 2,288,967	\$ 249,481	\$ 249,481	\$ 2,552,448	\$ 2,538,448
Construction in progress	180,351	1,081,369	-	-	180,351	1,081,369
Building and improvements	11,998,416	10,540,091	43,708	46,535	12,042,124	10,586,626
Machinery and equipment	611,953	732,702	51,939	58,865	663,892	791,567
Vehicles	3,043,304	2,853,992	500	2,875	3,043,804	2,856,867
Infrastructure	33,822,841	32,836,323	244,871	268,192	34,067,712	33,104,515
Intangible right-to-use assets:						
Equipment	<u>16,769</u>	<u>2,085</u>	<u>-</u>	<u>-</u>	<u>16,769</u>	<u>2,085</u>
Total	<u>\$ 51,976,601</u>	<u>\$ 50,335,529</u>	<u>\$ 590,499</u>	<u>\$ 625,948</u>	<u>\$ 52,567,100</u>	<u>\$ 50,961,477</u>

See Note 10 to the basic financial statements for detail on governmental activities and business-type activities capital assets.

HENRY COUNTY, OHIO

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Debt Administration

At December 31, 2023 the County had \$3,636,818 in the Maumee River Bridge loan, notes payable - finance purchase, leases payable and an estimated liability for landfill/post closure. Of this total \$146,078 is due within one year and \$3,490,740 is due in greater than one year. The table below summarizes the outstanding debt at December 31, 2023 and 2022.

Outstanding Long-Term Obligations, at Year End

	Governmental Activities <u>2023</u>	Governmental Activities <u>2022</u>	Business-type Activities <u>2023</u>	Business-type Activities <u>2022</u>	Total <u>2023</u>	Total <u>2022</u>
Long-term obligations:						
Maumee River Bridge loan	\$ 1,094,239	\$ 1,259,845	\$ -	\$ -	\$ 1,094,239	\$ 1,259,845
Notes payable - finance purchase	26,277	51,842	-	-	26,277	51,842
Leases payable	17,369	2,560	-	-	17,369	2,560
Estimated liability for landfill closure/post closure	<u>-</u>	<u>-</u>	<u>2,498,933</u>	<u>2,370,489</u>	<u>2,498,933</u>	<u>2,370,489</u>
Total	<u>\$ 1,137,885</u>	<u>\$ 1,314,247</u>	<u>\$ 2,498,933</u>	<u>\$ 2,370,489</u>	<u>\$ 3,636,818</u>	<u>\$ 3,684,736</u>

At December 31, 2023 the County’s overall legal debt margin was \$22,650,664. See Note 12 to the basic financial statements for detail on governmental activities and business-type activities long term debt.

Economic Factors and Next Year’s Budgets and Rates

The County’s average unemployment rate for 2023 was 4.2%, compared to the 3.6% state average and the 3.6% national average.

These economic factors were considered in preparing the County’s budget for fiscal year 2024. Budgeted revenues in the general fund for 2024 is \$12,723,613. With the continuation of conservative budgeting practices, the County’s financial position should remain stable in future years.

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 the Honorable Elizabeth Fruchey, Henry County Auditor, Courthouse, 660 N. Perry Street, P.O. Box 546, Napoleon, Ohio 43545.

HENRY COUNTY, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 40,562,565	\$ 830,675	\$ 41,393,240
Cash in segregated accounts	250	350	600
Receivables:			
Sales taxes	1,523,681	-	1,523,681
Property and other taxes	8,726,796	-	8,726,796
Accounts	254,249	11	254,260
Due from other governments	6,212,662	-	6,212,662
Special assessments	406,263	-	406,263
Accrued interest	258,211	-	258,211
Loans	890,463	-	890,463
Notes	-	321,940	321,940
Leases	229,475	-	229,475
Due from external parties	76,254	-	76,254
Prepayments	179,920	-	179,920
Materials and supplies inventory	253,478	257	253,735
Net pension asset	57,857	857	58,714
Internal balance	2,503	(2,503)	-
Capital assets:			
Non-depreciable/amortizable capital assets	2,483,318	249,481	2,732,799
Depreciable/amortizable capital assets, net	49,493,283	341,018	49,834,301
Total capital assets, net	51,976,601	590,499	52,567,100
Total assets	111,611,228	1,742,086	113,353,314
Deferred outflows of resources:			
Pension	8,471,037	125,201	8,596,238
OPEB	1,250,691	18,977	1,269,668
Total deferred outflows of resources	9,721,728	144,178	9,865,906
Liabilities:			
Accounts payable	1,017,037	49,305	1,066,342
Contracts payable	180,351	-	180,351
Accrued wages and benefits payable	414,600	5,567	420,167
Pension and postemployment benefits payable	132,872	1,720	134,592
Due to other governments	444,975	7,185	452,160
Accrued interest payable	2,899	-	2,899
Due to external parties	9,975	-	9,975
Unearned revenue	1,505,661	113,333	1,618,994
Long-term liabilities:			
Due within one year	985,194	12,330	997,524
Net pension liability	20,165,794	298,782	20,464,576
Net OPEB liability	417,349	6,184	423,533
Due in more than one year	1,989,287	2,516,270	4,505,557
Total liabilities	27,265,994	3,010,676	30,276,670
Deferred inflows of resources:			
Property taxes levied for the next year	6,123,464	-	6,123,464
Leases	224,066	-	224,066
Pension	7,725	24,522	32,247
OPEB	142,501	2,245	144,746
Total deferred inflows of resources	6,497,756	26,767	6,524,523
Net position:			
Net investment in capital assets	50,658,365	590,499	51,248,864
Restricted for:			
Capital projects	998,765	-	998,765
Public safety programs	358,851	-	358,851
Public works projects	3,094,223	-	3,094,223
Human services	13,766,911	-	13,766,911
Economic development programs	1,482,313	-	1,482,313
Pension	57,857	857	58,714
Other purposes	4,198,144	-	4,198,144
Unrestricted (deficit)	12,953,777	(1,742,535)	11,211,242
Total net position (deficit)	\$ 87,569,206	\$ (1,151,179)	\$ 86,418,027

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HENRY COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Current:				
General government:				
Legislative and executive	\$ 4,880,202	\$ 2,350,382	\$ 1,735,556	\$ -
Judicial	2,276,997	476,138	5,826	-
Public safety	5,566,668	503,766	822,630	-
Public works	9,325,396	603,431	6,422,282	554,705
Health	212,738	124,034	4,451	-
Human services	13,281,513	390,930	6,628,130	-
Economic development and assistance	1,544,347	-	1,198,562	-
Transportation	2,095,999	1,075,292	1,473,423	-
Intergovernmental	301,914	-	-	-
Other	191,715	-	274,836	-
Interest and fiscal charges	36,030	-	-	-
Total governmental activities	39,713,519	5,523,973	18,565,696	554,705
Business-type activities:				
Sanitary landfill	1,034,366	649,440	-	-
Other business-type activities:				
Tower fund	26,576	25,547	-	-
Hahn Center	152,488	98,286	-	-
Monroe Township landfill fees	913	898	-	-
Total business-type activities	1,214,343	774,171	-	-
Total primary government	\$ 40,927,862	\$ 6,298,144	\$ 18,565,696	\$ 554,705

General revenues:

Property taxes levied for:

 General purposes

 Human services - County Board of DD

 Human services - Senior Center

Sales taxes

Grants and entitlements not restricted to specific programs

Gain on sale of capital assets

Investment earnings

Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position (deficit) at beginning of year

Net position (deficit) at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Governmental Activities	Business-type Activities	Total
\$ (794,264)	\$ -	\$ (794,264)
(1,795,033)	-	(1,795,033)
(4,240,272)	-	(4,240,272)
(1,744,978)	-	(1,744,978)
(84,253)	-	(84,253)
(6,262,453)	-	(6,262,453)
(345,785)	-	(345,785)
452,716	-	452,716
(301,914)	-	(301,914)
83,121	-	83,121
(36,030)	-	(36,030)
<u>(15,069,145)</u>	<u>-</u>	<u>(15,069,145)</u>
-	(384,926)	(384,926)
-	(1,029)	(1,029)
-	(54,202)	(54,202)
-	(15)	(15)
<u>-</u>	<u>(440,172)</u>	<u>(440,172)</u>
<u>(15,069,145)</u>	<u>(440,172)</u>	<u>(15,509,317)</u>
2,904,875	-	2,904,875
3,056,043	-	3,056,043
991,887	-	991,887
5,762,541	-	5,762,541
1,867,064	-	1,867,064
-	321,940	321,940
2,219,608	25,527	2,245,135
1,362,044	73,355	1,435,399
<u>18,164,062</u>	<u>420,822</u>	<u>18,584,884</u>
<u>(28,492)</u>	<u>28,492</u>	<u>-</u>
<u>18,135,570</u>	<u>449,314</u>	<u>18,584,884</u>
3,066,425	9,142	3,075,567
84,502,781	(1,160,321)	83,342,460
<u>\$ 87,569,206</u>	<u>\$ (1,151,179)</u>	<u>\$ 86,418,027</u>

HENRY COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	<u>General</u>	<u>Public Assistance</u>	<u>Motor Vehicle and Gas Tax</u>	<u>County Board of DD</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 13,352,530	\$ 293,874	\$ 2,388,007	\$ 10,892,899
Cash in segregated accounts	-	-	-	250
Receivables:				
Sales taxes	1,523,681	-	-	-
Property and other taxes	3,420,337	-	-	4,110,105
Accounts	82,782	109,264	-	24,491
Due from other governments	620,449	1,661,918	2,714,025	214,433
Special assessments	-	-	-	-
Accrued interest	258,211	-	-	-
Loans	-	-	-	-
Due from other funds	366,308	112,209	12,426	-
Leases	229,475	-	-	-
Due from external parties	75,587	-	667	-
Prepayments	159,030	1,190	-	8,247
Materials and supplies inventory	14,380	5,549	182,436	4,173
Total assets	<u>\$ 20,102,770</u>	<u>\$ 2,184,004</u>	<u>\$ 5,297,561</u>	<u>\$ 15,254,598</u>
Liabilities:				
Accounts payable	\$ 222,603	\$ 19,859	\$ 209,367	\$ 74,527
Contracts payable	-	-	-	-
Accrued wages and benefits payable	161,258	57,920	41,150	66,251
Due to other funds	-	9,362	-	981
Due to other governments	75,898	1,921	4,348	54,881
Pension and postemployment benefits payable	51,883	16,816	16,345	17,792
Due to external parties	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>511,642</u>	<u>105,878</u>	<u>271,210</u>	<u>214,432</u>
Deferred inflows of resources:				
Property taxes levied for the next year	2,400,000	-	-	2,884,000
Delinquent property tax revenue not available	1,020,337	-	-	1,226,105
Leases	224,066	-	-	-
Special assessments revenue not available	-	-	-	-
Sales tax revenue not available	520,111	-	-	-
Unavailable grant revenue	-	1,357,981	-	87,366
Nonexchange transactions	452,911	-	1,874,612	127,067
Total deferred inflows of resources	<u>4,617,425</u>	<u>1,357,981</u>	<u>1,874,612</u>	<u>4,324,538</u>
Fund balances:				
Nonspendable	236,478	6,739	182,436	12,420
Restricted	-	713,406	2,969,303	10,703,208
Committed	-	-	-	-
Assigned	531,208	-	-	-
Unassigned (deficit)	14,206,017	-	-	-
Total fund balances	<u>14,973,703</u>	<u>720,145</u>	<u>3,151,739</u>	<u>10,715,628</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,102,770</u>	<u>\$ 2,184,004</u>	<u>\$ 5,297,561</u>	<u>\$ 15,254,598</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds		Total Governmental Funds	
\$	13,635,255	\$	40,562,565
	-		250
	-		1,523,681
	1,196,354		8,726,796
	37,712		254,249
	1,001,837		6,212,662
	406,263		406,263
	-		258,211
	890,463		890,463
	49,577		540,520
	-		229,475
	-		76,254
	11,453		179,920
	46,940		253,478
<u>\$</u>	<u>17,275,854</u>	<u>\$</u>	<u>60,114,787</u>
\$	490,681	\$	1,017,037
	180,351		180,351
	88,021		414,600
	527,674		538,017
	307,927		444,975
	30,036		132,872
	9,975		9,975
	1,505,661		1,505,661
<u>\$</u>	<u>3,140,326</u>	<u>\$</u>	<u>4,243,488</u>
	839,464		6,123,464
	356,890		2,603,332
	-		224,066
	406,263		406,263
	-		520,111
	882,445		2,327,792
	5,713		2,460,303
<u>\$</u>	<u>2,490,775</u>	<u>\$</u>	<u>14,665,331</u>
	58,393		496,466
	10,950,231		25,336,148
	826,943		826,943
	-		531,208
	(190,814)		14,015,203
<u>\$</u>	<u>11,644,753</u>	<u>\$</u>	<u>41,205,968</u>
<u>\$</u>	<u>17,275,854</u>	<u>\$</u>	<u>60,114,787</u>

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HENRY COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2023

Total governmental fund balances		\$	41,205,968
<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.			51,976,601
The net pension asset are not available to pay for current period expenditures; therefore, the assets are not reported in the governmental funds.			57,857
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	2,603,332		
Sales taxes receivable	520,111		
Special assessments receivable	406,263		
Intergovernmental receivable	4,788,095		
Total	4,788,095		8,317,801
On the statement of net position interest is accrued on outstanding loans payable, whereas in the governmental funds, interest is accrued when due.			(2,899)
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows of resources	8,471,037		
Deferred inflows of resources	(7,725)		
Net pension liability	(20,165,794)		
Total	(20,165,794)		(11,702,482)
The net OPEB liability is not due and payable in the current period, therefore, the related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows of resources	1,250,691		
Deferred inflows of resources	(142,501)		
Net OPEB liability	(417,349)		
Total	(417,349)		690,841
Long-term liabilities, including compensated absences and loans payable, are not due and payable in the current period and therefore are not reported in the funds.			
Loans payable	(1,094,239)		
Notes payable - finance purchase	(26,277)		
Leases payable	(17,369)		
Compensated absences payable	(1,836,596)		
Total	(1,836,596)		(2,974,481)
Net position of governmental activities		\$	87,569,206

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HENRY COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>General</u>	<u>Public Assistance</u>	<u>Motor Vehicle and Gas Tax</u>	<u>County Board of DD</u>
Revenues:				
From local sources:				
Sales taxes	\$ 5,756,929	\$ -	\$ -	\$ -
Property and other taxes	2,472,929	-	-	2,712,525
Charges for services	1,706,720	-	-	212,101
Licenses and permits	1,963	-	-	-
Fines and forfeitures	88,613	-	12,170	-
Intergovernmental	1,560,840	2,587,197	5,952,299	498,226
Special assessments	-	-	-	-
Investment income	2,215,147	-	138,294	-
Rental income	251,260	-	-	-
Contributions and donations	-	-	-	1,375
Other	1,362,044	62,026	54,381	565,883
Total revenues	<u>15,416,445</u>	<u>2,649,223</u>	<u>6,157,144</u>	<u>3,990,110</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	3,315,355	-	-	-
Judicial	2,015,952	-	-	-
Public safety	3,998,704	-	-	-
Public works	1,143,565	-	6,741,987	-
Health	26,450	-	-	-
Human services	318,918	2,590,845	-	5,603,656
Economic development and assistance	149,672	-	-	-
Transportation	-	-	-	-
Intergovernmental	301,914	6,483	-	-
Other	37,807	-	-	-
Capital outlay	12,676	-	-	-
Debt service:				
Principal retirement	2,678	1,672	-	-
Interest and fiscal charges	549	212	-	-
Total expenditures	<u>11,324,240</u>	<u>2,599,212</u>	<u>6,741,987</u>	<u>5,603,656</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,092,205</u>	<u>50,011</u>	<u>(584,843)</u>	<u>(1,613,546)</u>
Other financing sources (uses):				
Lease transaction	12,676	6,483	-	-
Transfers in	-	-	-	-
Transfers (out)	(1,298,020)	-	(200,000)	-
Total other financing sources (uses)	<u>(1,285,344)</u>	<u>6,483</u>	<u>(200,000)</u>	<u>-</u>
Net change in fund balances	2,806,861	56,494	(784,843)	(1,613,546)
Fund balances at beginning of year	<u>12,166,842</u>	<u>663,651</u>	<u>3,936,582</u>	<u>12,329,174</u>
Fund balances at end of year	<u>\$ 14,973,703</u>	<u>\$ 720,145</u>	<u>\$ 3,151,739</u>	<u>\$ 10,715,628</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 5,756,929
823,333	6,008,787
2,242,904	4,161,725
119,071	121,034
378,469	479,252
7,822,274	18,420,836
457,772	457,772
32,468	2,385,909
46,873	298,133
217,038	218,413
1,141,615	3,185,949
<u>13,281,817</u>	<u>41,494,739</u>
2,457,455	5,772,810
160,659	2,176,611
1,198,432	5,197,136
357,027	8,242,579
174,281	200,731
4,147,156	12,660,575
1,394,675	1,544,347
2,095,918	2,095,918
-	308,397
152,788	190,595
1,998,210	2,010,886
191,171	195,521
35,838	36,599
<u>14,363,610</u>	<u>40,632,705</u>
<u>(1,081,793)</u>	<u>862,034</u>
-	19,159
1,600,800	1,600,800
(131,272)	(1,629,292)
<u>1,469,528</u>	<u>(9,333)</u>
387,735	852,701
11,257,018	40,353,267
<u>\$ 11,644,753</u>	<u>\$ 41,205,968</u>

HENRY 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

Net change in fund balances - total governmental funds	\$	852,701
<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/amortization expense.		
Capital asset additions	\$ 6,216,458	
Current year depreciation/amortization	<u>(2,845,566)</u>	
Total		3,370,892
Miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) are not reflected in the governmental funds, however they had the following effect in the statement of activities:		
Disposals	(1,729,820)	
Total		(1,729,820)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	959,298	
Sales taxes	5,612	
Special assessments	6,057	
Intergovernmental revenues	338,269	
Investment income	<u>4,461</u>	
Total		1,313,697
Proceeds of leases are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.		
		(19,159)
Repayment of lease and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		195,521
In the statement of activities, interest is accrued on outstanding loans, whereas in governmental funds, an interest expenditure is reported when due.		
		569
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(120,829)
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	1,570,665	
OPEB	<u>14,186</u>	
Total		1,584,851
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(3,124,672)	
OPEB	<u>742,674</u>	
Total		<u>(2,381,998)</u>
Change in net position of governmental activities	\$	<u><u>3,066,425</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HENRY 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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Sales taxes	\$ 5,014,306	\$ 5,846,490	\$ 5,784,696	\$ (61,794)
Property and other taxes	2,433,576	2,530,881	2,504,131	(26,750)
Charges for services	1,256,691	1,512,300	1,476,995	(35,305)
Licenses and permits	1,313	1,984	1,963	(21)
Fines and forfeitures	80,816	96,936	95,911	(1,025)
Intergovernmental	1,273,065	1,536,040	1,519,805	(16,235)
Investment income	202,040	1,942,959	1,922,423	(20,536)
Rental income	90,918	189,107	187,108	(1,999)
Other	728,558	1,082,306	1,069,517	(12,789)
Total revenues	<u>11,081,283</u>	<u>14,739,003</u>	<u>14,562,549</u>	<u>(176,454)</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	3,179,469	3,797,927	3,297,562	500,365
Judicial	1,489,385	1,944,386	1,890,371	54,015
Public safety	4,146,206	4,317,635	4,010,942	306,693
Public works	275,875	1,006,006	989,851	16,155
Health	42,879	42,952	19,094	23,858
Human services	380,459	382,862	313,349	69,513
Economic development and assistance	41,544	151,041	149,136	1,905
Intergovernmental	364,964	367,736	301,914	65,822
Other	173,901	341,681	184,893	156,788
Total expenditures	<u>10,094,682</u>	<u>12,352,226</u>	<u>11,157,112</u>	<u>1,195,114</u>
Excess of revenues over expenditures	<u>986,601</u>	<u>2,386,777</u>	<u>3,405,437</u>	<u>1,018,660</u>
Other financing uses:				
Transfers out	<u>(1,086,000)</u>	<u>(1,585,271)</u>	<u>(1,373,629)</u>	<u>211,642</u>
Total other financing uses	<u>(1,086,000)</u>	<u>(1,585,271)</u>	<u>(1,373,629)</u>	<u>211,642</u>
Net change in fund balance	(99,399)	801,506	2,031,808	1,230,302
Fund balance at beginning of year	10,236,929	10,236,929	10,236,929	-
Prior year encumbrances appropriated	105,427	105,427	105,427	-
Fund balance at end of year	<u>\$ 10,242,957</u>	<u>\$ 11,143,862</u>	<u>\$ 12,374,164</u>	<u>\$ 1,230,302</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HENRY COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 PUBLIC ASSISTANCE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 2,878,603	\$ 2,941,045	\$ 2,468,063	\$ (472,982)
Other	25,000	33,702	20,765	(12,937)
Total revenues	<u>2,903,603</u>	<u>2,974,747</u>	<u>2,488,828</u>	<u>(485,919)</u>
Expenditures:				
Current:				
Human services	2,903,603	2,903,603	2,562,574	341,029
Total expenditures	<u>2,903,603</u>	<u>2,903,603</u>	<u>2,562,574</u>	<u>341,029</u>
Net change in fund balance	-	71,144	(73,746)	(144,890)
Fund balance at beginning of year	<u>367,620</u>	<u>367,620</u>	<u>367,620</u>	<u>-</u>
Fund balance at end of year	<u>\$ 367,620</u>	<u>\$ 438,764</u>	<u>\$ 293,874</u>	<u>\$ (144,890)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HENRY COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MOTOR VEHICLE AND GAS TAX FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 19,000	\$ 19,000	\$ 13,432	\$ (5,568)
Intergovernmental	5,678,000	5,863,283	5,820,503	(42,780)
Investment income	8,000	107,162	107,162	-
Other	545,000	545,000	538,513	(6,487)
Total revenues	<u>6,250,000</u>	<u>6,534,445</u>	<u>6,479,610</u>	<u>(54,835)</u>
Expenditures:				
Current:				
Public works	6,756,616	7,987,900	7,759,551	228,349
Total expenditures	<u>6,756,616</u>	<u>7,987,900</u>	<u>7,759,551</u>	<u>228,349</u>
Excess of expenditures over revenues	<u>(506,616)</u>	<u>(1,453,455)</u>	<u>(1,279,941)</u>	<u>173,514</u>
Other financing uses:				
Transfers (out)	-	(200,000)	(200,000)	-
Total other financing uses	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net change in fund balance	(506,616)	(1,653,455)	(1,479,941)	173,514
Fund balance at beginning of year	3,161,657	3,161,657	3,161,657	-
Prior year encumbrances appropriated	506,618	506,618	506,618	-
Fund balance at end of year	<u>\$ 3,161,659</u>	<u>\$ 2,014,820</u>	<u>\$ 2,188,334</u>	<u>\$ 173,514</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HENRY COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 COUNTY BOARD OF DD FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other taxes	\$ 4,310,000	\$ 4,310,000	\$ 2,777,754	\$ (1,532,246)
Charges for services	300,000	300,000	276,158	(23,842)
Intergovernmental	665,000	678,158	524,181	(153,977)
Contributions and donations	1,000	2,000	1,375	(625)
Other	200,000	553,226	553,226	-
Total revenues	<u>5,476,000</u>	<u>5,843,384</u>	<u>4,132,694</u>	<u>(1,710,690)</u>
Expenditures:				
Current:				
Human services	<u>6,592,500</u>	<u>6,782,500</u>	<u>5,708,745</u>	<u>1,073,755</u>
Total expenditures	<u>6,592,500</u>	<u>6,782,500</u>	<u>5,708,745</u>	<u>1,073,755</u>
Excess of expenditures over revenues	<u>(1,116,500)</u>	<u>(939,116)</u>	<u>(1,576,051)</u>	<u>(636,935)</u>
Other financing sources:				
Transfer in	<u>210,000</u>	<u>240,000</u>	<u>-</u>	<u>(240,000)</u>
Total other financing sources	<u>210,000</u>	<u>240,000</u>	<u>-</u>	<u>(240,000)</u>
Net change in fund balance	(906,500)	(699,116)	(1,576,051)	(876,935)
Fund balance at beginning of year	<u>12,383,349</u>	<u>12,383,349</u>	<u>12,383,349</u>	<u>-</u>
Fund balance at end of year	<u>\$ 11,476,849</u>	<u>\$ 11,684,233</u>	<u>\$ 10,807,298</u>	<u>\$ (876,935)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HENRY COUNTY, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2023

	Business-type Activities - Enterprise Funds		
	Sanitary Landfill	Other Enterprise Funds	Total
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 699,346	\$ 131,329	\$ 830,675
Cash in segregated accounts	350	-	350
Receivables:			
Accounts	-	11	11
Notes	108,465	-	108,465
Materials and supplies inventory	257	-	257
Total current assets	808,418	131,340	939,758
Noncurrent assets:			
Notes receivable	213,475	-	213,475
Net pension asset	857	-	857
Capital assets:			
Non-depreciable/amortizable capital assets	249,481	-	249,481
Depreciable/amortizable capital assets, net	341,018	-	341,018
Total capital assets, net	590,499	-	590,499
Total noncurrent assets	804,831	-	804,831
Total assets	1,613,249	131,340	1,744,589
Deferred outflows of resources:			
Pension	125,201	-	125,201
OPEB	18,977	-	18,977
Total deferred outflows of resources	144,178	-	144,178
Liabilities:			
Current liabilities:			
Accounts payable	47,877	1,428	49,305
Accrued wages and benefits payable	5,567	-	5,567
Due to other funds	2,503	-	2,503
Compensated absences payable	12,330	-	12,330
Due to other governments	3,959	3,226	7,185
Unearned revenue	113,333	-	113,333
Pension and postemployment benefits payable	1,720	-	1,720
Total current liabilities	187,289	4,654	191,943
Long-term liabilities:			
Compensated absences payable	17,337	-	17,337
Net pension liability	298,782	-	298,782
Net OPEB liability	6,184	-	6,184
Estimated accrued liability for landfill closure and post closure costs	2,498,933	-	2,498,933
Total long-term liabilities	2,821,236	-	2,821,236
Total liabilities	3,008,525	4,654	3,013,179
Deferred inflows of resources:			
Pension	24,522	-	24,522
OPEB	2,245	-	2,245
Total deferred inflows of resources	26,767	-	26,767
Net position:			
Investment in capital assets	590,499	-	590,499
Restricted for pension	857	-	857
Unrestricted (deficit)	(1,869,221)	126,686	(1,742,535)
Total net position (deficit)	\$ (1,277,865)	\$ 126,686	\$ (1,151,179)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HENRY COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Business-type Activities - Enterprise Funds		
	Sanitary Landfill	Other Enterprise Funds	Total
Operating revenues:			
Charges for services	\$ 645,440	\$ 898	\$ 646,338
Other operating revenues	55,798	-	55,798
Rental income	4,000	123,833	127,833
Total operating revenues	705,238	124,731	829,969
Operating expenses:			
Personal services	199,214	-	199,214
Contract services	479,428	135,413	614,841
Materials and supplies	38,559	1,579	40,138
Administrative costs	19,830	-	19,830
Depreciation	35,449	-	35,449
Landfill closure and post-closure costs	252,721	-	252,721
Utilities	9,165	36,110	45,275
Other	-	6,875	6,875
Total operating expenses	1,034,366	179,977	1,214,343
Operating loss	(329,128)	(55,246)	(384,374)
Nonoperating revenues:			
Gain on sale of capital assets	321,940	-	321,940
Interest income	25,471	56	25,527
Principal income	17,557	-	17,557
Total nonoperating revenues	364,968	56	365,024
Income (loss) before transfers	35,840	(55,190)	(19,350)
Transfer in	28,492	-	28,492
Change in net position	64,332	(55,190)	9,142
Net position (deficit) at beginning of year	(1,342,197)	181,876	(1,160,321)
Net position (deficit) at end of year	\$ (1,277,865)	\$ 126,686	\$ (1,151,179)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HENRY COUNTY, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Business-type Activities - Enterprise Funds		
	Sanitary Landfill	Other Enterprise Funds	Total
Cash flows from operating activities:			
Cash received from charges for services	\$ 660,231	\$ 887	\$ 661,118
Cash received from rentals	120,000	123,987	243,987
Cash received from other operations	38,340	-	38,340
Cash payments for personal services	(203,141)	-	(203,141)
Cash payments for contractual services	(503,084)	(130,759)	(633,843)
Cash payments for materials and supplies	(38,638)	(1,579)	(40,217)
Cash payments for utilities	(10,992)	(36,110)	(47,102)
Cash payments for other expenses	(19,830)	(6,875)	(26,705)
Cash payments for landfill closure and post closure costs	(88,362)	-	(88,362)
Net cash used in operating activities	(45,476)	(50,449)	(95,925)
Cash flows from noncapital financing activities:			
Cash received from transfers in	28,492	-	28,492
Net cash provided by noncapital financing activities	28,492	-	28,492
Cash flows from capital and related financing activities:			
Sale of capital assets/notes receivable payments	17,557	-	17,557
Net cash provided by capital and related financing activities	17,557	-	17,557
Cash flows from investing activities:			
Interest received	25,471	84	25,555
Net cash provided by investing activities	25,471	84	25,555
Net change in cash and cash equivalents	26,044	(50,365)	(24,321)
Cash and cash equivalents at beginning of year	673,652	181,694	855,346
Cash and cash equivalents at end of year	\$ 699,696	\$ 131,329	\$ 831,025

(Continued)

HENRY COUNTY, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sanitary Landfill</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (329,128)	\$ (55,246)	\$ (384,374)
Adjustments:			
Depreciation	35,449	-	35,449
Changes in assets, liabilities and deferred inflows/outflows of resources:			
Accounts receivable	-	(11)	(11)
Materials and supplies inventory	(79)	-	(79)
Leases receivable	-	11,439	11,439
Net pension asset	1,981	-	1,981
Net OPEB asset	37,994	-	37,994
Deferred outflows - pension	(65,284)	-	(65,284)
Deferred outflows - OPEB	(16,250)	-	(16,250)
Accounts payable	37,051	1,428	38,479
Accrued wages and benefits	(876)	-	(876)
Due to other governments	(21,167)	3,226	(17,941)
Due to other funds	(6,479)	-	(6,479)
Unearned revenue	113,333	-	113,333
Pension and postemployment benefits payable	(79)	-	(79)
Landfill closure and postclosure care liability	128,444	-	128,444
Compensated absences payable	(12,409)	-	(12,409)
Net pension liability	190,460	-	190,460
Net OPEB liability	6,184	-	6,184
Deferred inflows - leases	-	(11,285)	(11,285)
Deferred inflows - pension	(107,610)	-	(107,610)
Deferred inflows - OPEB	(37,011)	-	(37,011)
Net cash used in operating activities	<u>\$ (45,476)</u>	<u>\$ (50,449)</u>	<u>\$ (95,925)</u>

Noncash transactions:

During 2023, the landfill fund entered into an agreement to sell equipment through a note receivable in the amount of \$339,497.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HENRY COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023

	<u>Custodial</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 4,050,867
Cash in segregated accounts	217,485
Receivables: for uncollectibles):	
Property and other taxes	70,645,734
Accounts	400
Due from other governments	3,019,106
Special assessments	598,546
Due from external parties	9,975
	<hr/>
Total assets	78,542,113
	<hr/>
Liabilities:	
Accounts payable	25,136
Due to other governments	1,723,701
Due to external parties	76,254
	<hr/>
Total liabilities	1,825,091
	<hr/>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	49,571,068
	<hr/>
Total deferred inflows of resources	49,571,068
	<hr/>
Net position:	
Restricted for individuals, organizations and other governments	27,145,954
	<hr/>
Total net position	\$ 27,145,954
	<hr/> <hr/>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HENRY COUNTY, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Custodial</u>
Additions:	
Intergovernmental	\$ 5,356,470
Amounts received as fiscal agent	4,175,160
Licenses, permits and fees for other governments	4,230,016
Fines and forfeitures for other governments	871,687
Property tax collection for other governments	45,819,668
Earnings on investments	579
Payment in lieu of taxes	750
Other custodial fund collections	<u>63,400</u>
Total additions	<u>60,517,730</u>
Deductions:	
Distributions of state funds to other governments	4,457,496
Distributions as fiscal agent	3,859,303
Licenses, permits and fees distributions to other governments	4,323,915
Fines and forfeitures distributions to other governments	905,346
Property tax distributions to other governments	35,291,316
Payment in lieu of taxes	<u>750</u>
Total deductions	<u>48,838,126</u>
Net change in fiduciary net position	11,679,604
Net position beginning of year	<u>15,466,350</u>
Net position end of year	<u>\$ 27,145,954</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HENRY COUNTY, OHIO

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

NOTE 1 - DESCRIPTION OF THE COUNTY

Henry County, Ohio (the "County"), is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, and a Common Pleas/Probate/Juvenile Court Judge. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrators of public services for the entire County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements 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 County's 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". The basic financial statements include all funds, agencies, boards, commissions, and component units for which the County and the County Commissioners are "accountable". Accountability as defined in GASB Statements No. 14 and No. 39 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's basic financial statements to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of the PCU's Board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County.

Based on the foregoing criteria, the County has no component units. The following organizations are described due to their relationship to the County:

POTENTIAL COMPONENT UNITS REPORTED AS CUSTODIAL FUNDS

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

Henry County Regional Planning Commission
Family and Children First Council
Henry County Soil and Water Conservation District
Henry County Park District
Henry County/County of Napoleon General Health District
Henry County Community Improvement Corporation

HENRY COUNTY, OHIO

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

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

JOINTLY GOVERNED ORGANIZATIONS

Maumee Valley Planning Organization

The Maumee Valley Planning Organization (MVPO) is a jointly governed organization among Henry, Defiance, Fulton, Paulding, and Williams Counties. The MVPO is an organization established to improve the social and economic conditions of the region through development and conservation. The MVPO is governed by a fifteen member executive council composed of the three county commissioners, the mayor of the largest municipality, three mayors selected by the committee of mayors that represent the incorporated cities and villages, the township trustee association president, the regional planning commission chairman, and two members at large to represent business, industry, labor, agricultural, low income, minority groups, education, and consumer protection activities. The County provides resources to the executive council based on a membership fee and services provided to the County. The MVPO exercises total control over the operation of MVPO including budgeting, contracting, and designating management. The County has no ongoing financial interest or responsibility for the MVPO. In 2023, Henry County contributed \$282,125 for the MVPO's operations. Information can be obtained from the Fulton County Auditor, 152 South Fulton Avenue, Suite 165, Wauseon, Ohio 43567.

Corrections Commission of Northwest Ohio

The Corrections Commission of Northwest Ohio (CCNO) is a jointly governed organization among Henry, Defiance, Fulton, Lucas and Williams Counties and the County of Toledo. The CCNO was established to provide jail space for convicted criminals in the five counties and the County of Toledo and to provide a correctional center for the inmates. The CCNO was created in 1986 and occupancy started in 1991. The commission team consists of eighteen members; one judge, one chief law enforcement officer and one county commissioner or administrative official from each entity. The commission team exercises total control over the operation of the CCNO including budgeting, contracting, and designating management. The County has no ongoing financial interest or responsibility for the CCNO. In 2023, Henry County contributed \$958,707 for the CCNO's operations. Information can be obtained from the Corrections Commission of Northwest Ohio, 3151 County Road 2425, Stryker, Ohio 43557.

Four County Board of Alcohol, Drug Addiction, and Mental Health Services

The Four County Board of Alcohol, Drug Addiction, and Mental Health Services (ADAMHS) is a jointly governed organization among Henry, Defiance, Fulton, and Williams Counties to provide alcohol, drug addiction, and mental health services to individuals in the four counties. The Governing Board of ADAMHS consists of eighteen members; four members appointed by the Ohio Director of Alcohol and Drug Addiction Services, four members appointed by the Ohio Director of Mental Health Services, Defiance and Fulton County Commissioners appointing three members each and Henry and Williams County Commissioners appointing two members each. The Governing Board exercises total control over the operation of the ADAMHS including budgeting, contracting, and designating management. The County has no ongoing financial interest or responsibility for the ADAMHS. In 2023, Henry County contributed \$843,969 for the ADAMHS operations. Information can be obtained from the County Auditor, 500 Second Street, Suite 301, Defiance, Ohio 43512.

Quadco Rehabilitation Center, Administrative Board

The Quadco Rehabilitation Center (Quadco) is a jointly governed organization among Henry, Defiance, Fulton, and Williams Counties. Quadco Rehabilitation Center is a nonprofit corporation which provides services and facilities for training physically and mentally disabled persons. Quadco is responsible for contracting with various agencies to obtain funding to operate the organization. Quadco is governed by an eight-member Board composed of two appointees made by each of the four County Boards Developmental Disabilities (County Boards of DD). This Board, in conjunction with the County Boards of DD, assesses the needs of adult mentally challenged and developmentally disabled residents of each county and sets priorities based on available funds. The County provides resources to the Board based on units of service provided to the County. Quadco exercises total control over the operation of Quadco including budgeting, contracting, and designating management. The County has no ongoing financial interest or responsibility for Quadco. In 2023, Henry County contributed \$11,963 for Quadco's operations. Information can be obtained from Quadco Rehabilitation Center, 427 North Defiance Street, Stryker, Ohio 43557.

HENRY COUNTY, OHIO

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

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

Northwest Ohio Juvenile Detention, Training, and Rehabilitation Center

The Northwest Ohio Juvenile Detention, Training, and Rehabilitation Center (Center) is a jointly governed organization among Henry, Defiance, Fulton and Williams Counties. The Center's Board of Trustees consists of thirteen members; three from each county and one at-large member. The Board of Trustees exercises total control over the operation of the Center including budgeting, contracting, and designating management. The County has no ongoing financial interest or responsibility for the Center. In 2023, Henry County contributed \$339,600 for the Center's operations. Information can be obtained from the Fulton County Auditor, 152 South Fulton Avenue, Suite 165, Wauseon, Ohio 43567.

Henry County Community Improvement Corporation

The Community Improvement Corporation of Henry County (CIC) is a jointly governed organization among Henry County, the County of Napoleon, and the respective villages and townships of Henry County. The purpose of the CIC is to promote and encourage the establishment and growth of industrial, commercial, distribution, and research facilities within member subdivisions. The CIC is governed by a Board of Trustees consisting of fifteen self-appointed members. Not less than two-fifths of the members are to be composed of elected officials. Five of these trustees include: a member of the Board of County Commissioners of Henry County, the Auditor of Henry County, the Mayor or his/her designated elected official of the County of Napoleon, another Mayor or his/her designated elected official from any Village in the County and the President of the Henry County Trustees or his/her designated elected official. The remaining members represent private residents of Henry County or employees of Henry County businesses or firms. The County provides resources to the Board of trustees based on a membership fee. The CIC exercises total control over the operation of CIC including budgeting, contracting, and designating management. The County has no ongoing financial interest or responsibility for the CIC. In 2023, Henry County contributed \$2,428 for the CIC's operations. Information can be obtained from the Henry County CIC, 104 E. Washington Street, Suite 301, Napoleon, Ohio 43545.

RELATED ORGANIZATIONS

Henry County Metropolitan Housing Authority - The Henry County Metropolitan Housing Authority (the "Housing Authority") is a related organization of the County. The County appoints a majority of the five members of the Housing Authority. The Housing Authority adopts its own budget and operates autonomously from the County.

B. 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 statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the enterprise 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.

HENRY COUNTY, OHIO

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

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. 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, current liabilities and deferred inflows/outflows, 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 and deferred outflows, and all liabilities and deferred inflows 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 sales and services. Operating expenses for the proprietary funds include personnel and other expenses related to the operations of the proprietary activity. 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.

C. 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. The difference between governmental fund assets, deferred outflows and liabilities and deferred inflows 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.

Public Assistance Fund - This fund accounts for revenues derived from federal and state grants. The revenues are used to provide public assistance to general relief recipients, and to pay their providers of medical assistance and certain public social services.

Motor Vehicle and Gas Tax Fund - 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.

HENRY COUNTY, OHIO

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

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

County Board of Developmental Disabilities (DD) Fund - This fund accounts for the provision of assistance, care and training to mentally challenged and developmentally disabled individuals of the County. Revenue sources include a countywide property tax levy and federal and State grants.

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

PROPRIETARY FUNDS

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

Enterprise Funds - The enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises. The intent of the County is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The County has presented the following major enterprise fund:

Sanitary Landfill Fund - This fund accounts for user charges and related expenses, as well as the estimated liability for closure and post closure costs related to the County Landfill.

Other enterprise funds of the County are used to account for the provision of radio tower charges, Hahn Center operations and Monroe Township landfill fees. These funds are nonmajor funds whose activity has been aggregated and presented in a single column in the basic financial statements.

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. The County's fiduciary funds are custodial funds, which are used to account for amounts held as fiscal agent for other entities, and for various taxes, State-shared revenues and fines and forfeitures collected on behalf of and distributed to other local governments. Custodial fund transactions typically involve only the receipt, temporary investment and distribution of these resources.

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 deferred outflows, and in the presentation of expenses versus expenditures.

HENRY COUNTY, OHIO

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

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

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 sixty days of year end.

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: sales tax (See Note 7), 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 14 and 15 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively.

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 14 and 15 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.

HENRY COUNTY, OHIO

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

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

E. Budgetary Process

Outlined below are the procedures followed by the County to establish the annual operating budget and budgetary data reported in the financial statements:

1. Following submission of requests by various offices and departments, the Board of County Commissioners holds budget hearings during the fall with respective officeholders and department heads.
2. Shortly after the beginning of the year, the Board of County Commissioners passes an appropriation resolution which legally authorizes the expenditure of funds for respective officeholders and department heads.
3. The County is accorded discretion in its method of appropriating federal funds. Appropriations are provided in the amounts of approved grants by the Board of County Commissioners.
4. The revised budget figures reflected in the budgetary statements include the prior year appropriations carried over for liquidations against prior year encumbrances and any amendments to the original appropriation resolution.
5. The Board of County Commissioners appropriate at the fund, department and line item. For funds which are directly appropriated by the Board of County Commissioners, the transfer of appropriations at the fund, department and line item requires a resolution signed by at least two Commissioners.
6. Supplemental appropriations are made when needed, subject to approval by at least two Commissioners. Supplemental appropriations were made during 2023.
7. Unencumbered appropriations lapse at year end. Contracts and purchase-type encumbrances outstanding at year end carry their appropriations with them into the next year. Contracts and purchase-type encumbrances outstanding at year end are recorded as expenditures on the budget basis of accounting.
8. The budgetary procedures described herein apply to all funds except the custodial funds.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the appropriated governmental and proprietary funds. Encumbrances outstanding at year end are reported as expenditures on the budgetary basis of accounting.

F. Cash and Cash Equivalents

To improve cash management, cash received by the County other than cash in segregated accounts 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 financial statements.

Investments were limited to U.S. Treasury bonds and U.S. Government money markets. Except for any 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 2023 amounted to \$2,215,147 which includes \$1,622,285 assigned from other County funds.

HENRY COUNTY, OHIO

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

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

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 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.

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 fund financial statements, purchased inventories are presented at cost and commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On the governmental fund financial statements, reported material and supplies inventory is equally offset by non-spendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

H. Capital Assets

Governmental capital assets are those assets not specifically related to activities reported in the enterprise 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 governmental 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, except intangible right-to-use 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 values as of the date received. The County maintains a capitalization threshold of \$5,000. The County’s infrastructure consists of roads, bridges and culverts. 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.

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

All reported capital assets are depreciated/amortized, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County’s historical records of necessary improvements and replacements.

Depreciation/amortization is computed 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>
Buildings and improvements	15 - 50 years	20 - 40 years
Machinery and equipment	5 - 25 years	10 - 25 years
Vehicles	4 - 20 years	10 years
Infrastructure	20 - 100 years	20 years
Intangible right-to-use equipment	5 years	N/A

HENRY COUNTY, OHIO

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

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

I. Compensated Absences

Compensated absences of the County consist of vacation leave and sick leave to the extent that payment to the employee for these absences is attributable to services already rendered and is 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 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.

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 to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the accounts "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. 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, 2023, are recorded as prepaid items 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.

K. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences and special termination benefits 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. Bonds and long-term loans are recognized as a liability in the fund financial statements when due. 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.

HENRY COUNTY, OHIO

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

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

L. Interfund Transactions

During the normal course of operations, the County has numerous transactions between funds.

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues. 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 either "interfund loans receivable/interfund loans payable" for the current portion of interfund loans or advances to/from other funds for the non-current portion of interfund loans. The County had no interfund loans receivable/payable or advances to/from other funds outstanding at December 31, 2023.

All other outstanding balances between funds are reported as "due to/from other funds". These amounts are eliminated in the statement of net position between governmental funds. Amounts between governmental activities and business-type activities is reported as internal balance on the statement of net position.

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.

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.

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.

HENRY COUNTY, OHIO

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

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

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. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. 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 also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes consist primarily of monies restricted for real estate assessments.

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

O. Estimates

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

P. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net pension asset, net OPEB asset, 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.

HENRY COUNTY, OHIO

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

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

<u>Nonmajor funds</u>	<u>Deficit</u>
Marriage license -shelter	\$ 309
Water Pollution	11,533
Courthouse projects	178,972

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.

HENRY COUNTY, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested 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 or 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. 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 fair 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 the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in items (1) or (2) above or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper for a period not to exceed 270 days and in an amount not to exceed 40 percent of the County's total average portfolio; and,
10. Bankers' acceptances for a period not to exceed 180 days and in an amount not to exceed 40 percent of the County's total average portfolio.

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.

HENRY COUNTY, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Cash on Hand

At year end, the County had \$3,750 in undeposited cash on hand, of which \$1,350 is included on the financial statements as “cash in segregated accounts” and \$2,400 is included on the financial statements of the County as part of “equity in pooled cash and cash equivalents”.

B. Cash in Segregated Accounts

At year end, the County had \$218,085 cash and cash equivalents deposited separate from the County’s internal investment pool. This amount is included in the amount of “deposits with financial institutions” below.

C. Deposits with Financial Institutions

At December 31, 2023, the carrying amount of all County deposits, including \$10,512,435 in nonnegotiable certificates of deposit, was \$42,882,673 and the bank balance of all County deposits was \$43,919,028. Of the bank balance, \$712,913 was covered by the FDIC and \$43,206,115 was covered by the Ohio Pooled Collateral System.

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. 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.

D. Investments

Investments are reported at fair value. As of December 31, 2023, the County had the following investments:

Measurement/ <u>investment type</u>	Measurement <u>Amount</u>	<u>Investment Maturities</u>	
		<u>6 months or less</u>	<u>7 to 12 months</u>
<i>Fair value:</i>			
U.S. Treasury bonds	2,469,922	-	2,469,822
U.S. Government money market	<u>87,762</u>	<u>87,762</u>	<u>-</u>
Total	<u>\$ 2,557,684</u>	<u>\$ 87,762</u>	<u>\$ 2,469,822</u>

The weighted average maturity of investments is 0.65 years.

HENRY COUNTY, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

The County's investments in U.S. Treasury bills and U.S. Treasury bonds are valued using quoted market prices in active markets (Level 1 inputs). The County's investments in U.S. Government money market funds are value at Net Asset Value (NAV).

Interest Rate Risk - The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. Interest rate risk arises because potential purchases of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The County's investment policy addresses interest rate risk by requiring the consideration of market conditions and cash flow requirements in determining the term of an investment.

Credit Risk - The U.S. Treasury bills and U.S. Treasury bonds carry a rating of AA+ by Standard & Poor's and Aaa by Moody's. The County has no investment policy that addresses credit risk.

Concentration of Credit Risk - The County places no limit on the amount it may invest in any one issuer. The following is the County's allocation as of December 31, 2023:

<u>Measurement/ investment type</u>	<u>Measurement Amount</u>	<u>% to Total</u>
<i>Fair value:</i>		
U.S. Treasury bonds	2,469,922	96.57
U.S. Government money market	<u>87,762</u>	<u>3.43</u>
Total	<u>\$ 2,557,684</u>	<u>100.00</u>

E. 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	\$ 42,882,673
Investments	2,557,684
Cash in segregated accounts	218,085
Cash on hand	<u>3,750</u>
Total	<u>\$ 45,662,192</u>

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 40,562,815
Business-type activities	831,025
Custodial funds	<u>4,268,352</u>
Total	<u>\$ 45,662,192</u>

HENRY COUNTY, OHIO

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

NOTE 5 - INTERFUND TRANSACTIONS

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

<u>Transfers to nonmajor governmental funds from:</u>	
General fund	\$ 1,298,020
Motor vehicle and gas tax fund	200,000
Nonmajor governmental funds	102,780
<u>Transfers to Landfill fund from:</u>	
Nonmajor governmental fund	<u>28,492</u>
Total	<u>\$ 1,629,292</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, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The County’s transfers were in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Transfers between governmental funds are eliminated for reporting on the statement of activities. Transfers between governmental activities and business-type activities are reported as transfers on the statement of activities.

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

	General	Public Assistance	Motor Vehicle and		Total Due to Other Funds
			Gasoline Tax	Other Governmental	
Public Assistance	\$ -	\$ -	\$ -	\$ 9,362	\$ 9,362
County Board of DD	-	-	-	981	981
Other governmental	364,198	112,209	12,117	39,150	527,674
Landfill	<u>2,110</u>	<u>-</u>	<u>309</u>	<u>84</u>	<u>2,503</u>
Total due from other funds	<u>\$ 366,308</u>	<u>\$ 112,209</u>	<u>\$ 12,426</u>	<u>\$ 49,577</u>	<u>\$ 540,520</u>

Amounts due from/to other funds represent amounts owed between funds for goods or services provided. The balances resulted from the time lag between the dates that payments between the funds are made. Due to/from other funds between governmental funds are eliminated on the statement of net position. Amounts due to/from other funds between governmental activities and business-type activities are reported as an 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.

HENRY COUNTY, OHIO

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

NOTE 6 - PROPERTY TAXES - (Continued)

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.

The County Treasurer 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. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through custodial funds. Property taxes receivable represent real property taxes, public utility taxes, other 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 deferred inflows since the current taxes were not levied to finance 2023 operations and the collection of delinquent taxes has been offset by deferred inflows 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 while on a modified accrual basis the revenue is deferred inflow.

The full tax rate for all County operations for the year ended December 31, 2023, was \$10.70 per \$1,000 of assessed value which includes \$1.20 for the County Health District which is included as a custodial fund of the County. The assessed values of real and tangible personal property upon which 2023 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 623,409,020
Commercial/industrial/mineral	76,279,680
Public utility	<u>266,337,860</u>
Total assessed value	<u>\$ 966,026,560</u>

NOTE 7 - PERMISSIVE SALES AND USE TAX

In a prior year, the voters approved a .5% tax on sales with collection beginning on April 1, 2007. In 1987, the County Commissioners by resolution imposed a 1% percent tax on all retail sales (except sales of motor vehicles) made in the County, 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 to the State Office of Budget and Management the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of the month of collection.

Proceeds of the tax are credited to the general fund. A receivable is recognized at year end for amounts that will be received from sales which occurred during 2023 and amounts that are measurable and available at year end are accrued as revenue. Amounts received outside the available period are recorded as deferred inflows on the fund financial statements and as revenue on the government-wide financial statements. Sales and use tax for 2023 amounted to \$5,756,929 as reported on the fund financial statements.

HENRY COUNTY, OHIO

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

NOTE 8 - RECEIVABLES

Receivables at December 31, 2023, consisted of taxes, accrued interest, loans, accounts (billings for user charged services), special assessments, intergovernmental receivables arising from grants, entitlements and shared revenue and leases. All intergovernmental receivables have been classified as “due from other governments” on the financial statements. All interfund transactions related to charges for goods and services rendered have been classified as “due from other funds” on the fund financial statements which are eliminated on the government-wide statements (See Note 5.B.). 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 summary of the items of receivables as reported on the statement of net position follows:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Sales taxes	\$ 1,523,681	\$ -
Property and other taxes	8,726,796	-
Accounts	254,249	-
Due from other governments	6,212,662	-
Special assessments	406,263	-
Accrued interest	258,211	-
Loans	890,463	-
Notes	-	321,940
Leases	229,475	-

Receivables have been disaggregated on the face of the financial statements. The only receivables not expected to be collected within the subsequent year are special assessments and loans. Special assessments are collected over the term of the assessment and the loans receivable are collected over the term of the loan.

Leases Receivable - Governmental Activities

The County is reporting leases receivable of \$229,475 in the general fund. For 2023, the County recognized lease revenue of \$127,394, which is reported in rental income, and interest revenue of \$8,991.

The County has entered into lease agreements for land and building space rental with multiple companies at varying years and terms as follows:

<u>Company</u>	<u>Lease Commencement Date</u>	<u>Years</u>	<u>Lease End Date</u>	<u>Payment Method</u>
Becks Farm	2022	4	2025	Semi-annual
Buckeye Advantage	2018	10	2029	Monthly
Senior Center/Office on Aging	2018	5	2023	Monthly

HENRY COUNTY, OHIO

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

NOTE 8 - RECEIVABLES - (Continued)

Lease payments will be paid into the general fund and senior center fund (a nonmajor governmental fund). The following is a schedule of future lease payments under the lease agreements:

For the year December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 81,614	\$ 6,466	\$ 88,080
2025	84,096	3,983	88,079
2026	16,310	1,690	18,000
2027	16,806	1,194	18,000
2028	17,317	683	18,000
2029	<u>13,332</u>	<u>167</u>	<u>13,499</u>
Total	<u>\$ 229,475</u>	<u>\$ 14,183</u>	<u>\$ 243,658</u>

Leases Receivable - Business-Type Activities

The County is reporting leases receivable of \$5,101 Hahn Center fund (a nonmajor enterprise fund) and \$6,338 in the tower fund (a nonmajor enterprise fund). For 2023, the County recognized lease revenue of \$11,285, which is reported in rental income, and interest revenue of \$84.

The County has entered into lease agreements for a cell tower and building space rental with multiple companies at varying years and terms as follows:

<u>Company</u>	<u>Lease Commencement Date</u>	<u>Years</u>	<u>Lease End Date</u>	<u>Payment Method</u>
NOCAC	2022	2	2023	Monthly
AT&T	1993	30	2023	Monthly

Lease payments will be paid into the Hahn Center fund (a nonmajor enterprise fund) and \$6,338 in the tower fund (a nonmajor enterprise fund).

NOTE 9 - LOANS RECEIVABLE

The County maintains revolving loan programs for local businesses to encourage business development in the County and housing rehabilitation to bring homes into conformance with local and state codes. The loans are reported in the nonmajor governmental funds as “loans receivable”. A summary of the County’s loan activity for 2023 is as follows:

	<u>Balance 12/31/2022</u>	<u>Issued</u>	<u>Payments/ Reductions</u>	<u>Balance 12/31/2023</u>
CDBG Economic Development	\$ 440,595	\$ 500,000	\$ (157,476)	\$ 783,119
CDBG Housing	<u>245,325</u>	<u>-</u>	<u>(137,981)</u>	<u>107,344</u>
Total revolving loans	<u>\$ 685,920</u>	<u>\$ 500,000</u>	<u>\$ (295,457)</u>	<u>\$ 890,463</u>

HENRY COUNTY, OHIO

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

NOTE 10 - CAPITAL ASSETS

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

	Balance 12/31/2022	Additions	Disposals	Balance 12/31/2023
Governmental activities:				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 2,288,967	\$ 14,000	\$ -	\$ 2,302,967
Construction in progress	1,081,369	793,802	(1,694,820)	180,351
Total capital assets, not being depreciated/amortized	<u>3,370,336</u>	<u>807,802</u>	<u>(1,694,820)</u>	<u>2,483,318</u>
<i>Capital assets, being depreciated/amortized:</i>				
Building and improvements	27,851,295	2,051,193	-	29,902,488
Equipment	2,324,358	6,630	-	2,330,988
Vehicles	7,115,710	617,515	(84,842)	7,648,383
Infrastructure	65,028,231	2,714,159	-	67,742,390
Intangible right-to-use:				
Leased equipment	4,171	19,159	-	23,330
Total capital assets, being depreciated/amortized	<u>102,323,765</u>	<u>5,408,656</u>	<u>(84,842)</u>	<u>107,647,579</u>
<i>Less: accumulated depreciation/amortization:</i>				
Building and improvements	(17,311,204)	(592,868)	-	(17,904,072)
Equipment	(1,591,656)	(127,379)	-	(1,719,035)
Vehicles	(4,261,718)	(393,203)	49,842	(4,605,079)
Infrastructure	(32,191,908)	(1,727,641)	-	(33,919,549)
Intangible right to use:				
Leased equipment	(2,086)	(4,475)	-	(6,561)
Total accumulated depreciation/amortization	<u>(55,358,572)</u>	<u>(2,845,566)</u>	<u>49,842</u>	<u>(58,154,296)</u>
Total capital assets being depreciated/amortized, net	<u>46,965,193</u>	<u>2,563,090</u>	<u>(35,000)</u>	<u>49,493,283</u>
Governmental activities capital assets, net	<u>\$ 50,335,529</u>	<u>\$ 3,370,892</u>	<u>\$ (1,729,820)</u>	<u>\$ 51,976,601</u>

Depreciation/amortization expense was charged to functions/programs of the County as follows:

Governmental activities:	
General government:	
Legislative and executive	\$ 454,898
Judicial	9,710
Public safety	126,370
Public works	2,001,132
Health	5,779
Human services	247,677
Total depreciation/amortization expense - governmental activities	<u>\$ 2,845,566</u>

HENRY COUNTY, OHIO

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

NOTE 10 - CAPITAL ASSETS - (Continued)

	Balance 12/31/2022	Additions	Deductions	Balance 12/31/2023
Business-type activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 249,481	\$ -	\$ -	\$ 249,481
Total capital assets, not being depreciated	249,481	-	-	249,481
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	153,801	-	-	153,801
Machinery and equipment	215,115	-	(24,600)	190,515
Vehicles	410,871	-	(168,664)	242,207
Infrastructure	466,421	-	-	466,421
Total capital assets, being depreciated	1,246,208	-	(193,264)	1,052,944
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(107,266)	(2,827)	-	(110,093)
Machinery and equipment	(156,250)	(6,926)	24,600	(138,576)
Vehicles	(407,996)	(2,375)	168,664	(241,707)
Infrastructure	(198,229)	(23,321)	-	(221,550)
Total accumulated depreciation	(869,741)	(35,449)	193,264	(711,926)
Total capital assets, being depreciated net	376,467	(35,449)	-	341,018
Business-type activities capital assets, net	\$ 625,948	\$ (35,449)	\$ -	\$ 590,499

NOTE 11 - COMPENSATED ABSENCES

Vacation leave is earned at rates which vary depending upon length of service and standard workweek. County employees earn vacation at varying rates ranging from two to five weeks per year. Current policies credit vacation leave on a pay period basis except for new employees who are required to complete one year of service prior to their accrual becoming available. Employees may also accrue compensatory time for hours worked in excess of forty per week. County employees are paid for earned, unused vacation leave and compensatory time upon termination of employment.

Sick leave is accumulated at the rate of 4.6 hours per 80 hours worked and is accumulated on an hours worked basis. Sick leave is vested upon eligibility for retirement.

Each employee of the County with ten or more years of service with any Ohio local government or the State of Ohio is paid 50% of his or her accumulated unused sick leave, up to a maximum of 90 days or 720 hours upon retirement from the County. Each employee of the County Board of DD with five to ten years of service with any Ohio local government or the State of Ohio is paid 25% of his or her accumulated unused sick leave, up to a maximum of 45 days or 360 hours upon retirement from the County.

At December 31, 2023 vested benefits for vacation leave for governmental activities employees totaled \$839,116 and vested benefits for sick leave totaled \$997,480. These amounts represent the total vested benefits and are reported in the government-wide financial statements. For business-type activities, vested benefits for vacation leave totaled \$12,330 and vested benefits for sick leave totaled \$17,338. These amounts represent the total portion of the vested benefits and are reported as a liability of the fund from which the employee is paid.

HENRY COUNTY, OHIO

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

NOTE 12 - LONG-TERM OBLIGATIONS

A. Governmental Activities Long-Term Obligations

During 2023, the following changes occurred in the County’s governmental long-term obligations.

	Balance			Balance	Amount
	<u>12/31/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2023</u>	<u>Due in</u>
					<u>One Year</u>
Governmental activities:					
Compensated absences	\$ 1,715,767	\$ 990,988	\$ (870,159)	\$ 1,836,596	\$ 839,116
Net Pension Liability	5,751,758	14,414,036	-	20,165,794	-
Net OPEB Liability	-	417,349	-	417,349	-
Notes payable - finance purchase	51,842	-	(25,565)	26,277	26,277
Leases payable	2,560	19,159	(4,350)	17,369	4,801
Direct borrowing:					
Maumee River Bridge Loan	<u>1,259,845</u>	<u>-</u>	<u>(165,606)</u>	<u>1,094,239</u>	<u>115,000</u>
Total other obligations	<u>8,781,772</u>	<u>15,841,532</u>	<u>(1,065,680)</u>	<u>23,557,624</u>	<u>985,194</u>
Total governmental activities long-term obligations	<u>\$ 8,781,772</u>	<u>\$ 15,841,532</u>	<u>\$ (1,065,680)</u>	<u>\$ 23,557,624</u>	<u>\$ 985,194</u>

Compensated absences

Compensated absences will be paid from the funds from which the employees’ salaries are paid, which are primarily the general, County Board of DD, public assistance and motor vehicle and gas tax funds.

Net Pension Liability/Asset and Net OPEB Asset

See Notes 14 and 15 for more details on the net pension liability/asset and net OPEB asset, respectively.

Notes Payable - Finance Purchase

During a previous year, the Solid Waste department entered into a lease with Deer Credit, Inc. for an excavator and related accessories. Lease payments in 2023 consisted of principal retirement of \$25,565 paid from the South Waste Management fund (a nonmajor governmental fund).

Leases Payable

The County has entered into lease agreements for the use of right-to-use equipment. Due to the implementation of GASB Statement No. 87, the County will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund.

The County has entered into lease agreements for copier equipment at the following terms:

<u>Lease</u>	Lease Commencement <u>Date</u>	<u>Years</u>	Lease End <u>Date</u>	Payment <u>Method</u>
Copier	2020	5	2025	Monthly
Copier	2023	5	2028	Monthly
Postage Machine	2023	3	2026	Quarterly

HENRY COUNTY, OHIO

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

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

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

Year Ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 4,801	\$ 767	\$ 5,568
2025	4,967	521	5,488
2026	3,862	290	4,152
2027	2,611	128	2,739
2028	1,128	14	1,142
Total	<u>\$ 17,369</u>	<u>\$ 1,720</u>	<u>\$ 19,089</u>

Maumee River Bridge Loan

During 2020, the County entered into a loan agreement for the purpose of construction of the Maumee River Bridge, now known as the Liberty Bridge, in the amount of \$2,800,000. Payments are due semiannually with interest at 2.73%. The final payment date is December 1, 2033.

Future debt service requirements

The following is a summary of the County's future annual debt service principal and interest requirements for governmental activities long-term obligations:

Year Ending December 31,	<u>Maumee River Bridge Loan</u>		<u>Notes Payable - Finance Purchase</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 115,000	\$ 29,873	\$ 26,277	\$ 732
2025	120,000	26,733	-	-
2026	125,000	23,457	-	-
2027	130,000	20,045	-	-
2028	130,000	16,496	-	-
2029 - 2032	<u>474,239</u>	<u>29,128</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,094,239</u>	<u>\$ 145,732</u>	<u>\$ 26,277</u>	<u>\$ 732</u>

B. Business-Type Long-Term Obligations

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

	Balance <u>12/31/2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2023</u>	Due in <u>One Year</u>
Business-type activities:					
Net pension liability	\$ 108,322	\$ 190,460	\$ -	\$ 298,782	\$ -
Net OPEB liability	-	6,184	-	6,184	-
Landfill closure and postclosure care liability	2,370,489	216,806	(88,362)	2,498,933	-
Compensated absences	<u>42,076</u>	<u>5,059</u>	<u>(17,468)</u>	<u>29,667</u>	<u>12,330</u>
Total	<u>\$ 2,520,887</u>	<u>\$ 418,509</u>	<u>\$ (105,830)</u>	<u>\$ 2,833,566</u>	<u>\$ 12,330</u>

Net Pension Liability/Asset and Net OPEB Asset

See Notes 14 and 15 for more details on the net pension liability/asset and net OPEB asset, respectively.

HENRY COUNTY, OHIO

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

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Landfill closure and postclosure care liability
See Note 21 for information on this liability.

Compensated absences
Compensated absences will be paid from the sanitary landfill fund.

- C. 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 assessed valuation used in determining the County’s legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the County’s legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. 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, the County’s voted legal debt margin was \$22,650,664 at December 31, 2023 and the unvoted legal debt margin was \$9,660,266 at December 31, 2023.

NOTE 13 - RISK MANAGEMENT

A. Property and Liability Insurance

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

During 2023, the County contracted with the County Risk Sharing Authority, Inc. (CORSA) for liability, property, automotive, and crime insurance. The CORSA program has a \$2,500 deductible. Coverage provided by CORSA is as follows:

	Amount
General Liability (per occurrence)	\$ 1,000,000
Law Enforcement Liability (per occurrence)	1,000,000
Automobile Liability and Physical Damage Liability (per occurrence)	1,000,000
Medical Payments	
Per Person	5,000
Per Occurrence	50,000
Uninsured Motorist (per person)	250,000
Physical Damage	Actual Cost
Flood and Earthquake (pool limit)	100,000,000
Other Property Insurance:	
Extra Expense	\$ 1,000,000
EDP Media	Replacement Cost
Contractors’ Equipment	Replacement Cost
Inland Marine	Replacement Cost
Automatic Acquisition	5,000,000
Crime Insurance:	
Faithful Performance	1,000,000
Money and Securities (inside and outside)	1,000,000
Depositor’s Forgery	1,000,000

HENRY COUNTY, OHIO

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

NOTE 13 - RISK MANAGEMENT – (Continued)

	<u>Amount</u>
Money Orders and Counterfeit Paper Currency	1,000,000
Boiler and Machinery	100,000,000
Public Officials (per occurrence)	1,000,000
Umbrella (per occurrence)	5,000,000

There has been no significant reduction in insurance coverage from the prior year and settled claims have not exceeded this coverage in the past three years. The County pays all elected officials' bonds by statute.

B. Northern Buckeye Health Plan - Northwest Division of Optimal Health Initiative Consortium

The County is participating in the Northern Buckeye Health Plan (the "Plan") - Northwest Division of Optimal Health Initiative Consortium (OHIC). The Plan is a public entity shared risk pool consisting of education entities within Defiance, Fulton, Henry, and Williams Counties. The Plan is governed by a Board elected from an Assembly consisting of a representative from each participating member.

NOTE 14 - 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

The net pension liability/asset and the net OPEB liability 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.

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.

HENRY COUNTY, OHIO

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 pension and postemployment benefits payable on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the pension disclosures. See Note 15 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.

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HENRY COUNTY, OHIO

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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):

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.

HENRY COUNTY, OHIO

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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%.

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:

	State and Local			
	Traditional	Combined	Public Safety	Law Enforcement
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	14.0 %	14.0 %	18.1 %	18.1 %
Employee	10.0 %	10.0 %	12.0 %	13.0 %

- * Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
- ** This rate is determined by OPERS' Board and has no maximum rate established by ORC.
- *** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.
- **** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 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.

HENRY COUNTY, OHIO

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The County's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$1,593,935 for 2023. Of this amount, \$157,433 is reported as pension and postemployment benefits payable.

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. 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:

	<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	0.08083800%	0.04418900%	0.05607500%	
Proportion of the net pension liability/asset current measurement date	<u>0.08275600%</u>	<u>0.02779800%</u>	<u>0.05909100%</u>	
Change in proportionate share	<u>0.00191800%</u>	<u>-0.01639100%</u>	<u>0.00301600%</u>	
Proportionate share of the net pension liability	\$ 20,464,576	\$ -	\$ -	\$ 20,464,576
Proportionate share of the net pension asset	-	(54,846)	(3,868)	(58,714)
Pension expense	3,160,833	7,032	(375)	3,167,490

HENRY COUNTY, OHIO

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

NOTE 14 - 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	Total
Deferred outflows of resources				
Differences between expected and actual experience	\$ 679,747	\$ 3,371	\$ 11,119	\$ 694,237
Net difference between projected and actual earnings on pension plan investments	5,833,048	19,991	1,814	5,854,853
Changes of assumptions	216,195	3,629	251	220,075
Changes in employer's proportionate percentage/difference between employer contributions	233,138	-	-	233,138
Contributions subsequent to the measurement date	1,550,857	12,154	30,924	1,593,935
Total deferred outflows of resources	<u>\$ 8,512,985</u>	<u>\$ 39,145</u>	<u>\$ 44,108</u>	<u>\$ 8,596,238</u>
Deferred inflows of resources				
Differences between expected and actual experience	\$ -	\$ 7,839	\$ -	\$ 7,839
Changes in employer's proportionate percentage/difference between employer contributions	24,408	-	-	24,408
Total deferred inflows of resources	<u>\$ 24,408</u>	<u>\$ 7,839</u>	<u>\$ -</u>	<u>\$ 32,247</u>

\$1,593,935 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.

HENRY COUNTY, OHIO

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

NOTE 14 - 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	Total
2024	\$ 935,801	\$ 812	\$ 1,845	\$ 938,458
2025	1,427,534	3,680	1,977	1,433,191
2026	1,716,949	5,102	2,015	1,724,066
2027	2,857,436	8,605	2,280	2,868,321
2028	-	(25)	1,313	1,288
Thereafter	-	978	3,754	4,732
Total	\$ 6,937,720	\$ 19,152	\$ 13,184	\$ 6,970,056

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

HENRY COUNTY, OHIO

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

NOTE 14 - 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
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>	

HENRY COUNTY, OHIO

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

NOTE 14 - 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	\$ 30,655,250	\$ 20,464,576	\$ 11,987,762
Combined Plan	(28,623)	(54,846)	(75,629)
Member-Directed Plan	(2,473)	(3,868)	(4,947)

NOTE 15 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

See Note 14 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.

HENRY COUNTY, OHIO

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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.

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.

HENRY COUNTY, OHIO

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 \$14,396 for 2023. Of this amount, \$1,422 is reported as pension and postemployment benefits payable.

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. 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:

	OPERS
Proportion of the net OPEB liability/asset prior measurement date	0.07876100%
Proportion of the net OPEB liability current measurement date	<u>0.08024100%</u>
Change in proportionate share	<u>0.00148000%</u>
Proportionate share of the net OPEB liability	\$ 423,533
OPEB expense	(751,547)

HENRY COUNTY, OHIO

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

NOTE 15 - 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
Deferred outflows of resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 841,153
Changes of assumptions	413,673
Changes in employer's proportionate percentage/difference between employer contributions	446
Contributions subsequent to the measurement date	14,396
Total deferred outflows of resources	\$ 1,269,668

	OPERS
Deferred inflows of resources	
Differences between expected and actual experience	\$ 105,647
Changes of assumptions	34,037
Changes in employer's proportionate percentage/difference between employer contributions	5,062
Total deferred inflows of resources	\$ 144,746

\$14,396 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.

HENRY COUNTY, OHIO

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

NOTE 15 - 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:

	OPERS
Year Ending December 31:	
2024	\$ 135,428
2025	306,456
2026	262,299
2027	406,343
Total	\$ 1,110,526

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022.

The actuarial valuation used the following 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%
Prior Measurement date	2.75 to 10.75%
including wage inflation	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

HENRY COUNTY, OHIO

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

NOTE 15 - DEFINED BENEFIT OPEB 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 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.

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	100.00 %	

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%.

HENRY COUNTY, OHIO

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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)	\$ 1,441,513	\$ 423,533	\$ (416,467)

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	\$ 396,987	\$ 423,533	\$ 453,412

NOTE 16 - 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 and the major special revenue funds 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);

HENRY COUNTY, OHIO

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

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING – (Continued)

- (c) Funds held by an escrow agent on behalf of the County are recorded as expenditures (budget basis) as opposed to cash in segregated accounts (GAAP basis);
- (d) 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
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

	Net Change in Fund Balance			
	<u>General Fund</u>	<u>Public Assistance</u>	<u>Motor Vehicle and Gas Tax</u>	<u>County Board of DD</u>
Budget basis	\$ 2,031,808	\$ (73,746)	\$ (1,479,941)	\$ (1,576,051)
Net adjustment for revenue accruals	642,970	160,395	(322,466)	(142,584)
Net adjustment for expenditure accruals	(116,693)	(36,638)	849,023	93,764
Net adjustment for other financing sources/(uses)	88,285	6,483	-	-
Funds budgeted elsewhere	(48,678)	-	-	-
Adjustment for encumbrances	<u>209,169</u>	<u>-</u>	<u>168,541</u>	<u>11,325</u>
GAAP basis	<u>\$ 2,806,861</u>	<u>\$ 56,494</u>	<u>\$ (784,843)</u>	<u>\$ (1,613,546)</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 unclaimed funds fund, certificate of title administration fund, Medicaid local sales tax transition fund, recorder equipment/computer fund, Colonial Medical reimbursement, and payroll fund.

NOTE 17 - CONTINGENCIES

A. Grants

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

B. Litigation

The County is not party to any legal proceedings which, in the opinion of management, would have a material impact upon the financial statements.

HENRY COUNTY, OHIO

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

NOTE 18 - FUND BALANCE

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

Fund balance	General	Public Assistance	Motor Vehicle and Gas Tax	County Board of DD	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepayments	\$ 159,030	\$ 1,190	\$ -	\$ 8,247	\$ 11,453	\$ 179,920
Materials and supplies inventory	14,380	5,549	182,436	4,173	46,940	253,478
Unclaimed monies	<u>63,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,068</u>
Total nonspendable	<u>236,478</u>	<u>6,739</u>	<u>182,436</u>	<u>12,420</u>	<u>58,393</u>	<u>496,466</u>
Restricted:						
Capital improvements	-	-	-	-	590,756	590,756
Legislative and executive	-	-	-	-	3,638,250	3,638,250
Judicial	-	-	-	-	316,928	316,928
Public safety	-	-	-	-	933,097	933,097
Public works	-	-	2,969,303	-	-	2,969,303
Human services	-	713,406	-	10,703,208	3,150,112	14,566,726
Health	-	-	-	-	78,398	78,398
Economic development	-	-	-	-	1,482,213	1,482,213
Transportation	-	-	-	-	543,627	543,627
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,850</u>	<u>216,850</u>
Total restricted	<u>-</u>	<u>713,406</u>	<u>2,969,303</u>	<u>10,703,208</u>	<u>10,950,231</u>	<u>25,336,148</u>
Committed:						
Capital improvements	-	-	-	-	472,771	472,771
Legislative and executive	-	-	-	-	11,517	11,517
Public safety	-	-	-	-	46,676	46,676
Public works	-	-	-	-	246,439	246,439
Human Services	-	-	-	-	1,827	1,827
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,713</u>	<u>47,713</u>
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>826,943</u>	<u>826,943</u>
Assigned:						
Legislative and executive	27,572	-	-	-	-	27,572
Judicial	59,861	-	-	-	-	59,861
Public safety	34,797	-	-	-	-	34,797
Public works	5,776	-	-	-	-	5,776
Subsequent year appropriations	<u>403,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>403,202</u>
Total assigned	<u>531,208</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>531,208</u>
Unassigned (deficit)	<u>14,206,017</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(190,814)</u>	<u>14,015,203</u>
Total fund balances	<u>\$ 14,973,703</u>	<u>\$ 720,145</u>	<u>\$ 3,151,739</u>	<u>\$ 10,715,628</u>	<u>\$ 11,644,753</u>	<u>\$ 41,205,968</u>

HENRY COUNTY, OHIO

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

NOTE 19 - PUBLIC ENTITY RISK POOL

The County Risk Sharing Authority, Inc., (CORSA) is a public entity risk sharing pool among forty-one 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 Corporation 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 does not have an equity interest in CORSA. The County's payment for insurance to CORSA in 2023 was \$135,762.

NOTE 20 - CONDUIT DEBT OBLIGATIONS

To provide funds to finance the cost of acquiring, construction, equipping, and furnishing a 40 unit assisted living facility at the Lutheran Orphans' and Old Folks Home Society in Napoleon, Ohio, the County has issued health care facility revenue bonds, series 1999. These bonds are special limited obligations of the County, payable solely from and secured by a trust estate including payments under the GNMA securities, the special funds and pledged receipts. The bonds do not constitute a debt or pledge of the faith and credit of the County and, accordingly, have not been reported in the accompanying financial statements. This facility was closed by agreement on April 1, 2017.

At December 31, 2023, health care facility revenue bonds outstanding aggregated \$2,485,000.

To provide for the acquisition, construction, installation, equipping of certain improvements at the Henry County Hospital and to refund prior bonds, the County has issued a series of Multi-Mode Variable Rate Demand Facilities Improvement Revenue Bonds, Series 2006 on March 1, 2006. These bonds are limited facility improvement obligation bonds of the County, payable solely out of rentals, revenues, and other income, charges and money realized from the use, lease, sale or other disposition of the 2006 Series bonds mentioned in the sub-sublease. These bonds do not constitute a debt or pledge of the faith and credit of the County or the State, and accordingly, have not been reported in the accompanying financial statements.

The facilities improvement revenue bonds original issue amount was \$10,000,000. During 2020, facility improvement revenue bonds of \$6,875,000 were issued.

HENRY COUNTY, OHIO

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

NOTE 21 - CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require that the County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs has a balance of \$2,498,933 as of December 31, 2023, which is based on approximately 100% usage (filled) of the landfill. The landfill was closed during 2013. The estimated total current cost for landfill closure and postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2023. However, the actual costs of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The County is required by State and federal laws and regulations to make annual contributions to finance closure and postclosure care. It is anticipated that future inflation costs will be financed in part from interest. The remaining portion of anticipated future inflation costs (including inadequate interest, if any) and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by taxpayers.

NOTE 22 - 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's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 128,859
Motor Vehicle Gas Tax	168,541
Nonmajor governmental	<u>12,609</u>
Total	<u>\$ 310,009</u>

NOTE 23 - TAX ABATEMENTS

The County was part of multiple Enterprise Zone (EZ) tax abatement agreements with local businesses. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements.

The County entered into multiple property tax abatement agreements with property owners under The Ohio Community Reinvestment Area ("CRA") program. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the County designates areas to encourage revitalization of the existing housing stock and the development of new structures.

The total taxes abated by the two types of agreements for the County in 2023 was \$403,801.

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REQUIRED SUPPLEMENTARY INFORMATION

HENRY 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			
	2023	2022	2021	2020
<i>Traditional Plan:</i>				
County's proportion of the net pension liability *	0.082756%	0.080838%	0.079808%	0.078994%
County's proportionate share of the net pension liability	\$ 20,464,576	\$ 5,860,080	\$ 9,950,844	\$ 13,208,400
County's covered payroll	\$ 10,419,157	\$ 9,946,364	\$ 9,015,229	\$ 9,097,807
County's proportionate share of the net pension liability as a percentage of its covered payroll	196.41%	58.92%	110.38%	145.18%
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 *	0.027798%	0.044189%	0.047856%	0.048859%
County's proportionate share of the net pension asset	\$ 54,846	\$ (145,065)	\$ 116,320	\$ 86,188
County's covered payroll	\$ 106,500	\$ 169,629	\$ 178,414	\$ 180,300
County's proportionate share of the net pension asset as a percentage of its covered payroll	51.50%	-85.52%	65.20%	47.80%
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 *	0.059091%	0.056075%	0.058756%	0.072267%
County's proportionate share of the net pension asset	\$ 3,868	\$ (8,483)	\$ 9,019	\$ 2,311
County's covered payroll	\$ 335,150	\$ 296,020	\$ 309,360	\$ 369,570
County's proportionate share of the net pension asset as a percentage of its covered payroll	1.15%	-2.87%	2.92%	0.63%
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.

* These are the proportionate share percentages for the County as a whole, including a minor portion for certain entities that are not included in the County's reporting entity.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
0.079286%	0.080651%	0.087561%	0.093118%	0.094444%	0.094444%
\$ 18,001,282	\$ 10,194,294	\$ 16,438,222	\$ 13,347,030	\$ 9,276,889	\$ 9,067,355
\$ 7,569,979	\$ 8,864,162	\$ 9,646,683	\$ 9,042,375	\$ 9,564,533	\$ 11,231,962
237.80%	115.01%	170.40%	147.61%	96.99%	80.73%
74.70%	84.66%	77.25%	81.08%	86.45%	86.36%
0.056803%	0.052642%	0.053086%	0.053680%	0.044935%	0.044935%
\$ 52,657	\$ 57,740	\$ 24,426	\$ 21,590	\$ 14,090	\$ 3,840
\$ 195,743	\$ 178,238	\$ 206,642	\$ 158,975	\$ 164,258	\$ 167,600
26.90%	32.39%	11.82%	13.58%	8.58%	2.29%
126.64%	137.28%	116.55%	116.90%	114.83%	104.56%
0.083373%	0.066197%	0.047667%	0.039040%	n/a	n/a
\$ 1,575	\$ 1,861	\$ 165	\$ 149	n/a	n/a
\$ 383,990	\$ 299,940	\$ 247,453	\$ 214,425	n/a	n/a
0.41%	0.62%	0.07%	0.07%	n/a	n/a
113.42%	124.46%	103.40%	103.91%	n/a	n/a

HENRY COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 1,550,857	\$ 1,458,682	\$ 1,392,491	\$ 1,262,132
Contributions in relation to the contractually required contribution	<u>(1,550,857)</u>	<u>(1,458,682)</u>	<u>(1,392,491)</u>	<u>(1,262,132)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 11,077,550	\$ 10,419,157	\$ 9,946,364	\$ 9,015,229
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 12,154	\$ 14,910	\$ 23,748	\$ 24,978
Contributions in relation to the contractually required contribution	<u>(12,154)</u>	<u>(14,910)</u>	<u>(23,748)</u>	<u>(24,978)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 101,283	\$ 106,500	\$ 169,629	\$ 178,414
Contributions as a percentage of covered payroll	12.00%	14.00%	14.00%	14.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 30,924	\$ 33,515	\$ 29,602	\$ 30,936
Contributions in relation to the contractually required contribution	<u>(30,924)</u>	<u>(33,515)</u>	<u>(29,602)</u>	<u>(30,936)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 309,240	\$ 335,150	\$ 296,020	\$ 309,360
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

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>
\$ 1,273,693	\$ 1,059,797	\$ 1,152,341	\$ 1,157,602	\$ 1,085,085	\$ 1,147,744
<u>(1,273,693)</u>	<u>(1,059,797)</u>	<u>(1,152,341)</u>	<u>(1,157,602)</u>	<u>(1,085,085)</u>	<u>(1,147,744)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,097,807	\$ 7,569,979	\$ 8,864,162	\$ 9,646,683	\$ 9,042,375	\$ 9,564,533
14.00%	14.00%	13.00%	12.00%	12.00%	12.00%
\$ 25,242	\$ 27,404	\$ 23,171	\$ 24,797	\$ 19,077	\$ 19,711
<u>(25,242)</u>	<u>(27,404)</u>	<u>(23,171)</u>	<u>(24,797)</u>	<u>(19,077)</u>	<u>(19,711)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 180,300	\$ 195,743	\$ 178,238	\$ 206,642	\$ 158,975	\$ 164,258
14.00%	14.00%	13.00%	12.00%	12.00%	12.00%
\$ 36,957	\$ 38,399	\$ 29,994	\$ 23,508	\$ 26,091	
<u>(36,957)</u>	<u>(38,399)</u>	<u>(29,994)</u>	<u>(23,508)</u>	<u>(26,091)</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ 369,570	\$ 383,990	\$ 299,940	\$ 195,900	\$ 217,425	
10.00%	10.00%	10.00%	12.00%	12.00%	

HENRY 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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
County's proportion of the net OPEB liability/asset *	0.080241%	0.078761%	0.078032%	0.077827%
County's proportionate share of the net OPEB liability/(asset)	\$ 423,533	\$ (2,055,430)	\$ (1,170,578)	\$ 9,093,898
County's covered payroll	\$ 10,860,807	\$ 10,412,013	\$ 9,503,003	\$ 9,647,677
County's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	3.90%	19.74%	12.32%	94.26%
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.

* These are the proportionate share percentages for the County as a whole, including a minor portion for certain entities that are not included in the County's reporting entity.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.078772%	0.079230%	0.084708%
\$ 8,513,691	\$ 6,932,153	\$ 7,073,049
\$ 8,149,712	\$ 9,342,340	\$ 10,049,225
104.47%	74.20%	70.38%
46.33%	54.14%	54.05%

HENRY COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 14,396	\$ 13,405	\$ 11,841	\$ 12,375
Contributions in relation to the contractually required contribution	<u>(14,396)</u>	<u>(13,405)</u>	<u>(11,841)</u>	<u>(12,375)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 11,488,073	\$ 10,860,807	\$ 10,412,013	\$ 9,503,003
Contributions as a percentage of covered payroll	0.13%	0.12%	0.11%	0.13%

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>
\$ 14,782	\$ 15,359	\$ 121,143	\$ 250,097	\$ 178,597	\$ 230,173
<u>(14,782)</u>	<u>(15,359)</u>	<u>(121,143)</u>	<u>(250,097)</u>	<u>(178,597)</u>	<u>(230,173)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,647,677	\$ 8,149,712	\$ 9,342,340	\$ 10,049,225	\$ 9,418,775	\$ 9,728,791
0.15%	0.19%	1.30%	2.49%	1.90%	2.37%

HENRY COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2023

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)

HENRY COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023

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)

HENRY COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM/CLUSTER TITLE	FEDERAL AL NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER/ ADDITIONAL AWARD IDENTIFICATION	PASSED THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE				
PASSED THROUGH THE OHIO DEPARTMENT OF JOB AND FAMILY SERVICES				
<i>Supplemental Nutrition Assistance Program Cluster:</i>				
<i>State Administrative Matching Grants for the Supplemental Nutrition Assistance Program</i>				
FAET Operating, FAET 100%, and Food Assistance	10.561	G-2223-11-6939	\$	68,453
American Rescue Plan Act - Food Assistance	10.561	G-2223-11-6939		3,868
FAET Operating, FAET 100%, and Food Assistance	10.561	G-2425-11-6148		72,399
American Rescue Plan Act - Food Assistance	10.561	G-2425-11-6148		7,131
Total Supplemental Nutrition Assistance Program Cluster				151,851
Total U.S. Department of Agriculture				151,851
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
PASSED THROUGH THE OHIO DEVELOPMENT SERVICES AGENCY				
OFFICE OF COMMUNITY DEVELOPMENT				
<i>Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii</i>				
Community Impact and Preservation Program	14.228	B-C-22-1BF-1	\$	253,565
COVID-19 - PY 2021 Target of Opportunity Program	14.228	B-D-21-1BF-1		133,762
COVID-19 - PY 2022 Target of Opportunity Program	14.228	B-D-22-1BF-4		5,400
Community Development Program	14.228	B-F-22-1BF-1		15,000
Critical Infrastructure Program	14.228	B-X-22-1BF-1		10,000
Critical Infrastructure Program	14.228	B-X-22-1BF-2		10,000
Critical Infrastructure Program	14.228	B-X-22-1BF-3		3,950
Total ALN # 14.228 - State Administered CDBG				431,677
HOME Investment Partnership Program: PY20 CHIP HOME Grant	14.239	B-C-22-1BF-2		203,056
Total U.S. Department of Housing and Urban Development				634,733
U.S. DEPARTMENT OF JUSTICE				
PASSED THROUGH THE				
OHIO OFFICE OF CRIMINAL JUSTICE SERVICES				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2022-JG-A03-6578E		28,163
Total U.S. Department of Justice				28,163
U.S. DEPARTMENT OF LABOR				
PASSED THROUGH THE OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES				
VIA AREA 7 WORKFORCE INVESTMENT BOARD				
<i>Workforce Investment and Opportunity Act (WIOA) Cluster:</i>				
WIA Adult Program (FY2023)	17.258	2020/21-7135-1		75,250
WIA Youth Activities (FY2023)	17.259	2020/21-7135-1		99,490
WIA Dislocated Worker Formula Grants (FY2023)	17.278	2020/21-7135-1		123,742
Total Workforce Investment and Opportunity Act (WIOA) Cluster				298,482
Unemployment Insurance (FY2023)	17.225	2020/21-7135-1		25,443
Total U.S. Department of Labor				323,925
U.S. DEPARTMENT OF TRANSPORTATION				
Passed Through Ohio Department of Transportation				
Formula Grants for Rural Areas and Tribal Transit Program				
Rural Transit Operating	20.509	RPTF4237 X01231		156,204
Rural Transit Operating	20.509	RPTF4237 005231		620,112
Rural Transit Capital Maintenance	20.509	RPTM0237 005232		81,317
Total Formula Grants for Rural Areas and Tribal Transit Program				857,633
<i>Federal Transit Cluster</i>				
Buses and Bus Facilities Program Formula, Competitive, and Low or No Emissions Programs	20.526	BABF-0237-010-222		46,013
Buses and Bus Facilities Program Formula, Competitive, and Low or No Emissions Programs	20.526	BABF-0237-010-223		77,228
Total Federal Transit Cluster				123,241
Passed Through Ohio Department of Public Safety				
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20.600	69A375223000016400HA		3,126
Total Highway Safety Cluster				3,126
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	69A375223000040200H0		2,656
Total U.S. Department of Transportation				986,656
U.S. DEPARTMENT OF TREASURY				
Passed Through Ohio Office of Management and Budget:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027	N/A		1,662,000
Passed through the Ohio Department of Job and Family Services:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) - Medicaid Unwinding Regular	21.027	G-2425-11-6148		43,902
Passed through the Ohio Department of Public Safety:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027	2022-AR-LEP-997		191,061
Total CSLFRF				1,896,963
Total U.S. Department of Treasury				1,896,963

--(continued)

HENRY COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM/CLUSTER TITLE	FEDERAL AL NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER/ ADDITIONAL AWARD IDENTIFICATION	PASSED THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Various Sources (See Tickmarks)				
<i>Promoting Safe and Stable Families:</i>				
{a} Promoting Safe and Stable Families	93.556	G-2223-11-6939		7,352
{a} Promoting Safe and Stable Families	93.556	G-2425-11-6148		14,137
{a} Promoting Safe and Stable Families	93.556	G-2425-06-0274		15,024
Total Promoting Safe and Stable Families				36,513
<i>Temporary Assistance for Needy Families (TANF):</i>				
<i>477 Cluster</i>				
{a} Temporary Assistance for Needy Families (TANF)	93.558	G-2223-11-6939		352,046
{a} Temporary Assistance for Needy Families (TANF)	93.558	G-2425-11-6148		274,714
Total 477 Cluster				626,760
<i>Child Support Enforcement</i>				
{a} Federal Child Support/State Match	93.563	G-2223-11-6939		166,273
{a} Federal Child Support/State Match	93.563	G-2425-11-6148		151,314
Total Child Support Enforcement				317,587
<i>Child Care and Development Fund Cluster:</i>				
<i>Child Care and Development Block Grant</i>				
{a} Child Care and Development Block Grant	93.575	G-2223-11-6939		15,844
{a} Child Care and Development Block Grant	93.575	G-2425-11-6148		8,303
Total Child Care and Development Fund Cluster				24,147
<i>Stephanie Tubbs Jones Child Welfare Services Program:</i>				
{a} Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2223-11-6939		18,840
{a} Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2425-11-6148		19,471
{a} Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2425-06-0274		2,459
Total Stephanie Tubbs Jones Child Welfare Services Program				40,770
<i>Foster Care-Title IV-E:</i>				
{a} Foster Care-Title IV-E	93.658	G-2223-11-6939		278,781
{a} Foster Care-Title IV-E	93.658	G-2425-11-6148		126,592
Total Foster Care-Title IV-E				405,373
<i>Adoption Assistance:</i>				
{a} Adoption Assistance	93.659	G-2223-11-6939		23,831
{a} Adoption Assistance	93.659	G-2425-11-6148		27,218
Total Adoption Assistance				51,049
<i>Social Services Block Grant</i>				
{a} Social Services Block Grant (Title XX)	93.667	G-2223-11-6939		131,265
{a} Social Services Block Grant (Title XX)	93.667	G-2425-11-6148		161,676
{b} Social Services Block Grant (Title XX)	93.667	G-2223-11-6939		23,033
Total Social Services Block Grant				315,974
<i>John H. Chafee Foster Care Program for Successful Transition to Adulthood</i>				
{a} Federal Chafee Foster Care Independence Program	93.674	G-2223-11-6939		3,661
{a} Federal Chafee Foster Care Independence Program	93.674	G-2425-11-6148		1,391
Total John H. Chafee Foster Care Program for Successful Transition to Adulthood				5,052
<i>Elder Abuse Prevention Interventions Program</i>				
{a} COVID-19 - Elder Abuse Prevention Interventions Program	93.747	G-2223-11-6939	-	-
{a} COVID-19 - Elder Abuse Prevention Interventions Program	93.747	G-2223-11-6939		18,166
{a} COVID-19 - Elder Abuse Prevention Interventions Program	93.747	G-2425-11-6148		4,311
Total Elder Abuse Prevention Interventions Program				22,477
<i>Children's Health Insurance Program</i>				
{a} Children's Health Insurance Program	93.767	G-2223-11-6939		5,911
{a} Children's Health Insurance Program	93.767	G-2425-11-6148		2,077
{a} COVID-19 - Children's Health Insurance Program	93.767	G-2223-11-6939		323
{a} COVID-19 - Children's Health Insurance Program	93.767	G-2425-11-6148		29
Total Children's Health Insurance Program				8,340
<i>Medicaid Cluster:</i>				
<i>Medical Assistance Program</i>				
{a} Medical Assistance Program	93.778	G-2223-11-6939		147,737
{a} Medical Assistance Program	93.778	G-2425-11-6148		105,636
Total Medicaid Cluster				253,373
PASSED THROUGH THE AREA OFFICE OF AGING OF NORTHWESTERN OHIO, INC.				
<i>Aging Cluster:</i>				
American Rescue Plan Act - Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers - Equipment	93.044	N/A		18,054
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers - Recreation	93.044	N/A		1,280
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers - Transportation	93.044	N/A		18,841
Total Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers				38,175
American Rescue Plan Act - Special Programs for the Aging - Title III, Part C2 - Equipment	93.045	N/A		6,200
Special Programs for the Aging - Title III, Part C1 - Nutrition Services	93.045	N/A		17,817
Special Programs for the Aging - Title III, Part C2 - Nutrition Services	93.045	N/A		4,212
Special Programs for the Aging - Title III, Part C2 - Nutrition Services	93.045	N/A		34,240
Total Special Programs for the Aging - Title III, Part C - Grants for Supportive Services and Senior Centers				62,469
Nutrition Services Incentive Program (NSIP)	93.053	N/A		45,770
Total Aging Cluster				146,414
Total U.S. Department of Health and Human Services				2,253,829

--(continued)

HENRY COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM/CLUSTER TITLE	FEDERAL AL NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER/ ADDITIONAL AWARD IDENTIFICATION	PASSED THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
U.S. DEPARTMENT OF HOMELAND SECURITY PASSED THROUGH THE OHIO DEPARTMENT OF PUBLIC SAFETY				
<i>Emergency Management Performance Grants:</i>				
Emergency Management Performance Grants - FY 2022 EMPG	97.042	EMC-2022-EP-00006		60,707
<i>Homeland Security Grant Program</i>				
Homeland Security Program - FY 2020	97.067	EMW-2020-SS-00037-S01		214,963
Homeland Security Program - FY 2021	97.067	EMW-2021-SS-00004		67,471
Total Homeland Security Grant Program				<u>282,434</u>
Total U.S. Department of Homeland Security				<u>343,141</u>
Total Federal Financial Assistance			<u>\$ 634,733</u>	<u>\$ 6,624,261</u>

Tickmarks:

- {a} Passed Through Ohio Department of Job and Family Services
- {b} Passed Through Ohio Department of Developmental Disabilities

The accompanying notes to this schedule are an integral part of this schedule.

HENRY COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 2 CFR 200.510(b)(6) FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – SUBRECIPIENTS

The County passes certain federal awards received from the Ohio Development Services Agency Office of Community development to other governments or not-for-profit agencies (subrecipients). As Note B describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

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

NOTE E – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) and HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS WITH REVOLVING LOAN CASH BALANCE

The current cash balance on the County's local program income account as of December 31, 2023 is \$549,999.

NOTE F – MATCHING REQUIREMENTS

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

HENRY COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)

NOTE G – TRANSFERS BETWEEN PROGRAM YEARS

During fiscal year 2023, the County made allowable transfers of \$196,095 from Temporary Assistance for Needy Families (TANF) (AL #93.558) program to the Social Services Block Grant (SSBG) (AL #93.667) program. The Schedule shows the County spent \$626,760 on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 2023 and the amount transferred to the SSBG program:

<u>Program Title</u>	<u>AL Number</u>	<u>Amt.</u> <u>Transferred</u>
TANF	93.558	\$ 822,855
Transfer to SSBG	93.667	<u>(196,095)</u>
Total		<u>\$ 626,760</u>

OHIO AUDITOR OF STATE KEITH FABER



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

Henry County
660 North Perry Street
Napoleon, Ohio 43545-0546

To the Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Henry County, Ohio (the County) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 20, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County's Response to Finding

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

September 20, 2024



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

Henry County
660 North Perry Street
Napoleon, Ohio 43545-0546

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Henry County, Ohio's, (the County) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Henry County's major federal programs for the year ended December 31, 2023. Henry County's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Henry County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



Keith Faber
Auditor of State
Columbus, Ohio

September 20, 2024

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HENRY COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Formula Grants for Rural Areas and Tribal Transit Program – AL #20.509 COVID-19 Coronavirus State and Local Fiscal Recovery Funds – AL #21.027
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2023-001

Material Weakness - Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

We identified the following errors requiring adjustments to the financial statements:

- Capital assets for Governmental Activities were understated, and expenses were overstated in the amount of \$1,764,600 due to the County failing to record additions of capital assets.
- Property taxes disbursed by the County in the amount of \$870,969 were incorrectly recorded as distributions as fiscal agent in the Custodial Fund. The disbursements should have been recorded as property tax distributions to other governments in the Custodial Fund.
- Deferred inflows for nonexchange transaction and amounts due from other governments for the Motor Vehicle and Gas Tax Fund were overstated in the amount of \$708,886 due to the accrual of funds not related to the fiscal year. There was no effect on Governmental Activities.
- Unavailable grant revenue was overstated, and intergovernmental revenue was understated in the amount of \$302,960 for the Public Assistance Funds due to failure to accrue revenue received in the availability period.

These errors were not identified and corrected prior to the County preparing its financial statements and notes to the financial statements due to deficiencies in the County's internal controls over financial statement monitoring. Failing to prepare accurate financial statements could lead the Board of County Commissioners to make misinformed decisions. The accompanying financial statements have been adjusted to correct these errors. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$2,667 to \$120,000, which we have brought to the County's attention.

The County should adopt policies and procedures over financial reporting, including a final review of the financial statements and notes to the financial statements by the County Auditor and Board of Commissioners to help identify and correct errors and omissions.

Officials' Response:

See corrective action plan.

3. FINDINGS FOR FEDERAL AWARDS

None



HENRY COUNTY AUDITOR

Elizabeth Fruchey

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR 200.511(b) DECEMBER 31, 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	Finding was first issued in the 2020 Audit. Material weakness for lack of monitoring of financial transactions resulting errors in the financial statements.	Not corrected and reissued as Finding 2023-001 in this report.	This finding recurred due to inadequate policies and procedures in reviewing the financial statements for errors and omissions. The County Auditor will perform detailed reviews of financial information to help ensure financial statements are correct.



HENRY COUNTY AUDITOR

Elizabeth Fruchey

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CORRECTIVE ACTION PLAN **2 CFR § 200.511(c)** **DECEMBER 31, 2023**

Finding Number:	2021-003
Planned Corrective Action:	The County will review classifications and financial statements to ensure all items are being classified and reported correctly.
Anticipated Completion Date:	9/30/2024
Responsible Contact Person:	Elizabeth Fruchey, County Auditor

OHIO AUDITOR OF STATE KEITH FABER



HENRY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/26/2024

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

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