



OHIO AUDITOR OF STATE  
**KEITH FABER**





HIGHLAND COUNTY  
DECEMBER 31, 2022

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HIGHLAND COUNTY  
DECEMBER 31, 2022

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Highland County  
119 Governor Foraker Place  
Hillsboro, Ohio 45133

To the Board of County Commissioners:

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the cash-basis financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Highland County, Ohio (the County), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2022, and the respective changes in cash-basis financial position and where applicable cash flows thereof and the respective budgetary comparison for the General, Public Assistance, Repair Motor Vehicle License, Board of Developmental Disabilities, Children Services, and American Rescue Plan funds for the year then ended in accordance with the cash-basis of accounting described in Note 2.

#### *Basis for Opinions*

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

#### *Emphasis of Matter - Accounting Basis*

Ohio Administrative Code § 117-2-03(B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Emphasis of Matter***

As discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. We did not modify our opinion regarding this matter.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Supplementary Information***

Our audit was conducted to opine on the financial statements as a whole 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 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 to 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, this schedule 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 May 29, 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  
May 29, 2024

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Highland County, Ohio  
Statement of Net Position - Cash Basis  
December 31, 2022

	Primary Government			Component Units
	Governmental Activities	Business-Type Activity	Total	
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$41,634,040	\$698,350	\$42,332,390	\$532,805
Cash and Cash Equivalents in Segregated Accounts	307,846	0	307,846	0
Cash and Cash Equivalents with Fiscal Agents	31,039	0	31,039	0
<i>Total Assets</i>	<u>\$41,972,925</u>	<u>\$698,350</u>	<u>\$42,671,275</u>	<u>\$532,805</u>
<b>Net Position</b>				
Restricted for:				
General Government	\$9,842,771	\$0	\$9,842,771	\$0
Public Safety	1,948,788	0	1,948,788	0
Public Works	3,068,577	0	3,068,577	0
Health	4,869,076	0	4,869,076	0
Human Services	2,389,422	0	2,389,422	0
Capital Improvements	981,249	0	981,249	0
Debt Service Payments	377,587	0	377,587	0
Unrestricted	<u>18,495,455</u>	<u>698,350</u>	<u>19,193,805</u>	<u>532,805</u>
<i>Total Net Position</i>	<u>\$41,972,925</u>	<u>\$698,350</u>	<u>\$42,671,275</u>	<u>\$532,805</u>

See accompanying notes to the basic financial statement:

Highland County, Ohio  
Statement of Activities - Cash Basis  
For the Year Ended December 31, 2022

	Program Receipts			
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government:				
Legislative and Executive	\$4,418,899	\$2,255,410	\$4,532,909	\$0
Judicial	1,850,051	368,234	0	0
Public Safety	6,041,860	529,633	841,148	0
Public Works	6,986,265	67,130	6,015,087	1,082
Health	5,905,945	723,835	1,685,431	0
Human Services	10,583,848	14,565	7,773,648	0
Capital Outlay	2,473,834	0	0	695,836
Debt Service:				
Principal Retirement	450,132	0	0	0
Interest	158,010	0	0	0
<i>Total Governmental Activities</i>	<u>38,868,844</u>	<u>3,958,807</u>	<u>20,848,223</u>	<u>696,918</u>
<b>Business-Type Activity</b>				
Sewer	1,030,646	1,119,879	0	0
<i>Total Primary Government</i>	<u>\$39,899,490</u>	<u>\$5,078,686</u>	<u>\$20,848,223</u>	<u>\$696,918</u>
Component Units	<u>\$390,027</u>	<u>\$108,500</u>	<u>\$404,729</u>	<u>\$0</u>

**General Receipts**

Property Taxes Levied for:

General Purposes

Board of Developmental Disabilities

Human Services

Other Local Taxes

Sales Taxes Levied for General Purposes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings and Other Interest

General Obligation Bonds Issued

Proceeds of Ohio Public Works Commission Loan

Proceeds of Loans

Miscellaneous

*Total General Receipts Before Advances*

Advances In

Advances Out

*Total General Receipts and Advances*

Change in Net Position

*Net Position at Beginning of Year*

*Net Position at End of Year*

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts  
and Changes in Net Position

Primary Government		Total	Compenent Units
Governmental Activities	Business-Type Activity		
\$2,369,420	\$0	\$2,369,420	\$0
(1,481,817)	0	(1,481,817)	0
(4,671,079)	0	(4,671,079)	0
(902,966)	0	(902,966)	0
(3,496,679)	0	(3,496,679)	0
(2,795,635)	0	(2,795,635)	0
(1,777,998)	0	(1,777,998)	0
(450,132)	0	(450,132)	0
(158,010)	0	(158,010)	0
(13,364,896)	0	(13,364,896)	0
0	89,233	89,233	0
(13,364,896)	89,233	(13,275,663)	0
0	0	0	123,202
2,710,515	0	2,710,515	0
2,880,614	0	2,880,614	0
648,651	0	648,651	0
48,898	0	48,898	0
9,254,352	0	9,254,352	0
1,881,944	0	1,881,944	0
237,413	0	237,413	0
271,000	0	271,000	0
190,665	0	190,665	0
184,246	0	184,246	0
1,731,873	0	1,731,873	0
20,040,171	0	20,040,171	0
59,500	0	59,500	0
(59,500)	0	(59,500)	0
20,040,171	0	20,040,171	0
6,675,275	89,233	6,764,508	123,202
35,297,650	609,117	35,906,767	409,603
\$41,972,925	\$698,350	\$42,671,275	\$532,805

Highland County, Ohio  
Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2022

	General Fund	Public Assistance Fund	Repair MVL Fund
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$7,855,863	\$186,647	\$2,090,589
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	273,107	0	0
Cash and Cash Equivalents in Segregated Accounts	80,127	0	3
Cash and Cash Equivalents with Fiscal Agents	0	0	0
<i>Total Assets</i>	<u>\$8,209,097</u>	<u>\$186,647</u>	<u>\$2,090,592</u>
<b>Fund Balances</b>			
Nonspendable	\$273,107	\$0	\$0
Restricted	0	186,647	2,090,592
Committed	800,000	0	0
Assigned	5,505,402	0	0
Unassigned	1,630,588	0	0
<i>Total Fund Balances</i>	<u>\$8,209,097</u>	<u>\$186,647</u>	<u>\$2,090,592</u>

See accompanying notes to the basic financial statements

Board of Developmental Disabilities Fund	Children Services Fund	American Rescue Plan Fund	General Fund Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$4,242,817	\$461,514	\$8,049,800	\$8,041,309	\$10,432,394	\$41,360,933
0	0	0	0	0	273,107
0	0	0	0	227,716	307,846
31,039	0	0	0	0	31,039
<u>\$4,273,856</u>	<u>\$461,514</u>	<u>\$8,049,800</u>	<u>\$8,041,309</u>	<u>\$10,660,110</u>	<u>\$41,972,925</u>
\$0	\$0	\$0	\$0	\$0	\$273,107
4,273,856	461,514	8,049,800	0	8,415,061	23,477,470
0	0	0	0	8,462	808,462
0	0	0	8,041,309	2,236,587	15,783,298
0	0	0	0	0	1,630,588
<u>\$4,273,856</u>	<u>\$461,514</u>	<u>\$8,049,800</u>	<u>\$8,041,309</u>	<u>\$10,660,110</u>	<u>\$41,972,925</u>

Highland County, Ohio  
Statement of Cash Receipts, Disbursements  
and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2022

	General Fund	Public Assistance Fund	Repair MVL Fund
<b>Receipts</b>			
Property Taxes	\$2,710,515	\$0	\$0
Other Local Taxes	0	0	0
Sales Taxes	9,254,352	0	0
Charges for Services	1,609,384	959	0
Licenses and Permits	14,183	0	0
Fines and Forfeitures and Settlements	140,705	0	912
Intergovernmental	1,881,944	4,111,327	5,788,986
Special Assessments	0	0	0
Investment Earnings and Other Interest	237,413	0	12,530
Rentals	320	0	0
Contributions and Donations	0	0	0
Miscellaneous	136,573	406,208	149,511
<i>Total Receipts</i>	<u>15,985,389</u>	<u>4,518,494</u>	<u>5,951,939</u>
<b>Disbursements</b>			
Current:			
General Government:			
Legislative and Executive	2,974,117	0	0
Judicial	1,756,609	0	0
Public Safety	4,703,208	0	0
Public Works	961,798	0	5,774,924
Health	193,838	0	0
Human Services	801,876	4,594,576	0
Capital Outlay	0	0	374,911
Debt Service:			
Principal Retirement	1,000	0	14,804
Interest	0	0	0
<i>Total Disbursements</i>	<u>11,392,446</u>	<u>4,594,576</u>	<u>6,164,639</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>4,592,943</u>	<u>(76,082)</u>	<u>(212,700)</u>
<b>Other Financing Sources (Uses)</b>			
General Obligation Bonds Issued	0	0	0
Proceeds of Ohio Public Works Commission Loan	0	0	190,665
Proceeds of Loans	0	0	184,246
Transfers In	0	0	0
Transfers Out	(4,185,000)	0	0
Advances In	0	0	0
Advances Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(4,185,000)</u>	<u>0</u>	<u>374,911</u>
<i>Net Change in Fund Balances</i>	407,943	(76,082)	162,211
<i>Fund Balances at Beginning of Year</i>	<u>7,801,154</u>	<u>262,729</u>	<u>1,928,381</u>
<i>Fund Balances at End of Year</i>	<u><u>\$8,209,097</u></u>	<u><u>\$186,647</u></u>	<u><u>\$2,090,592</u></u>

See accompanying notes to the basic financial statement:

Board of Developmental Disabilities Fund	Children Services Fund	American Rescue Plan Fund	General Fund Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$2,880,614	\$648,651	\$0	\$0	\$0	\$6,239,780
0	0	0	0	48,898	48,898
0	0	0	0	0	9,254,352
552,963	13,606	0	0	1,236,575	3,413,487
0	0	0	0	102,876	117,059
0	0	0	0	286,324	427,941
1,339,476	3,134,922	4,191,759	0	2,812,648	23,261,062
0	0	0	0	125,740	125,740
0	0	0	0	0	249,943
0	0	0	0	0	320
0	14,720	0	0	13,033	27,753
366,966	270,562	0	0	402,053	1,731,873
5,140,019	4,082,461	4,191,759	0	5,028,147	44,898,208
0	0	321,192	0	1,123,590	4,418,899
0	0	0	0	93,442	1,850,051
0	0	0	0	1,338,652	6,041,860
0	0	0	0	249,543	6,986,265
5,210,831	0	0	0	501,276	5,905,945
0	4,564,882	0	0	622,514	10,583,848
0	0	0	1,898,571	200,352	2,473,834
0	0	0	0	434,328	450,132
0	0	0	0	158,010	158,010
5,210,831	4,564,882	321,192	1,898,571	4,721,707	38,868,844
(70,812)	(482,421)	3,870,567	(1,898,571)	306,440	6,029,364
0	0	0	271,000	0	271,000
0	0	0	0	0	190,665
0	0	0	0	0	184,246
0	0	0	4,000,000	377,880	4,377,880
(122,790)	0	0	0	(70,090)	(4,377,880)
0	0	0	0	59,500	59,500
0	0	0	0	(59,500)	(59,500)
(122,790)	0	0	4,271,000	307,790	645,911
(193,602)	(482,421)	3,870,567	2,372,429	614,230	6,675,275
4,467,458	943,935	4,179,233	5,668,880	10,045,880	35,297,650
\$4,273,856	\$461,514	\$8,049,800	\$8,041,309	\$10,660,110	\$41,972,925

Highland County, Ohio  
Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual - Budget Basis  
General Fund  
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$0	\$0	\$2,717,979	\$2,717,979
Sales Taxes	0	0	9,254,352	9,254,352
Charges for Services	0	0	1,378,550	1,378,550
Licenses and Permits	0	0	3,220	3,220
Fines and Forfeitures and Settlements	0	0	66,685	66,685
Intergovernmental	0	0	1,881,944	1,881,944
Investment Earnings and Other Interest	0	0	237,408	237,408
Rentals	0	0	320	320
Miscellaneous	0	0	136,307	136,307
<i>Total Receipts</i>	<u>0</u>	<u>0</u>	<u>15,676,765</u>	<u>15,676,765</u>
<b>Disbursements</b>				
Current:				
General Government				
Legislative and Executive	2,047,262	3,585,725	2,491,823	1,093,902
Judicial	1,428,672	1,738,907	1,738,907	0
Public Safety	3,856,967	4,694,504	4,694,504	0
Public Works	788,180	959,333	959,333	0
Health	159,256	193,838	193,838	0
Human Services	653,632	795,568	795,568	0
Debt Service:				
Principal Retirement	822	1,000	1,000	0
<i>Total Disbursements</i>	<u>8,934,791</u>	<u>11,968,875</u>	<u>10,874,973</u>	<u>1,093,902</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(8,934,791)	(11,968,875)	4,801,792	16,770,667
<b>Other Financing Uses</b>				
Transfers Out	(3,615,209)	(4,400,248)	(4,400,248)	0
<i>Net Change in Fund Balance</i>	(12,550,000)	(16,369,123)	401,544	16,770,666
<i>Fund Balance at Beginning of Year</i>	3,940,420	3,940,420	3,940,420	0
Prior Year Encumbrances Appropriated	8,051	8,051	8,051	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>(\$8,601,529)</u>	<u>(\$12,420,652)</u>	<u>\$4,350,015</u>	<u>\$16,770,666</u>

See accompanying notes to the basic financial statements



Highland County, Ohio  
Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual - Budget Basis  
Public Assistance Fund  
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Charges for Services	\$0	\$0	\$959	\$959
Intergovernmental	0	0	4,111,327	4,111,327
Miscellaneous	0	0	406,208	406,208
<i>Total Receipts</i>	0	0	4,518,494	4,518,494
<b>Disbursements</b>				
Current:				
Human Services	7,302,000	5,070,000	4,553,595	516,405
<i>Net Change in Fund Balance</i>	(7,302,000)	(5,070,000)	(35,101)	5,034,899
<i>Fund Balance at Beginning of Year</i>	199,427	199,427	199,427	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>(\$7,102,573)</u>	<u>(\$4,870,573)</u>	<u>\$164,326</u>	<u>\$5,034,899</u>

See accompanying notes to the basic financial statements

Highland County, Ohio  
Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual - Budget Basis  
Repair Motor Vehicle License Fund  
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Fines and Forfeitures and Settlements	\$0	\$0	\$925	\$925
Intergovernmental	0	0	5,788,986	5,788,986
Investment Earnings and Other Interest	0	0	12,530	12,530
Miscellaneous	0	0	149,511	149,511
<i>Total Receipts</i>	<u>0</u>	<u>0</u>	<u>5,951,952</u>	<u>5,951,952</u>
<b>Disbursements</b>				
Current:				
Public Works	6,200,000	5,901,397	6,571,102	(669,705)
Debt Service:				
Principal Retirement	0	14,804	14,804	0
<i>Total Disbursements</i>	<u>6,200,000</u>	<u>5,916,201</u>	<u>6,585,906</u>	<u>(669,705)</u>
<i>Net Change in Fund Balance</i>	(6,200,000)	(5,916,201)	(633,954)	5,282,247
<i>Fund Balance at Beginning of Year</i>	961,455	961,455	961,455	0
Prior Year Encumbrances Appropriated	<u>908,419</u>	<u>908,419</u>	<u>908,419</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>(\$4,330,126)</u>	<u>(\$4,046,327)</u>	<u>\$1,235,920</u>	<u>\$5,282,247</u>

See accompanying notes to the basic financial statements

Highland County, Ohio  
Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual - Budget Basis  
Board of Developmental Disabilities Fund  
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$0	\$0	\$2,894,317	\$2,894,317
Charges for Services	0	0	552,963	552,963
Intergovernmental	0	0	735,861	735,861
Other	0	0	355,453	355,453
<i>Total Receipts</i>	0	0	4,538,594	4,538,594
<b>Disbursements</b>				
Current:				
Health	3,819,088	4,420,561	4,356,420	64,141
<i>Excess of Receipts Over (Under) Disbursements</i>	(3,819,088)	(4,420,561)	182,174	4,602,735
<b>Other Financing Uses</b>				
Transfers Out	(122,790)	(122,790)	(122,790)	0
<i>Net Change in Fund Balance</i>	(3,941,878)	(4,543,351)	59,384	4,602,737
<i>Fund Balance at Beginning of Year</i>	3,456,441	3,456,441	3,456,441	0
<i>Fund Balance (Deficit) at End of Year</i>	(\$485,437)	(\$1,086,910)	\$3,515,825	\$4,602,737

See accompanying notes to the basic financial statement:

Highland County, Ohio  
Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual - Budget Basis  
Children Services Fund  
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property Taxes	\$0	\$0	\$651,596	\$651,596
Charges for Services	0	0	13,606	13,606
Intergovernmental	0	0	3,134,922	3,134,922
Contributions and Donations	0	0	14,720	14,720
Other	0	0	270,562	270,562
	<u>0</u>	<u>0</u>	<u>4,085,406</u>	<u>4,085,406</u>
<i>Total Receipts</i>	0	0	4,085,406	4,085,406
<b>Disbursements</b>				
Current:				
Human Services	5,010,500	4,563,983	4,563,983	0
	<u>(5,010,500)</u>	<u>(4,563,983)</u>	<u>(478,577)</u>	<u>4,085,406</u>
<i>Net Change in Fund Balance</i>				
	(5,010,500)	(4,563,983)	(478,577)	4,085,406
<i>Fund Balance at Beginning of Year</i>	922,333	922,333	922,333	0
	<u>922,333</u>	<u>922,333</u>	<u>922,333</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	(\$4,088,167)	(\$3,641,650)	\$443,756	\$4,085,406
	<u><u>(\$4,088,167)</u></u>	<u><u>(\$3,641,650)</u></u>	<u><u>\$443,756</u></u>	<u><u>\$4,085,406</u></u>

See accompanying notes to the basic financial statements

Highland County, Ohio  
Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual - Budget Basis  
American Rescue Plan Fund  
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$0	\$0	\$4,191,759	\$4,191,759
<b>Disbursements</b>				
Current:				
General Government				
Legislative and Executive	8,100,625	865,804	865,804	0
<i>Net Change in Fund Balance</i>	(8,100,625)	(865,804)	3,325,955	4,191,759
<i>Fund Balance at Beginning of Year</i>	4,178,866	4,178,866	4,178,866	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>(\$3,921,759)</u>	<u>\$3,313,062</u>	<u>\$7,504,821</u>	<u>\$4,191,759</u>

See accompanying notes to the basic financial statements

Highland County, Ohio  
Statement of Fund Net Position - Cash Basis  
Proprietary Fund  
December 31, 2022

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	<u>Sewer Fund</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$698,350</u></u>
<b>Net Position</b>	
Unrestricted	<u><u>\$698,350</u></u>

*Total Net Assets*

See accompanying notes to the basic financial statements

Highland County, Ohio  
Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Position - Cash Basis  
Proprietary Fund  
For the Year Ended December 31, 2022

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	Sewer Fund
<b>Operating Receipts</b>	
Charges for Services	\$1,119,879
<b>Operating Disbursements</b>	
Personal Services	20,776
Contractual Services	1,009,870
<i>Total Operating Disbursements</i>	1,030,646
<i>Change in Net Position</i>	89,233
<i>Net Position at Beginning of Year</i>	609,117
<i>Net Position at End of Year</i>	\$698,350

See accompanying notes to the basic financial statements

Highland County, Ohio  
Statement of Cash Basis Fiduciary Net Position  
Custodial Funds  
December 31, 2022

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<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$3,258,294
Cash and Cash Equivalents In Segregated Accounts	<u>80,046</u>
<i>Total Assets</i>	<u><u>3,338,340</u></u>
<b>Net Position</b>	
Restricted for Individuals, Organizations and Other Governments	<u><u>\$3,338,340</u></u>

See accompanying notes to the basic financial statements



Highland County  
Statement of Changes in Fiduciary Net Position  
Custodial Funds  
For the Year Ended December 31, 2022

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**Additions**

Intergovernmental	\$5,241,087
Amounts Received as Fiscal Agent	2,479,200
Licenses, Permits, and Fees for Other Governments	3,936,775
Fines and Forfeitures for Other Governments	226,471
Property Tax Collections for Other Governments	28,505,028
Special Assessment Collections for Other Governments	231,382
Sheriff Sales Collections for Others	450,717
Amounts Received for Others	52,809
Other	145,045

<i>Total Additions</i>	<u>41,268,514</u>
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**Deductions**

Distributions as Fiscal Agent	1,890,920
Distributions of State Funds to Other Governments	5,240,292
Distributions to the State of Ohio	4,012,534
Property Tax Distributions to Other Governments	29,382,631
Special Assessment Distributions to Other Governments	231,382
Sheriff Sale Distributions to Other Governments	454,785
Distributions to Other Governments	93,582
Distributions to Individuals	225,647

<i>Total Deductions</i>	<u>41,531,773</u>
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<i>Change in Net Position</i>	(263,259)
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<i>Net Position at Beginning of Year</i>	<u>3,601,599</u>
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<i>Net Position End of Year</i>	<u><u>\$3,338,340</u></u>
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See accompanying notes to the basic financial statements

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**Note 1 - Reporting Entity**

Highland County, Ohio (the County) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County is governed by a board of three County Commissioners elected by the voters of the County. An elected County Auditor serves as chief fiscal officer. In addition, there are nine other elected administrative officials. These officials are: County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, and a Probate/Juvenile Court Judge. The County Commissioners serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the County.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the County are not misleading.

The primary government of the County consists of all funds, departments, boards, and agencies that are not legally separate from the County. For Highland County, this includes the Board of Developmental Disabilities and all departments and activities that are directly operated by the elected County Officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. The County is also financially accountable for any organizations that are fiscally dependent on the County in that the County approves the budget, the issuance of debt, or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the County, are accessible to the County and are significant in amount to the County.

**Discretely Presented Component Units**

The component units column on the entity-wide financial statements identifies the financial data of the County's component units, Highland County Airport Authority (the Authority) and the Highland County Land Reutilization Corporation (Land Bank). They are reported separately to emphasize that they are legally separate from the County.

The Highland County Airport Authority is a legally separate body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Authority is directed by a seven member Board, appointed by the Highland County Commissioners. The Authority is responsible for the safety and efficient operation and maintenance of the airport. The Highland County Commissioners administer and account for bond anticipation notes for airport improvements. Disclosures can be found in Note 18.

Highland County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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The Highland County Land Reutilization Corporation (Land Bank) was formed on November 30, 2016 as a legally separate not-for-profit organization, created under Ohio Revised Code Section 5722.02 to 5722.15 and Chapter 1724, to strengthen neighborhoods in the County by returning vacant and abandoned properties to productive use. The Land Bank has been designated as the County's agent for reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed or other real property within the County. The Land Bank will assist and facilitate activities of governmental entities in assembling and clearing title to land for economic development purposes. The Land Bank is governed by a five member Board of Directors, consisting of two County Commissioners, the County Treasurer, one representative from the municipal corporation with the largest population (City of Hillsboro), and one representative from a Highland County township (Paint Township). The Board of Directors has the authority to make, prescribe, and enforce all rules and regulations for the conduct of all business and affairs of the Land Bank and the management and control of its properties. Because the County makes up and/or appoints a voting majority of the Board of Directors, and the County is able to impose its will on the operation of the Land Bank, the relationship between the County and the Land Bank is such that exclusion could cause the County's financial statements to be misleading. Disclosures can be found in Note 20.

The information presented in Notes 2 through 17 relates to the primary government. Information related to the discretely presented component unit is presented in Note 18 through 21.

As custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the separate organizations listed below, the County serves as fiscal agent, but the organizations are not considered part of Highland County. Accordingly, the activity of the following organizations is reported as custodial funds within the financial statements:

Highland County Soil and Water Conservation District  
Highland County District Board of Health  
Highland County Family and Children First Council

The County participates in four jointly governed organizations, a public entity risk pool and an insurance purchasing pool. These organizations are presented in Notes 14 and 15 to the basic financial statements. These organizations are:

Ross, Pickaway, Highland and Fayette Counties Joint Solid Waste District  
Paint Valley Board of Alcohol, Drug Addiction and Mental Health Services  
South Central Regional Juvenile Detention Center  
Southern Ohio Council of Governments  
County Risk Sharing Authority, Inc.  
County Commissioners' Association of Ohio Service Corporation

**Note 2 - Summary of Significant Accounting Policies**

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted

Highland County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the County's accounting policies.

Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the cash balance of the governmental and business-type activities of the County at year-end. The statement of activities compares disbursements and program receipts for each program or function of the County's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the County is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program.

Receipts which are not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the County.

Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Highland County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

### 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. The funds of the County are presented in three categories: governmental, proprietary, and fiduciary.

### Governmental Funds

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. The following are the County's major governmental funds:

General Fund – The General Fund accounts for and reports all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

Public Assistance Fund – This fund accounts for and reports federal, State, and local monies restricted to provide general relief and to pay providers of medical assistance and social services.

Repair Motor Vehicle License Fund – This fund accounts for and reports State-levied, shared monies derived from gasoline taxes and the sale of motor vehicle licenses. Disbursements are restricted by State law to county road and bridge repair/improvement programs.

Board of Developmental Disabilities Fund – This fund accounts for and reports monies restricted for the operation of a school for the mentally and developmentally disabled, financed by a County-wide property tax levy and federal and State grants.

Children Services Fund – This fund accounts for and reports the County-wide tax levy along with various federal and State grants restricted for the support of foster homes, medical treatment, school supplies, counseling and parental assistance.

American Rescue Plan Fund – This fund accounts for and reports federal monies restricted to provide emergency fiscal relief related to the COVID-19 pandemic.

General Fund Capital Improvement Fund – This fund accounts for and reports resources assigned for constructing improvements, renovations and additions to the County's buildings, including equipment, furniture and fixtures.

Highland County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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The other governmental funds of the County account for and report grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

Proprietary Fund

The County classifies funds financed primarily from user charges for goods or services as proprietary. The proprietary fund is classified as an enterprise fund.

Enterprise Fund - The enterprise fund may be used to account for any activity for which a fee is charged to external users for goods or services. The following is the County's only enterprise fund:

Sewer Fund – To account for and report the provision of sanitary sewer services to the residents and businesses of the County.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) 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 arrangement that has certain characteristics. The County does not have any trust funds. 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. Custodial funds are used to account for assets held by the County for various taxes, assessments, fines and fees collected for the benefit of and distributed to other governments; for State shared resources received from the State and distributed to other local governments; for various fines and fees collected and distributed through the courts for the benefit of others.

Basis of Accounting

The County's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the County's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting.

Highland County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the County Commissioners. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the County Commissioners.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the County Commissioners during the year, including all supplemental appropriations.

#### Cash and Investments

To improve cash management, cash received by the County is pooled and invested. Individual fund integrity is maintained through County records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Cash and cash equivalents that are held for unclaimed monies are recorded under restricted assets as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Cash and cash equivalents that are held separately within departments of the County are recorded as "Cash and Cash Equivalents in Segregated Accounts".

The Southern Ohio Council of Governments is currently holding deposits that belong to the County. These are represented as "Cash and Cash Equivalents with Fiscal Agents" on the financial statements.

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.



Highland County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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During 2022, the County invested in money market mutual funds, negotiable certificates of deposit, Federal Farm Credit Bank Bonds, Federal Home Loan Mortgage Bank Bonds, Federal Home Loan Bonds and STAR Ohio. Investments are reported at cost, except for the money market fund and STAR Ohio. The County's money market fund investment is recorded at the amount reported by Fifth Third Bank on December 31, 2022.

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

For 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2022 were \$237,413 which includes \$192,818 assigned from other County funds.

#### Restricted Assets

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

#### Inventory and Prepaid Items

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

#### Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Highland County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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Interfund Receivables/Payables

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

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the County's cash basis of accounting.

Pensions/Other Postemployment Benefits (OPEB)

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

Employer Contributions to Cost-Sharing Pension Plans

The County recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

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

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include activities involving the upkeep of the County's roads and bridges, various mental health services, child support and welfare services, services for the handicapped and mentally disabled, and activities of the County's courts. None of which is restricted by enabling legislation.

The County's policy is to first apply restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net position are available.

Highland County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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

Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the County Commissioners remove or change the specified use by taking the same type of action (resolution) 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 or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the County Commissioners or a County official delegated that authority by resolution or by State Statute.

The County Auditor assigned fund balance to cover a gap between estimated revenue and appropriations in the year 2023 appropriated budget.

Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

Highland County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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

#### Interfund Transactions

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/cash disbursements in proprietary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements.

#### **Note 3 – Compliance and Accountability**

##### Compliance

Ohio Administrative Code, section 117-2-03 (B), requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

Contrary to Ohio law, the County did not approve an amended certificate for 2022. Therefore, appropriations exceeded estimated resources in all funds at December 31, 2022.

#### **Note 4 - Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of receipts, disbursements and changes in fund balance – budget and actual – budget basis presented for the General Fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are the following:

1. Cash that is held by custodial funds on behalf of County funds on a budget basis are allocated and reported on the cash basis in the appropriate County fund.
2. Cash that is held by the Southern Ohio Council of Governments on behalf of the County Board of Developmental Disabilities Fund are reported on the cash basis.

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For the Year Ended December 31, 2022

3. Budgetary revenues and expenditures of the Certificate of Title Administration and Child Emergency Special Revenue Funds are classified to the General Fund for cash basis reporting. Budgetary revenues and expenditures of the Community MRDD Residential Service, Help Me Grow, Art Studio, and Board of Developmental Disabilities Special Revenue Funds are classified to the Board of MRDD Fund for cash basis reporting.
4. Encumbrances outstanding at year-end.
5. Custodial fund distributions to appropriate County funds.

	<u>General Fund</u>	<u>Public Assistance Fund</u>	<u>Repair MVL Fund</u>	<u>Board of Developmental Disabilities Fund</u>
Cash Basis	\$407,943	(\$76,082)	\$162,211	(\$193,602)
Encumbrances	0	0	(815,799)	(379,882)
Agency Fund Distribution:				
Beginning of Year	329,660	63,302	58,507	180,337
End of Year	(311,191)	(22,321)	(38,873)	(141,721)
Excluded Funds for				
Budget Purposes	(24,868)	0	0	594,252
Budget Basis	<u>\$401,544</u>	<u>(\$35,101)</u>	<u>(\$633,954)</u>	<u>\$59,384</u>

	<u>Children Services Fund</u>	<u>American Rescue Plan Fund</u>
Cash Basis	(\$482,421)	\$3,870,567
Encumbrances	0	(543,527)
Agency Fund Distribution:		
Beginning of Year	21,602	367
End of Year	(17,758)	(1,452)
Excluded Funds for		
Budget Purposes	0	0
Budget Basis	<u>(\$478,577)</u>	<u>\$3,325,955</u>

**Note 5 - 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 demands upon the County treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Highland County, Ohio  
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For the Year Ended December 31, 2022

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Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested with certain limitations in the following securities provided the County has filed a written investment policy with the Ohio Auditor of State:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of this state or the political subdivisions of this state, provided the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts, in eligible institutions pursuant to ORC sections 135.32;
6. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in (1) or (2) above; commercial paper as described in ORC section 135.143 (6); and repurchase agreements secured by such obligations, provided these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value, within certain limitations;
9. Up to forty percent of the County's average portfolio, if training requirements have been met in either of the following:
  - a. Commercial paper notes in entities incorporated under the laws of Ohio, or any other State, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of

Highland County, Ohio  
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- the issuing corporation, which mature within 270 days after purchase, and the investment in commercial paper notes of a single issuer shall not exceed the aggregate five percent of interim monies available for investment at the time of purchase.
- b. Bankers acceptances of banks that are insured by the federal deposit insurance corporation and that mature not later than 180 days after purchase.
10. Up to fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions doing business under authority granted by the U.S. or any state provided the notes are rated in the three highest categories by at least two nationally recognized standard rating services at the time of purchase and the notes mature not later than three years after purchase;
11. A current unpaid or delinquent tax line of credit, provided certain conditions are met related to a County land reutilization corporation organized under ORC Chapter 1724; and,
12. Up to two percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government, subject to certain limitations. All interest and principal shall be denominated and payable in United States funds.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of settlement, unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. 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.

#### Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, \$16,198,391 of the County's bank balance of \$27,141,547 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's agent, but not in the County's name.

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

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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

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

The fair value of these investments is not materially different than measurement value. As of December 31, 2022, the County had the following investments:

Investment Type	Measurement Amount	Investment Maturities (in Years)			Moody's or S&P Ratings	Percentage of Total Investments
		Less than 1	1-2	3-5		
Money Market Mutual Funds	\$308,176	\$308,176	\$0	\$0	AAAm	N/A
Negotiable Certificates of Deposit	5,615,329	2,003,092	1,864,908	1,747,329	N/A	34.24%
Federal Farm Credit Bank Bonds	491,325	491,325	0	0	Aaa	N/A
Federal Home Loan Mortgage Bank Bonds	1,226,563	0	0	1,226,563	Aaa	7.48%
Federal Home Loan Bonds	2,529,112	0	939,130	1,589,982	Aaa	15.42%
STAROhio	6,229,918	6,229,918	0	0	AAAm	N/A
Total Investments	\$16,400,423	\$9,032,511	\$2,804,038	\$4,563,874		

Interest Rate Risk

Interest rate risk arises because potential purchasers 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 that the County's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk

STAROhio and the Fifth Third Institutional Government Money Market Mutual Fund carry a rating of AAAM by Standard & Poor's. The negotiable certificates of deposit are in denominations of under \$250,000 each, in separate banks, and are insured by the Federal Deposit Insurance Corporation (FDIC). The negotiable certificates of deposit are, therefore, not subject to credit risk. The County has no investment policy dealing with investment credit risk beyond the requirements in State statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.



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Notes to the Basic Financial Statements  
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Concentration of Credit Risk

The County's investment policy does not address concentration of credit risk beyond the requirements in State statute.

**Note 6 - Permissive Sales and Use Tax**

The County Commissioners, by resolution, imposed a 1.5 percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles, not subject to the sales tax. In 2022, the County received a total of \$9,254,352. The allocation of the sales tax is 100 percent to the County's General Fund. Vendor collections of the permissive sales tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the Office of Budget Management the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within 45 days after the end of each month. The Tax Commissioner shall then, on or before the 20<sup>th</sup> day of the month in which certification is made, provide for payment to the County.

**Note 7 - Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2022 for real and public utility property taxes represents collections of 2021 taxes.

2022 real property taxes are levied after October 1, 2022, on the assessed value as of January 1, 2022, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2022 real property taxes are collected in and intended to finance 2023.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2022 public utility property taxes became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2022, was \$10.15 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2022 property tax receipts were based are as follows:

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Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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Real Property:	
Residential and Agricultural	\$799,267,900
Other	88,543,610
Public Utility Property:	
Personal	93,267,060
Total Assessed Value	\$981,078,570

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. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through custodial funds. The amount of the County's tax collections is accounted for within the applicable funds.

**Note 8 - Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2022, the County contracted with County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. The CORSA program has a \$2,500 deductible. Coverage provided by CORSA is as follows:

	Liability
General Liability	\$1,000,000
Law Enforcement Liability	1,000,000
Automobile Liability	1,000,000
Uninsured/Underinsured Motorists	250,000
Errors and Omissions Liability (\$1,000,000 annual aggregate)	1,000,000
Excess Liability (sublimit \$5,000,000 for sexual harassment)	9,000,000
Property (total covered value)	88,716,896
Equipment Breakdown	100,000,000
Crime Insurance	1,000,000
Stop Gap Liability	1,000,000
Medical Professional Liability (sublimit \$6,000,000 for sexual harassment)	10,000,000
Foster Parents (sublimit \$6,000,000 for sexual harassment)	10,000,000

There has been no significant change in insurance coverage from 2019 and settled claims have not exceeded this coverage in the past three years. The County pays all elected officials' bonds by statute.

For 2022, the County participated in the County Commissioners' Association of Ohio Service Corporation, an insurance purchasing pool (See Note 15). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than the individual rate.

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In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, annually the Plan's executive committee calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from, or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

The County may withdraw from the Plan if written notice is provided 60 days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the County is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any county leaving the Plan allows a representative of the Plan to assess loss experience for three years following the last year of participation.

**Note 9 – Defined Benefit Pension Plans**

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

Net Pension Liability (Asset) /Net OPEB Liability (Asset)

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

The net pension/OPEB liability (asset) represents 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 calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If

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Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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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 (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

The remainder of this note includes the pension disclosures. See Note 10 for the OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

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

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

Effective January 1, 2022, the Combined Plan is no longer available for member selection.

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

	State and Local	Law Enforcement
<b>2022 Statutory Maximum Contribution Rates</b>		
Employer	14.0 %	18.1 %
Employee *	10.0 %	**
 <b>2022 Actual Contribution Rates</b>		
Employer:		
Pension ***	14.0 %	18.1 %
Post-employment Health Care Benefits ***	0.0	0.0
Total Employer	14.0 %	18.1 %
Employee	10.0 %	13.0 %

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

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

For 2022, the County's contractually required contribution was \$1,936,337 for the traditional plan, \$12,468 for the combined plan and \$24,785 for the member-directed plan.

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Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same

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plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2022 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2022, the full employer contribution was allocated to pension.

The County's contractually required contribution to STRS was \$35,765 for 2022.

Net Pension Liability (Asset)

The net pension liability (asset) for OPERS was measured as of December 31, 2021, and the net pension liability for STRS was measured as of June 30, 2021, (the latest information available). The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of the respective measurement dates. The County's proportion of the net pension liability (asset) was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share of the County's defined benefit pension plans:

	<u>OPERS</u> <u>Traditional Plan</u>	<u>OPERS</u> <u>Combined Plan</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset:				
Prior Measurement Date	0.086826000%	0.016990000%	0.001785340%	
Current Measurement Date	<u>0.078750000%</u>	<u>0.020117000%</u>	<u>0.001533689%</u>	
Change in Proportionate Share	<u>-0.008076000%</u>	<u>0.003127000%</u>	<u>-0.000251651%</u>	
Proportionate Share of the:				
Net Pension Liability	\$6,851,569	\$0	\$196,096	\$7,047,665
Net Pension Asset	0	(79,262)	0	(79,262)



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Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2 percent down to 6.9 percent, for the defined benefit investments. Key actuarial assumptions and methods used in the latest actuarial valuation, prepared as of December 31, 2021, reflecting experience study results, are presented below:

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	2.75 percent	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2022, then 2.05 percent, simple	3.0 percent, simple through 2022, then 2.05 percent, simple
Investment Rate of Return	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Key actuarial assumptions and methods used in the prior actuarial valuation, prepared as of December 31, 2020, are presented below:

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees	0.5 percent, simple through 2021, then 2.15 percent, simple	0.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all these tables.

For 2020, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all the above described tables.

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

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

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

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For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized below:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	24.00 %	1.03 %
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
<b>Total</b>	<b>100.00 %</b>	<b>4.21 %</b>

Discount Rate

The discount rate used to measure the total pension liability for the current year was 6.9 percent for the traditional plan and the combined plan. The discount rate for the prior year was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
<b>County's proportionate share of the net pension liability (asset)</b>			
OPERS Traditional Plan	\$18,064,463	\$6,851,569	(\$2,479,050)
OPERS Combined Plan	(59,144)	(79,262)	(94,952)

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Actuarial Assumptions – STRS

All disclosures related to the actuarial assumptions relate to the amounts used for the net pension liability for STRS which was measured as of June 30, 2021 (the latest information available).

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2021, actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.50 percent	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.45 percent
Payroll Increases	3.00 percent	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017

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

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

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

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

\* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, but does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

### Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

### Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
County's proportionate share of the net pension liability	\$367,214	\$196,096	\$51,501

Changes between the Measurement Date and the Reporting Date

In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time three percent cost-of-living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

**Note 10 – Defined Benefit OPEB Plans**

See Note 9 for a description of the net OPEB liability.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$7,081 for 2022.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For 2022, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability (Asset)

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. For STRS, the net OPEB liability (asset) was measured as of June 30, 2021 (the latest date for which information is available), and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an independent actuarial valuation as of that date. The County's proportion of the net OPEB liability (asset) was based on the County's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:



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	OPERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Prior Measurement Date	0.082431000%	0.001785340%	
Current Measurement Date	0.075063000%	0.001533689%	
Change in Proportionate Share	<u>-0.007368000%</u>	<u>-0.000251651%</u>	
Proportionate Share of the Net: OPEB Asset	(2,351,088)	(32,337)	(\$2,383,425)

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. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used for 2021 compared to those used for 2020 are as follows:

	December 31, 2021	December 31, 2020
Wage Inflation	2.75 percent	3.25 percent
Projected Salary Increases,	2.75 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate	6.00 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	1.84 percent	2.00 percent
Health Care Cost Trend Rate	5.5 percent, initial 3.50 percent, ultimate in 2034	8.5 percent, initial 3.50 percent, ultimate in 2035
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality

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Tables (males and females) for all divisions. For all the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all these tables.

For 2020, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all the above-described tables.

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

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

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

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

Discount Rate

A single discount rate of 6.0 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent (Fidelity Index’s “20-Year Municipal GO AA Index”). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the County’s Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

The following table presents the County’s proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the County’s proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

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	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
County's proportionate share of the net OPEB asset	(\$1,382,660)	(\$2,351,088)	(\$3,154,898)

Sensitivity of the County's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB asset	(\$2,376,495)	(\$2,351,088)	(\$2,320,948)

Actuarial Assumptions – STRS

All disclosures related to the actuarial assumptions relate to the amounts used for the net OPEB asset for STRS which was measured as of June 30, 2021 (the latest information available).

Key methods and assumptions used in the June 30, 2021, actuarial valuation and the June 30, 2020 actuarial valuation are presented below:

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	June 30, 2021	June 30, 2020
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.45 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	5.00 percent initial, 4 percent ultimate	5.00 percent initial, 4 percent ultimate
Medicare	-16.18 percent initial, 4 percent ultimate	-6.69 percent initial, 4 percent ultimate
Prescription Drug		
Pre-Medicare	6.50 percent initial, 4 percent ultimate	6.50 percent initial, 4 percent ultimate
Medicare	29.98 initial, 4 percent ultimate	11.87 initial, 4 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 9.

Highland County, Ohio  
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For the Year Ended December 31, 2022

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Discount Rate

The discount rate used to measure the total OPEB asset was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB asset as of June 30, 2021.

Sensitivity of the County's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate

The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net OPEB asset	(\$27,287)	(\$32,337)	(\$36,555)
	1% Decrease	Current Trend Rate	1% Increase
County's proportionate share of the net OPEB asset	(\$36,384)	(\$32,337)	(\$27,332)

**Note 11 - Long -Term Debt**

The County's long-term debt activity for the year ended December 31, 2022, was as follows:

Highland County, Ohio  
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	Interest Rate	Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022	Due Within One Year
<u>General Obligation Bonds from direct Placement:</u>						
2005 General Obligation Bonds						
Various Purpose	4.80%	\$466,000	\$0	\$108,000	\$358,000	\$114,000
2022 GO Bonds - Road Mill/Grinder	2.75%	0	271,000	0	271,000	65,000
Total General Obligation Bonds from Direct Placement		466,000	271,000	108,000	629,000	179,000
<u>Long-Term Notes from Direct Placement:</u>						
Bond Anticipation Note						
Geographic Information System	4.21%	129,925	0	29,000	100,925	30,000
Bond Anticipation Note						
Real Estate Acquisition	4.21%	41,000	0	10,000	31,000	10,000
Bond Anticipation Note						
Airport Improvement	6.00%	316,000	0	74,000	242,000	77,000
Bond Anticipation Note						
Juvenile Detention Center	3.40%	190,000	0	45,000	145,000	45,000
Bond Anticipation Note						
Various Purpose	4.07%	72,000	0	11,000	61,000	11,000
Total Long-Term Notes from Direct placement		748,925	0	169,000	579,925	173,000
Loans from Direct Borrowings:						
<u>OPWC Loans:</u>						
2003 OPWC Rolling Acres						
Wastewater Treatment Plant Loan	0.00%	1,051	0	1,051	0	0
2009 OPWC Southwest Wastewater Treatment Plant Loan	0.00%	91,681	0	11,460	80,221	11,460
2009 OPWC Lakeside Wastewater Treatment Plant Repair Loan	0.00%	28,104	0	3,513	24,591	3,513
2015 OPWC Rocky Fork Lake						
Wastewater System Improvements Loan	0.00%	145,129	0	6,047	139,082	6,047
2019 OPWC HIG-Hobart/Carl Smith						
Drive Loan	0.00%	407,089	0	14,804	392,285	14,804
2022 OPWC Careytown Road/Roundhead						
Road Improvements Loan	0.00%	0	190,665	4,767	185,898	9,533
Total OPWC Loans		673,054	190,665	41,642	822,077	45,357
<u>OWDA Loans:</u>						
2004 OWDA Highland-Leesburg						
Sewer Loan	3.98%	487,600	0	25,428	462,172	26,450
2006 OWDA Mowrystown Sewer Loan	3.92%	1,435,344	0	63,305	1,372,039	65,811
2014 OWDA Pump Station Upgrade Loan	3.34%	364,799	0	20,824	343,975	21,525
2021 OWDA Rolling Acres Wastewater System Repair	0.00%	10,000	0	2,000	8,000	2,000
Total OWDA Loans		2,297,743	0	111,557	2,186,186	115,786
Total Loans from Direct Borrowings		2,970,797	190,665	153,199	3,008,263	161,143
<u>Other Long-Term Obligations:</u>						
1994 Special Assessment Bonds Series A						
Madison Township	4.50%	424,100	0	24,700	399,400	25,800
2022 Merchants National Bank -						
John Deere Loader	2.25%	0	184,246	0	184,246	44,753
Total Other Long-Term Obligations		424,100	184,246	24,700	583,646	70,553
Total Long-Term Liabilities		\$4,609,822	\$645,911	\$454,899	\$4,800,834	\$583,696

Highland County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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2022 General Obligation Bonds

On May 18, 2022, the County issued \$271,000 in General Obligation Bond for the purpose of purchasing a road mill/grinder and paying certain costs related to the issues of the bonds. The bonds mature in 2026.

2005 Various Purpose General Obligation Bonds

On November 7, 2005, the County issued \$1,638,000 in direct placement general obligation bonds for the purpose of retiring bond anticipation notes that were used to acquire a building within the County, acquire and install a geographic information system and pay costs of renovating and making improvements to the County Courthouse. The bonds mature in 2025, and will be paid from the Various Purpose Debt Service Funds.

Bond Anticipation Note - Geographic Information System

On June 30, 2005, the County issued a \$457,925 in direct placement bond anticipation note for the purpose of financing the purchase and installation of a geographic information system. The note will be paid from the G.I.S. Debt Retirement Fund. The note matures in 2025.

Bond Anticipation Note - Real Estate Acquisition

On June 30, 2005, the County issued a \$152,000 in direct placement bond anticipation note for the purpose of acquiring real estate for the use of the Highland County Agricultural Society. The note will be paid from the Fairground Debt Retirement Fund. The note matures in 2025.

Bond Anticipation Note - Airport Improvement

On June 30, 2005, the County issued a \$1,165,000 in direct placement bond anticipation note for the purpose of making improvements to the airport. The note will be paid from the Airport Debt Retirement Fund. The note matures in 2025.

Bond Anticipation Note - Juvenile Detention Center

On April 7, 2005, the County issued a \$650,000 in direct placement bond anticipation note for the purpose of constructing and improving the South Central Regional Juvenile Detention Center. The note will be paid from the SCRJDC Debt Retirement Fund. The note matures in 2025.

Bond Anticipation Note – Various Purpose

On December 27, 2007, the County issued a \$900,000 in direct placement bond anticipation note for the purpose of installing computer hardware and software, acquiring a vehicle for emergency services, and acquiring real estate. The note will be paid from the Various Purpose Debt Retirement Fund. The note matures in 2027.



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2003 Ohio Public Works Commission Rolling Acres Wastewater Treatment Plant Loan

In 2003, the County entered into a \$42,136 loan with the Ohio Public Works Commission for the purpose of replacing a wastewater treatment plant in the Rolling Acres subdivision. The final payment on the loan is due in 2022 and payments will be made from the Rocky Fork Lake Debt Retirement Fund.

2009 Ohio Public Works Commission Southwest Wastewater Treatment Plant Loan

In 2009, the County entered into a \$392,700 loan with the Ohio Public Works Commission for the purpose of constructing a wastewater treatment plant in the Village of Mowrystown. The final debt payment on the loan is due in 2030 and payments will be made from the Mowrystown Sewer Debt Retirement Fund.

2009 Ohio Public Works Commission Lakeside Wastewater Treatment Plant Repair Loan

In 2009, the County entered into a \$325,800 loan with the Ohio Public Works Commission for the purpose of updating the wastewater treatment plant in the Lakeside Subdivision. The final debt payment on the loan is due in 2030 and payments will be made from the Lakeside Sewer Debt Retirement Fund.

2015 Ohio Public Works Commission Rocky Fork Lake Wastewater System Improvements Loan

In 2015, the County entered into a \$181,412 loan agreement with the Ohio Public Works Commission for the Rocky Fork Lake Wastewater System Improvements project. The loan matures in 2043 and payments will be paid from the Rocky Fork Lake Debt Retirement Fund.

2019 Ohio Public Works Commission HIG-Hobart/Carl Smith Drive Loan

In 2019, the County entered into a \$444,098 loan with the Ohio Public Works Commission for the purpose of roadway reconstruction, including widening and full-depth pavement replacement, addition of turn lanes, construction of a roundabout, storm drainage improvements, street lighting, erosion control, traffic control, signalization, and maintenance of traffic. The final debt payment on the loan is due in 2050 and payments will be made from the Repair MVL Fund.

The County's outstanding OPWC loans from direct borrowings contain provisions that in the event of a default (1) may apply a late fee of 8 percent per year (2) loans more than 60 days late will be turn over the Attorney General's Office for collection, and as provided by law, OPWC may require that such payment be taken from the County's share of the undivided local government fund (3) the outstanding amounts shall, at OPWC's option become immediately payable and due.

2022 Ohio Public Works Commission Careytown Road/Roundhead Road Improvements Loan

In 2022, the County entered into a \$1,100,000 loan agreement with the Ohio Public Works Commission for the Careytown Road/Roundhead Road Improvements project. The loan matures in 2042 and payments will be paid the Repair MVL Fund.

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2004 Ohio Water Development Authority Highland - Leesburg Sewer Loan

On May 27, 2004, the County entered into a loan agreement with the Ohio Water Development Authority for running sewer lines to connect the Villages of Highland and Leesburg. The final payment on the loan is due in 2036 and payments will be made from the Highland-Leesburg Sewer Debt Retirement Fund.

2006 Ohio Water Development Authority Mowrystown Sewer Loan

On April 27, 2006, the County entered into a loan agreement with the Ohio Water Development Authority for the construction of a sewer plant in Mowrystown. The final payment on the loan is due in 2036 and payments will be made from the Mowrystown Sewer Debt Retirement Fund.

2014 Ohio Water Development Authority Pump Station Upgrade Loan

In 2014, the County entered into a loan agreement with the Ohio Water Development Authority for the pump station upgrade. The final payment on the loan is due in 2036 and payments will be made from the Rocky Fork Lake Debt Retirement Fund.

2021 Ohio Water Development Authority Rolling Acres Wastewater System Repair Planning Loan

In 2021, the County entered into a loan agreement with the Ohio Water Development Authority for planning for wastewater system repairs. The final payment on the loan is due in 2027 and payments will be made from the Rolling Acres Debt Retirement Fund.

The County's OWDA loans from direct borrowings contain provisions that in the event of failure (1) will bear interest at a default rate from the due date until the date of payment (2) over 30 days past due, will incur a late charge of 1 percent until paid in full (3) all costs incurred by OPWC to cure the default will be paid to OPWC as part of the principal owed on the project (4) will not be eligible to participate in a Water Pollution Loan Fund loan agreement (WPLF).

1994 Special Assessment Bonds Series A Madison Township

On December 1, 1994, the County issued \$810,162 in direct placement special assessment bonds (Series A) for the purpose of retiring bond anticipation notes that were used for making improvements to Sanitary Sewer Subdistrict No. 2 (Madison Township). The bonds mature in 2034 and will be paid from the Madison Township Debt Retirement Fund.

2022 Merchants National Bank Loan – John Deere Loader

On November 16, 2022, the County issued \$183,896 in a Merchants National Bank Loan for the County Engineer to purchase a 2022 John Deere 624P Wheel Loader. The loan matures in 2025.

The following is a summary of the County's future annual debt service requirements for governmental activities:

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Year	From Direct Placement				From Direct Borrowings
	General Obligation Bonds		Long-Term Notes		OPWC Loans
	Principal	Interest	Principal	Interest	Principal
2023	\$179,000	\$22,727	\$173,000	\$21,852	\$45,357
2024	186,000	14,799	184,000	13,791	45,357
2025	193,000	6,917	196,925	5,363	45,357
2026	71,000	0	13,000	823	45,357
2027	0	0	13,000	274	45,357
2028-2032	0	0	0	274	181,872
2033-2037	0	0	0	0	151,926
2038-2042	0	0	0	0	147,159
2043-2047	0	0	0	0	92,160
2048-2051	0	0	0	0	22,185
<b>Total</b>	<b>\$629,000</b>	<b>\$44,443</b>	<b>\$579,925</b>	<b>\$42,377</b>	<b>\$822,087</b>

Year	From Direct Borrowings			
	OWDA Loans		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2023	\$115,785	\$82,590	\$25,800	\$17,973
2024	120,178	78,197	27,000	16,812
2025	124,742	73,633	28,200	15,597
2026	129,482	68,893	29,500	14,328
2027	132,406	63,969	30,800	13,000
2028-2032	742,841	239,034	176,100	42,921
2033-2037	762,418	86,911	82,000	5,576
2038-2041	58,334	1,142	0	0
<b>Total</b>	<b>\$2,186,186</b>	<b>\$694,369</b>	<b>\$399,400</b>	<b>\$126,207</b>

The Ohio Revised Code provides that 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 Revised Code further provides that 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 assessed valuation, plus 1.5 percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus 2.5 percent of such valuation in excess of \$300,000,000. The County's unvoted debt margin was \$8,369,274 at December 31, 2022.

**Note 12 - Interfund Activity**

**Interfund Transfers**

During 2022, the following transfers were made:

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		Transfer From			Total
		General Fund	Board of Developmental Disabilities Fund	Nonmajor Governmental Funds	
Transfer To	General Capital Improvement Fund	\$4,000,000	\$0	\$0	\$4,000,000
	Nonmajor Governmental Funds	185,000	122,790	70,090	377,880
	Total All Funds	\$4,185,000	\$122,790	\$70,090	\$4,377,880

Transfers from the General Fund were made to move unrestricted balances to support programs and projects accounted for in other funds. Transfers from the General Fund to the General Capital Improvement Fund were for capital improvements. Transfers from the Board of Developmental Disabilities Fund to Nonmajor Governmental Funds were to support activities accounted for in separate funds, while still relating to the activity of the Board of Developmental Disabilities Fund. Transfers from Nonmajor Governmental Funds to the Nonmajor Funds were to support programs and projects accounted for in other funds.

Interfund Advances

During 2022, the following advances were made:

		Advances Out
		Nonmajor Governmental Funds
Advances In	Nonmajor Governmental Funds	59,500

The advances are due to lags between the dates when goods and services are provided, transactions recorded in the accounting system, and payments between funds are made.

**Note 13 - Contingent Liabilities**

Litigation

The County is a defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the County's financial condition.

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Federal and State Grants

Amounts grantor agencies pay to the County are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 14 - Jointly Governed Organizations**

Ross, Pickaway, Highland and Fayette Counties Joint Solid Waste District

The Ross, Pickaway, Highland and Fayette Counties Joint Solid Waste District (the District) is a jointly governed organization among Ross, Pickaway, Highland and Fayette Counties. Each of these governments supports the District. The County made no contribution during 2022. The Board of Directors consists of 12 members, the three County Commissioners of each of the four counties. The Board exercises total control over the operations including budgeting, appropriating, contracting, and designing management. Each participant's degree of control is limited to its representation on the Board. The District does not have any outstanding debt. The District is self-sufficient, operating entirely on collected fees.

Paint Valley Board of Alcohol, Drug Addiction and Mental Health Services

The Paint Valley Board of Alcohol, Drug Addiction and Mental Health Services (the Board) of Pike, Fayette, Highland, Pickaway and Ross Counties is a jointly governed organization that is responsible for developing, coordinating, modernizing, funding, monitoring and evaluating a community-based mental health and substance abuse program. The Board consists of 18 members. Four members are appointed by the Director of the Ohio Department of Mental Health and four members are appointed by the Director of the Ohio Department of Alcohol and Drug Addiction Services. The remaining members are appointed by the County Commissioners of Pike, Fayette, Highland, Pickaway and Ross Counties in the same proportion as each County's population bears to the total population of the five counties combined. The Board received revenue from the participating counties and received federal and State funding through grant monies which are applied for and received by the Board of Trustees. The Board exercises total control over the operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Board.

Highland County cannot significantly influence operations of the Board, who has sole budgetary authority and controls surpluses and deficits. Highland County has no ongoing financial interest or responsibility. Complete financial statements can be obtained from the Paint Valley ADAMHS Board, Adam Dyer who serves as Finance Director, 1394 Chestnut Street, Chillicothe, Ohio 45601.

South Central Regional Juvenile Detention Center

The South Central Regional Juvenile Detention Center (the Center) is a jointly governed organization. It was created as a holding place for juvenile offenders waiting for disposition by the respective Juvenile Courts of the member counties. The current members include Fayette, Pike, Ross, Jackson, Vinton and Highland Counties. The Center's Board consists of one member

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from each participating county that is appointed by the Juvenile Court Judge or a County Commissioner from each County. The joint Board selects the superintendent as the Center's administrator. The Board exercises total control over the operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Board.

The Center's revenue is from per diem charges for inmates to the respective counties and a percent of the county tax base to the total base. Ross County is the fiscal officer of the Center. Highland County does not have any financial interest or responsibility.

Southern Ohio Council of Governments

The County is a member of the Southern Ohio Council of Governments (the Council), which is a jointly governed organization created under Ohio Revised Code Section 167.01. The governing body consists of a 15 member board with each participating County represented by its Director of its Board of Developmental Disabilities. The Board exercises total control over the operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Board. Member counties include: Adams, Athens, Brown, Clinton, Fayette, Gallia, Highland, Jackson, Lawrence, Meigs, Pickaway, Pike, Ross, Scioto and Vinton. Financial statements can be obtained by writing to the Southern Ohio Council of Governments, VA Medical Center, Building 8, 17273 State Route 104, Chillicothe, Ohio, 45601.

**Note 15 - Public Entity Risk Pool and Insurance Purchasing Pool**

County Risk Sharing Authority, Inc.

The County Risk Sharing Authority, Inc. (CORSA) is a public entity shared risk pool among 66 counties in Ohio. CORSA was formed as an Ohio non-profit 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.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board of Trustees. No county may have more than one representative on the Board of Trustees 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. The County's payment to CORSA for insurance in 2022 was \$180,165.

County Commissioners' Association of Ohio Service Corporation

The County participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as an insurance purchasing pool.

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A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participants. The group executive committee consists of nine members. Two members are the president and treasurer of CCAOSC; the remaining seven members are representatives of the participants. These seven members are elected for the ensuing year by the participants at a meeting held in the month of December each year. No participant can have more than one member on the group executive committee in any year, and each elected member shall be a county commissioner.

**Note 16 - Fund Balances**

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

<u>Fund Balances</u>	<u>General Fund</u>	<u>Public Assistance Fund</u>	<u>Repair MVL Fund</u>	<u>Board of Developmental Disabilities Fund</u>	<u>Children Services Fund</u>
<u>Nonspendable:</u>					
Unclaimed Monies	\$273,107	\$0	\$0	\$0	\$0
<u>Restricted for:</u>					
Public Works	0	0	2,090,592	0	0
Health	0	0	0	4,273,856	0
Human Services	0	186,647	0	0	461,514
<i>Total Restricted</i>	<u>0</u>	<u>186,647</u>	<u>2,090,592</u>	<u>4,273,856</u>	<u>461,514</u>
<u>Committed to:</u>					
Other purposes	800,000	0	0	0	0
<u>Assigned to:</u>					
Future Appropriations	5,505,402	0	0	0	0
<u>Unassigned</u>					
Total Fund Balances	<u>\$8,209,097</u>	<u>\$186,647</u>	<u>\$2,090,592</u>	<u>\$4,273,856</u>	<u>\$461,514</u>

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Fund Balances	American Rescue Plan Fund	General Capital Improvement Fund	Nonmajor Governmental Funds	Total
<u>Nonspendable:</u>				
Unclaimed Monies	\$0	\$0	\$0	\$273,107
<u>Restricted for:</u>				
General Government	8,049,800	0	1,792,971	9,842,771
Public Safety	0	0	1,948,788	1,948,788
Public Works	0	0	977,985	3,068,577
Health	0	0	595,220	4,869,076
Human Services	0	0	1,741,261	2,389,422
Capital Improvements		0	981,249	981,249
Debt Service Payments		0	377,587	377,587
<i>Total Restricted</i>	<u>8,049,800</u>	<u>0</u>	<u>8,415,061</u>	<u>23,477,470</u>
<u>Committed to:</u>				
Other purposes	0	0	8,462	808,462
<u>Assigned to:</u>				
Debt Service Payments		0	2,057,417	2,057,417
Capital Improvements	0	8,041,309	179,170	8,220,479
Future Appropriations	0	0	0	5,505,402
<i>Total Assigned</i>	<u>0</u>	<u>8,041,309</u>	<u>2,236,587</u>	<u>15,783,298</u>
<u>Unassigned</u>	0	0	0	1,630,588
Total Fund Balances	<u>\$8,049,800</u>	<u>\$8,041,309</u>	<u>\$10,660,110</u>	<u>\$41,972,925</u>

**Note 17 – Significant Commitments**

Encumbrances

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

Repair MVL Fund	\$815,799
American Rescue Plan Fund	543,527
General Fund Capital Improvement Fund	977,194
Total	<u>\$2,336,520</u>



**Note 18 - Highland County Airport Authority**

Summary of Significant Accounting Policies

The summary of significant accounting policies of the Highland County Airport Authority (the Authority) is presented to assist in understanding the entity's financial statements. The financial statements and notes are representations of the Authority's management who is responsible for their integrity and objectivity.

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Highland County Airport Authority, Highland County, (the Authority) as a body corporate and politic. The Authority is directed by a seven-member Board, appointed by the Highland County Commissioners. The Authority is responsible for the safe and efficient operation and maintenance of the airport.

The Authority's management believes these financial statements present all activities for which the Authority is financially accountable.

Basis of Accounting

The financial statements follow the cash accounting basis. The Authority recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

Cash and Equivalents

The Authority deposits all available funds in interest earning checking accounts at a local commercial bank.

Property, Plant, and Equipment

The Authority records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Equity in Pooled Cash

The carrying amount of deposits and investments at December 31, 2022 was \$92,222. Deposits are insured by the Federal Depository Insurance Corporation.

Risk Management

The Highland County Commissioners carry insurance through private carriers for airport property and liability.

**Note 19 – Highland County Airport Authority Loan and County Loan Guarantee**

The Highland County Airport Authority, a discretely presented component unit of the County, entered into a loan agreement on August 16, 2017 in the amount of \$127,000 with the Ohio Department of Transportation, to finance the purchase of an existing privately-owned aircraft hangar plus maintenance costs for hangars owned by the authority located at the Highland County Airport. The interest rate of the loan ranges from 0 to 3 percent. Semiannual loan payments of \$4,729 began in May of 2020. The Authority agreed to pledge its hangar lease revenue that is generated by the purchase of the hangars and all non-tax revenue to repay the loan. Highland County guaranteed the debt by agreeing to use any and all legal sources to pay the loan if the Authority's lease and non-tax revenues are not sufficient to make the scheduled loan payments as required.

**Note 20 – Highland County Land Reutilization Corporation**

Description of the Entity

The Highland County Land Reutilization Corporation (Land Bank) was formed on November 30, 2016, as a legally separate not-for-profit organization, created under Ohio Revised Code Section 5722.02 to 5722.15 and Chapter 1724. The Land Bank is governed by a five member Board of Directors, consisting of two County Commissioners, the County Treasurer, one representative from the municipal corporation with the largest population (County of Hillsboro), and one representative from a Highland County township (Paint Township). The Board of Directors has the authority to make, prescribe, and enforce all rules and regulations for the conduct of all business and affairs of the Land Bank and the management and control of its properties.

The Land Bank's management believes these financial statements present all activities for which the Land Bank is financially accountable.

Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting section of this Note, the financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Land Bank's accounting policies.

Basis of Accounting

The Land Bank's financial statements are prepared on a GAAP basis, but are presented on a cash basis to coincide with the County's reporting basis. Receipts are recorded in the Land Bank's financial records and reported in the financial statements when cash is received rather than when earned, and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Land Bank are described in the appropriate section in this note.

Highland County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Cash and Equivalents

The Land Bank deposits all available funds in an interest earning checking account at a local commercial bank.

Deposits

At December 31, 2022, the carrying amount of the Land Bank’s deposits was \$440,584.

Property Held for Reutilization

Property held for reutilization represents properties held by the Land Bank that the Land Bank intends to sell to a third party. The accompanying financial statements do not report these items as assets.

Risk Management

The Land Bank 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. The Land Bank has obtained commercial insurance from private carriers for the following risks:

- Commercial General Liability - Directors/Officers Liability

**Note 21 – Condensed Component Unit Statements**

**Condensed Component Unit Statement of Net Position**

	Highland County Airport Authority	Highland County Land Reutilization Corporation	Total
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$92,221	\$440,584	\$532,805
<u>Net Position:</u>			
Unrestricted	<u>92,221</u>	<u>440,584</u>	<u>532,805</u>
<i>Total Net Position</i>	<u><u>\$92,221</u></u>	<u><u>\$440,584</u></u>	<u><u>\$532,805</u></u>

Highland County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022

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**Condensed Component Unit Statement of Activities**

	Highland County Airport Authority	Highland County Land Reutilization Corporation	Total
Expenses:	<u>\$93,677</u>	<u>\$296,350</u>	<u>\$390,027</u>
Program Revenues:			
Charges for Services and Sales	108,500	0	108,500
Operating Grants and Contributions	<u>18</u>	<u>404,711</u>	<u>404,729</u>
Total Revenues	<u>108,518</u>	<u>404,711</u>	<u>513,229</u>
Change in Net Position	14,841	108,361	123,202
<i>Net Position at Beginning of Year</i>	<u>77,380</u>	<u>332,223</u>	<u>409,603</u>
<i>Net Position at End of Year</i>	<u><u>\$92,221</u></u>	<u><u>\$440,584</u></u>	<u><u>\$532,805</u></u>

**Note 22 – COVID-19**

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

At December 31, 2022, the County was holding \$8,049,800 American Rescue Plan monies received in advance of meeting the eligibility requirements. Although these dollars are restricted, specific identification of the program and applicable amounts is not available until the County has incurred allowable costs under the program. The County has not elected to modify the cash basis of accounting to report unearned revenue; therefore, these amounts are included as general revenue on the statement of activities. The 2022 activity includes \$56,500 that was sub-granted to other governments and organizations.

**Highland County**  
*Schedule of Expenditures of Federal Awards*  
*For the Year Ended December 31, 2022*

Federal Grantor Pass-Through Grantor Program/Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<b>United States Department of Agriculture</b>			
<i>Passed Through Ohio Department of Job and Family Services:</i>			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-2223-11-6940	\$216,767
COVID-19 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-2223-11-6940	<u>19,300</u>
Total SNAP Cluster			<u>236,067</u>
<b>Total United States Department of Agriculture</b>			<b>236,067</b>
<b>United States Department of Housing and Urban Development</b>			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grants/Entitlement Grants	14.228	B-F-20-1BG-1	212,176
Community Development Block Grants/Entitlement Grants	14.228	B-C-20-1BG-1	<u>15,259</u>
Total Community Development Block Grants/Entitlement Grants			<u>227,435</u>
Home Investment Partnerships Program	14.239	B-C-20-1BG-2	<u>281,832</u>
<b>Total United States Department of Housing and Urban Development</b>			<b>509,267</b>
<b>United States Department of Justice</b>			
<i>Passed through State of Ohio Attorney General:</i>			
Crime Victim Assistance	16.575	2022-VOCA-134714292	32,292
Crime Victim Assistance	16.575	2023-VOCA-135106626	<u>8,719</u>
Total Crime Victim Assistance			<u>41,011</u>
<b>Total United States Department of Justice</b>			<b>41,011</b>
<b>United States Department of Transportation</b>			
<i>Passed Through Federal Aviation Administration:</i>			
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	AIP-3-39-0040-015-2021	7,566
<i>Passed Through Ohio Department of Transportation:</i>			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	107331	<u>728,885</u>
Total Highway Planning and Construction Cluster			<u>728,885</u>
<i>Passed Through Ohio Department of Public Safety:</i>			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	STEP-2022-00067	<u>8,752</u>
Total Highway Safety Cluster			<u>8,752</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	IDEP-2022-00067	<u>7,733</u>
<b>Total United States Department of Transportation</b>			<b>752,936</b>

(continued)

**Highland County**  
*Schedule of Expenditures of Federal Awards*  
*For the Year Ended December 31, 2022*

Federal Grantor Pass-Through Grantor Program/Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<b>United States Department of the Treasury</b>			
<i>Ohio Department of Budget and Management:</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>\$322,277</u>
<b>Total United States Department of the Treasury</b>			<b>322,277</b>
<b>United States Department of Education</b>			
<i>Passed Through Highland County Family &amp; Children First Council:</i>			
Special Education-Grants for Infants and Families	84.181	H181A200024	50,626
COVID-19 Special Education-Grants for Infants and Families	84.181X	H181X210024	<u>15,248</u>
Total Special Education-Grants for Infants and Families			65,874
<i>Passed Through Ohio Department of Education:</i>			
Special Education Cluster (IDEA):			
Special Education-Grants to States	84.027	N/A	10,205
Special Education-Preschool Grants (IDEA Preschool)	84.173	N/A	<u>7,967</u>
Total Special Education Cluster (IDEA)			<u>18,172</u>
<b>Total United States Department of Education</b>			<b>84,046</b>
<b>United States Department of Health and Human Services</b>			
<i>Passed Through Ohio Department of Developmental Disabilities:</i>			
Social Services Block Grant	93.667	2201OHSOSR	31,007
<i>Passed Through Ohio Department of Job and Family Services:</i>			
Social Services Block Grant	93.667	G-2223-11-6940	<u>771,377</u>
Total Social Services Block Grant			802,384
Medicaid Cluster:			
Medical Assistance Program	93.778	G-2223-11-6940	<u>1,017,802</u>
Total Medicaid Cluster			1,017,802
Temporary Assistance for Needy Families	93.558	G-2223-11-6940	666,302
COVID-19 Temporary Assistance for Needy Families	93.558	G-2223-11-6940	<u>220,571</u>
Total Temporary Assistance for Needy Families			<u>886,873</u>
CCDF Cluster:			
Child Care and Development Block Grant	93.575	G-2223-11-6940	<u>49,228</u>
Total CCDF Cluster			49,228
Mary Lee Allen Promoting Safe and Stable Families Program	93.556	G-2223-11-6940	28,780
Child Support Enforcement	93.563	G-2223-11-6940	304,884
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2223-11-6940	48,003
Foster Care-Title IV-E	93.658	G-2223-11-6940	1,561,607
Adoption Assistance	93.659	G-2223-11-6940	42,119
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G-2223-11-6940	53,794
COVID-19 Elder Abuse Prevention Interventions Program	93.747	G-2223-11-6940	<u>37,152</u>
<b>Total United States Department of Health and Human Services</b>			<b>4,832,626</b>

(continued)

**Highland County**  
*Schedule of Expenditures of Federal Awards*  
*For the Year Ended December 31, 2022*

Federal Grantor Pass-Through Grantor Program/Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<b>United States Election Assistance Commission (EAC)</b>			
<i>Passed Through Ohio Secretary of State:</i>			
2018 HAVA Election Security Grants	90.404	N/A	<u>\$1,707</u>
<b>Total United States Election Assistance Commission (EAC)</b>			<b>1,707</b>
<b>United States Department of Homeland Security</b>			
<i>Passed Through Ohio Emergency Management Agency:</i>			
Emergency Management Performance Grants	97.042	EMC-2021-EP-00002	31,766
COVID-19 Emergency Management Performance Grants	97.042	EMC-2021-EP-00007	<u>16,343</u>
Total Emergency Management Performance Grants			<u>48,109</u>
<b>Total United States Department of Homeland Security</b>			<b>48,109</b>
<b>Total Federal Awards Expenditures</b>			<b><u><u>\$6,828,046</u></u></b>

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

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

**Highland County**  
*Notes to the Schedule of Expenditures of Federal Awards*  
*For the Year Ended December 31, 2022*

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**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Highland County (the County) under programs of the federal government for the year ended December 31, 2022. 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 financial position, or cash flows, where applicable, of the County.

**Note 2 – Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**Note 3 – Indirect Cost Rate**

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

**Note 4 – U.S. Department of Education – Help Me Grow**

Cash receipts from the Help Me Grow Program are commingled with State grants. It is assumed that state monies are expended first.

**Note 5 – Matching Requirements**

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





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

Highland County  
119 Governor Foraker Place  
Hillsboro, Ohio 45133

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 the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash-basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Highland County, (the County) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements and have issued our report thereon dated May 29, 2024 wherein we noted the County uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the County.

***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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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. We consider the deficiencies described in the accompanying schedule of findings as items 2022-003 through 2022-005 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings as item 2022-006 to be a significant deficiency.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2022-001 and 2022-002.

**County's Response to Findings**

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

**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  
May 29, 2024

# OHIO AUDITOR OF STATE KEITH FABER



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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

Highland County  
119 Governor Foraker Place  
Hillsboro, Ohio 45133

To the County Board of Commissioners:

### Report on Compliance for Each Major Federal Program

#### *Opinion on Each Major Federal Program*

We have audited Highland County's (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 Highland County's major federal programs for the year ended December 31, 2022. Highland County's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Highland 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, 2022.

#### *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.

Highland County  
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  
Page 3

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  
May 29, 2024

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**HIGHLAND COUNTY**  
**SCHEDULE OF FINDINGS**  
**2 CFR § 200.515**  
**DECEMBER 31, 2022**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	20.205 Highway Planning Construction Cluster 93.558 Temporary Assistance for Needy Families 93.667 Social Services Block Grant JFS 93.778 Medicaid Cluster
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

**FINDING NUMBER 2022-001**

**Noncompliance**

**Ohio Rev. Code § 5705.36(A)(1)** provides, in part, on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county budget commission the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under section 5705.281 of the Revised Code, from each fund created by or on behalf of the taxing authority.

**FINDING NUMBER 2022-001**  
**(Continued)**

The budget commission, taking into consideration the balances and revenues to be derived from taxation and other sources, shall revise its estimate of the amounts that will be credited to each fund from such sources, and shall certify to the taxing authority of each subdivision an amended official certificate of estimated resources.

The County Auditor did not obtain a certificate of estimated resources from the Budget Commission in 2022. This was not detected by the County due to deficiencies in the budgetary compliance and monitoring control policies and procedures. Failure to obtain the required amended certificate of estimated resources can lead to improper budgeting and limits the effectiveness of management monitoring.

The County Auditor should, on or about the first day of each fiscal year, certify to the Budget Commission the total amount from all sources available for expenditures from each fund and obtain the approved amended certificate of estimated resources.

**Officials' Responses:**

See Corrective Action Plan.

**FINDING NUMBER 2022-002**

**Noncompliance**

**Ohio Rev. Code §117.38** provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

**Ohio Admin. Code 117-2-03(B)**, which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the County to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The County prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the County may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the County's ability to evaluate and monitor the overall financial condition of the County. To help provide the users with more meaningful financial statements, the County should prepare its annual financial statements according to generally accepted accounting principles.

**Officials' Response:**

See Corrective Action Plan.



**FINDING NUMBER 2022-003**

**Material Weakness**

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.

Due to deficiencies in the County's financial statement monitoring and review process, the following conditions were noted related to the County's accounting system:

- Board of Developmental Disabilities fund property tax revenues were overstated and intergovernmental receipts were understated by \$360,313, due to the incorrect posting of rollback and homestead receipts.
- Repair Motor Vehicle License fund capital outlay was understated and debt proceeds were understated by \$374,911 due to an error during the compilation.
- General Capital Improvement fund intergovernmental receipts were overstated and debt proceeds were understated by \$271,000 due to an error during the compilation.
- Board of Developmental Disabilities fund intergovernmental revenues were overstated by \$602,963; miscellaneous receipts were understated by \$50,000 and charges for services were understated by \$552,963, due to the incorrect posting of charges for services receipts.

The County corrected the financial statements and accounting records for the items above, where appropriate.

The County made additional immaterial errors in classifying receipt and disbursement transaction line items in various funds in the Statement of Cash Receipts, Disbursements, and Changes in Cash Fund Balances in amounts ranging from \$50 to \$173,886. The County did not correct the financial statements for these errors.

Failure to accurately post and report transactions could result in material errors in the County's financial statements and reduces the County's ability to monitor financial activity and to make sound decisions which effect the overall available cash positions of the County.

The County should review and implement internal controls to ensure financial transactions are accurately recorded and reported.

**Officials' Response:**

See Corrective Action Plan.

**FINDING NUMBER 2022-004**

**Material Weakness**

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.

**FINDING NUMBER 2022-004  
(Continued)**

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Board to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the County and the appropriation ledger provides the process by which the County controls spending, it is therefore necessary the amounts appropriated by the Board are precisely stated and accurately posted to the appropriation ledger.

Due to deficiencies in the County's financial statement monitoring and review process, the County reported actual expenditure amounts as final appropriations on Budgetary Statements, resulting in the variances noted as follows:

- General fund final appropriations were understated by \$1,093,902.
- Public assistance fund final appropriations were understated by \$516,405.
- Repair Motor Vehicle License fund final appropriations were overstated by \$669,705.
- Board of Developmental Disabilities fund final appropriations were understated by \$444,023.
- Board of Developmental Disabilities fund actual expenditures were understated by \$379,882
- Children Services fund final appropriations were understated by \$78,517.
- American Rescue Plan fund final appropriations were understated by \$5,321.

The County corrected the budgetary statements.

Failure to accurately post and report transactions could result in material errors in the County's financial statements and reduces the County's ability to monitor financial activity and to make sound decisions which affect the overall available cash positions of the County.

The County should review and implement internal controls to ensure financial transactions are accurately recorded and reported.

**Officials' Response:**

See Corrective Action Plan.

**FINDING NUMBER 2022-005**

**Material Weakness**

When designing the public office's system of internal control and the specific control activities, management should consider the following:

- Ensure that all transactions are properly authorized in accordance with management's policies.
- Ensure that accounting records are properly designed.
- Plan for adequate segregation of duties or compensating controls.

**FINDING NUMBER 2022-005  
(Continued)**

- Ensure the collection and compilation of the data needed for the timely preparation of financial statements.

The following conditions related to the payroll procedures were noted for the County Board of Elections department:

- The Board of Elections maintained employee leave calculations (i.e. leave usage, accrual, and balances) on manual timesheets and timecard proofs. Employees were not required to submit leave forms prior to usage. Therefore, the accuracy of leave usage per the manual leave records could not be determined.
- The Board of Elections' employees use a variety of timesheet methods (manual time sheets and online). Payroll is calculated on a manual spreadsheet by the Assistant Director. The following instances related to the manual payroll calculations were noted:
  - Multiple instances of timesheet and timecard proofs not being signed as approved.
  - Multiple timesheets per employee per pay period with various instances of approval and/or unapproved, these time sheets did not always agree.
  - Multiple variances of time worked due to manual timesheet record keeping.
  - Instances of leave requested but not included on timesheet records.
- The Board of Elections follows the Policy and Procedures Manual of the County Commissioners and Policy and Procedures Manual of the Board of Elections. There are no formal policies or procedures related specifically to Board of Elections payroll procedures, compensatory time accruals and usage. Additionally, there are no controls in place over payroll procedures.

The above conditions could result in employees being improperly compensated and in leave being taken that an employee was not entitled to take. The County should adopt policies and procedures appropriate for the Board of Elections, specifically outlining the procedures related to payroll and leave accrual and usage. Additionally, the Board of Elections should institute controls over monitoring and approval of payroll and leave.

**Officials' Response:**

See Corrective Action Plan.

**FINDING NUMBER 2022-006**

**Significant Deficiency**

When designing the public officer's system of internal control and the specific control activities, when management should consider the following:

- Ensure that all transactions are properly authorized in accordance with management's policies.
- Ensure that accounting records are properly designed.
- Plan for adequate segregation of duties or compensating controls.

**FINDING NUMBER 2022-006  
(Continued)**

- Ensure the collection and compilation of the data needed for the timely preparation of financial statements.

Highland County underwent an accounting system change in 2022, which also, changed the way departments prepared pay-ins to the County Auditor and Treasurer's office. In previous years the Auditor and Treasurer's offices required completion of pay-in forms prior to receipt of monies. Forms were required to be completed by department officials, providing all the required information. This allows for pay-in information input into the system to be verified prior to processing. When switching to the new system in 2022, departments created pay-ins electronically. Two copies for the pay-in were printed. One copy was given to the Treasurer's Office for review. However, no documentation existed showing the pay-ins were reviewed, such as a signature or initials.

The above conditions could result in the following conditions not being detected in a reasonable time period:

- Amounts not coded to the proper fund/account classification.
- Duplicate transactions being recorded.
- Total cash received not matching the fund records.
- Unrecorded Receipts

A fully completed, signed pay-in form should be completed and reviewed for all monies received prior to acceptance and input into the system, with no exceptions to any department.

**Officials' Response:**

See Corrective Action Plan.

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

None

**4. OTHER – FINDINGS FOR RECOVERY**

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS or Single Audit Compliance and Controls reports.

**FINDING NUMBER 2022-007**

**Finding for Recovery – Late Fees – Repaid Under Audit**

**Ohio Rev. Code § 145.47** requires each employer to withhold an amount, as determined by the public employees' retirement board, not to exceed ten percent from each employee's earnable salary that is a contributor to the retirement system. Ohio Rev. Code § 145.48 states, in part, each employer shall pay to the public employees retirement system an amount that shall have a certain percent of the earnable salary of all contributions to be known as the "employer contribution." Ohio Rev. Code 145.47(B) requires the fiscal officer to transmit to the system for each contributor subsequent to the date of coverage an amount equal to the applicable percent of each contributor's earnable salary at such intervals and in such form as the system shall require.

**FINDING NUMBER 2022-007  
(Continued)**

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only.

Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

In fiscal year 2022, the County failed to remit and file portions of Ohio Public Employees Retirement System (OPERS) withholdings timely, resulting in penalty and late fees of \$9,620.

The Payroll Clerk of the County is responsible for ensuring that all withholdings from employees’ wages for taxes and other benefits are properly withheld and remitted timely.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Melanie Anderson, Payroll Clerk, and W. William Fawley, County Auditor and the County’s employee dishonesty coverage carrier, CORSA, jointly and severally, in the amount of \$9,620, and in favor of the Highland County Payroll Clearing Fund, in the amount of \$9,620.

The County should draft, approve, and implement policies and procedures over the payroll process to ensure accuracy. Approval of such policies and procedures should be memorialized in the minutes.

On May 16, 2024, \$9,620 was repaid to the County’s Payroll Clearing Fund.

**Officials’ Response:**

See Corrective Action Plan.

**FINDING NUMBER 2022-008**

**Finding for Recovery – Repaid Under Audit - Severance Payout Reimbursement**

On September 16, 2021, the City of Hillsboro paid Diane Seeling, Former Clerk of Hillsboro Municipal Court \$46,266, upon separation of employment. This payout included \$8,097 for unused sick leave, \$6,167 for unused personal leave and \$32,002 for unused vacation time.

**Section 6.04 Vacation Leave, City of Hillsboro Personnel Policy**, requires vacation leave to be taken within (12) months following the employee’s anniversary date.

**Section 6.05 Personal Leave, City of Hillsboro Personnel Policy** allows for four personal days (32 hours) to be used in a calendar year.

**Hillsboro City Ordinance 1997-002** allows for carry over of vacation and personal time if requested in writing to the appropriate official or written request can be made for pay out. City policy allows for payouts of vacation leave at the employee’s current salary rate.

**Ohio Rev. Code §1901.31(C)(1)**, provides a municipal court judge the authority to set the compensation for the clerk, unless the municipal court is running a deficit. Financial records of the court going back to 2018 indicate that the court has run a deficit. As such, city policy would dictate the clerk only be paid for the vacation time she accrued and did not use that year.

**FINDING NUMBER 2022-008**  
**(Continued)**

The sick and personal leave payout is appropriate under city policy, but city policy requires employees to use vacation time in a twelve-month period or lose the vacation time. Under city vacation policy, Diane Seeling should have been paid \$26,212 for her unused leave balances, which resulted in an overpayment in the amount of \$20,054.

Additionally, **Ohio Rev.Code §1901.31(C)(3)** provides that the compensation of a clerk be paid from the same sources and in the same manner as provided in section **Ohio Rev. Code Section §1901.11** as three-fifths of the amount being payable from the city treasury and two-fifths of the amount being payable from the treasury of the county in which the municipal corporation is situated.

On September 17, 2021, the City of Hillsboro requested reimbursement in the amount of \$18,506 for the County's portion of the payout of the Municipal Court Clerk's severance payout. Highland County Commissioners did not agree with the reimbursement amount requested, because the vacation payout was in excess of amounts limited by Ohio Rev. Code §325.19(c) and recalculated the County's portion and paid the City of Hillsboro \$11,425.

Based on the recalculation of the Municipal Court Clerk's severance payout under the City of Hillsboro's policy, Highland County's portion should have been \$10,485 resulting in an overpayment of the reimbursement to the City of Hillsboro in the amount of \$940.

In accordance with the forgoing facts and pursuant to the Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against the City of Hillsboro in the amount of \$940 dollars, in favor of the Highland County's General Fund.

On February 20, 2024, the City of Hillsboro repaid \$940 to Highland County's General Fund.

**Officials' Response:**

See Corrective Action Plan.



**ALEX J. BUTLER**  
**Highland County Auditor**

County Administration Building • 119 Governor Foraker Place  
P.O. Box 822 • Hillsboro, Ohio 45133 • (937) 393-1915



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**2 CFR 200.511(b)**  
**DECEMBER 31, 2022**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2021-001	Failure to report on a GAAP basis	Not Corrected	Reissued as Finding Number 2022-2022
2021-002	Ohio Rev. Code § 5705.36(A)(1) - No Amended Certificate	Not Corrected	Reissued as Finding Number 2022-001
2021-003	Adjustments to Budgetary Statements	Not Corrected	Reissued as Finding Number 2022-004
2021-004	Adjustments to Financial Statements	Not Corrected	Reissued as Finding Number 2022-003
2021-005	Finding For Recovery Repaid Under Audit-Payroll Withholdings	Fully Corrected	

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# ALEX J. BUTLER

## Highland County Auditor

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### CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)  
DECEMBER 31, 2022

**Finding Number:** 2022-001  
**Planned Corrective Action:** In FY 2023 the County Auditor did certify to the Budget Commission the total amount from all sources available for expenditures from each fund and obtain the approved amended certificate of estimated resources.  
**Anticipated Completion Date:** 12/31/2023  
**Responsible Contact Person:** Alex J. Butler

**Finding Number:** 2022-002  
**Planned Corrective Action:** The County is considering the cost and benefit of reporting on a GAAP basis for FY 2025.  
**Anticipated Completion Date:** 12/31/2025  
**Responsible Contact Person:** Alex J. Butler

**Finding Number:** 2022-003  
**Planned Corrective Action:** Additional training has been provided to the staff. The new Auditor will work more closely with staff to provide oversight of intergovernmental revenue posting.  
**Anticipated Completion Date:** 12/31/2023  
**Responsible Contact Person:** Alex J. Butler

**Finding Number:** 2022-004  
**Planned Corrective Action:** The new Auditor will work more closely with compilers to ensure budgetary statements are accurately prepared and recorded.  
**Anticipated Completion Date:** Ongoing  
**Responsible Contact Person:** Alex J. Butler

**Finding Number:** 2022-005  
**Planned Corrective Action:** The Deputy Director and the Board have worked diligently to make sure that all time sheets and leave requests are now signed and recorded in a timely manner. The Board has also implemented new guidelines for how and when leave requests are presented. Department leadership submits time proof cards to the County Payroll Specialist prior to running payroll. Personnel changes have also occurred.  
**Anticipated Completion Date:** Ongoing  
**Responsible Contact Person:** Alex J. Butler

**Finding Number:** 2022-006  
**Planned Corrective Action:** Standard practice is now for each department representative and Treasurer's office staff to review and sign the pay-in form prior to acceptance and input of monies into the accounting system.  
**Anticipated Completion Date:** 01/01/2023





## ALEX J. BUTLER Highland County Auditor

County Administration Building • 119 Governor Foraker Place  
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**Anticipated Completion Date:** Ongoing

**Responsible Contact Person:** Alex J. Butler

**Finding Number:** 2022-006  
**Planned Corrective Action:** Standard practice is now for each department representative and Treasurer's office staff to review and sign the pay-in form prior to acceptance and input of monies into the accounting system.

**Anticipated Completion Date:** 01/01/2023  
**Responsible Contact Person:** Alex J. Butler

**Finding Number:** 2022-007  
**Planned Corrective Action:** In 2023 the position of Payroll Specialist was created. Bi-weekly and monthly checklists of payroll bills and taxes due are maintained. Once bi-weekly and monthly payments are made, supporting documentation is retained by the County Payroll Specialist and reviewed by the Auditor for accuracy and timeliness of payments. Personnel changes have also occurred.

**Anticipated Completion Date:** 03/13/2024  
**Responsible Contact Person:** Alex J. Butler

**Finding Number:** 2022-008  
**Planned Corrective Action:** The City of Hillsboro remitted payment to the County on 02/20/2024

**Anticipated Completion Date:** 02/20/2024  
**Responsible Contact Person:** Alex J. Butler

# OHIO AUDITOR OF STATE KEITH FABER



## HIGHLAND 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 6/18/2024

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](http://www.ohioauditor.gov)