PAULDING COUNTY HOSPITAL
A COMPONENT UNIT OF PAULDING COUNTY, OHIO
PAULDING COUNTY

PAULDING
COUNTY HOSPITAL

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

PLATTENBURG
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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Board of Trustees
Paulding County Hospital
1035 West Wayne Street
Paulding, Ohio 45879

We have reviewed the *Independent Auditor's Report* of the Paulding County Hospital, Paulding County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2022 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Paulding County Hospital is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

March 22, 2024

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PAULDING COUNTY HOSPITAL
A COMPONENET UNIT OF PAULDING COUNTY, OHIO
PAULDING COUNTY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Paulding County Hospital
Paulding, Ohio

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Paulding County Hospital (the Hospital), a component unit of Paulding County, Ohio, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Paulding County Hospital, as of December 31, 2022 and 2021, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Hospital and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital'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 generally accepted auditing standards 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 generally accepted auditing standards 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 Hospital'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 Hospital's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2024, on our consideration of the Hospital'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 Hospital'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 Hospital's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
February 22, 2024

Introduction

The management's discussion and analysis of the financial performance of Paulding County Hospital (Hospital) provides an overview of the Hospital's financial activities for the years ended December 31, 2022, 2021 and 2020. It should be read in conjunction with the accompanying financial statements of the Hospital. Management is responsible for the completeness and fairness of the financial statements and the related note disclosures along with management's discussion and analysis.

Financial Highlights

- The Hospital's total net position increased $4,508,422 from 2021. While net position increased $8,003,800 from 2020 to 2021.
- The Hospital's net patient services revenues increased $1,494,757 from 2021.
- The Hospital's unrestricted net position was $287,664 and ($4,157,793) for 2022 and 2021, respectively.

The following table provides a breakdown of the Hospital's net position by category for the years ended December 31, 2022, 2021 and 2020:

	2022	2021	2020
Net Position			
Net investment in capital assets	$7,671,605	$7,608,640	$7,912,353
Unrestricted	287,664	(4,157,793)	(12,465,306)
Total Net Position	$7,959,269	$3,450,847	($4,552,953)

In the year ended December 31, 2022, the Hospital's revenue and other support were greater than total expenses, creating an increase in net position of $4,508,422, which was mainly due to changes in net pension and OPEB liabilities and assets.

Using This Annual Report

This annual financial report includes the report of independent auditors, this management's discussion and analysis, the financial statements and notes to the financial statements. The Hospital's financial statements consist of three statements—a balance sheet; a statement of revenues, expenses and changes in net position; and a statement of cash flows. These statements and related notes provide information about the activities of the Hospital, including resources held but restricted. The Hospital is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

The Balance Sheet and Statement of Revenue, Expenses and Changes in Net Position

One of the most important questions asked about any Hospital's finances is, "Is the Hospital as a whole better or worse off as a result of the year's activities?" The balance sheet and the statement of revenue, expenses and changes in net position report information about the Hospital as a whole and on its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and deferred outflows of resources and all liabilities and deferred inflows of resources—using the accrual basis of accounting. Using the accrual basis of accounting means that all of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Hospital's net position and changes therein. The Hospital's total net position—assets and deferred outflows of resources less liabilities and deferred inflows of resources—is one measure of the Hospital's financial health or financial position. Over time, increases or decreases in the Hospital's net position are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the Hospital's patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients and local economic factors should also be considered to assess the overall financial health of the Hospital.

The Statement of Cash Flows

The statement of cash flows reports cash receipts, cash payments and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to such questions as where did cash come from, what was cash used for and what was the change in cash and cash equivalents during the reporting period.

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Table 1: Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

				2022/ 2021 Change	
	2022	2021	2020	Amount	Percent
Assets:					
Current assets	$9,887,085	$8,233,862	$6,345,428	$1,653,223	20.08%
Assets limited as to use	8,386,979	8,325,319	8,265,204	61,660	0.74%
Capital Assets	7,671,605	7,735,645	7,927,359	(64,040)	-0.83%
Net pension/OPEB asset	2,005,298	1,113,078	231,743	892,220	80.16%
Total Assets	27,950,967	25,407,904	22,769,734	2,543,063	10.01%
Deferred Outflows of Resources	2,510,059	1,811,451	3,251,256	698,608	38.57%
Liabilities:					
Current liabilities	8,293,657	7,247,215	5,778,194	1,046,442	14.44%
Noncurrent liabilities	530,441	447,880	356,065	82,561	18.43%
Net pension and OPEB liability	5,239,384	8,638,588	20,179,603	(3,399,204)	-39.35%
Total Liabilities	14,063,482	16,333,683	26,313,862	(2,270,201)	-13.90%
Deferred Inflows of Resources	8,438,275	7,434,825	4,260,081	1,003,450	13.50%
Net Position:					
Net investment in capital assets	7,671,605	7,608,640	7,912,353	62,965	0.83%
Unrestricted	287,664	(4,157,793)	(12,465,306)	4,445,457	-106.92%
Total Net Position	7,959,269	3,450,847	(4,552,953)	4,508,422	130.65%
Total liabilities, deferred inflows of resources and net position	$30,461,026	$27,219,355	$26,020,990	$3,241,671	11.91%

The Hospital saw a decrease in capital assets due to current year depreciation expense being greater than current year additions. Total liabilities decreased mainly due to the changes in net pension and OPEB liabilities.

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Table 2: Operating Results and Changes in Net Position

The following is a comparative analysis of the major components of the statements of revenue, expenses and changes in net position of the Hospital for the years ended December 31, 2022, 2021 and 2020:

				2022 / 2021 Change	
	2022	2021	2020	Amount	Percent
Operating Revenue					
Net patient service revenue	$26,513,608	$25,018,851	$20,609,704	$1,494,757	5.97%
Other	630,569	772,772	965,767	(142,203)	-18.40%
Total operating revenue	27,144,177	25,791,623	21,575,471	1,352,554	5.24%
Operating Expenses					
Salaries and wages	11,113,994	10,680,805	9,718,811	433,189	4.06%
Employee benefits and payroll taxes	(596,733)	(4,813,650)	4,121,506	4,216,917	-87.60%
Medical supplies and other	7,049,733	6,755,385	5,992,566	294,348	4.36%
Professional services and consultant fees	2,506,318	2,417,357	2,192,809	88,961	3.68%
Purchased services	1,729,655	1,592,555	1,565,487	137,100	8.61%
Depreciation and amortization	1,036,829	1,028,817	1,020,994	8,012	0.78%
Total operating expenses	22,839,796	17,661,269	24,612,173	5,178,527	29.32%
Operating Income (Loss)	4,304,381	8,130,354	(3,036,702)	(3,825,973)	-47.06%
Nonoperating Revenue					
Noncapital grants	0	160,721	3,106,150	(160,721)	-100.00%
Investment income	62,795	64,087	105,893	(1,292)	-2.02%
Contributions	123,719	52,043	24,127	71,676	137.72%
Other income (expenses)	17,527	(403,405)	35,816	420,932	-104.34%
Total other income	204,041	(126,554)	3,271,986	330,595	-261.23%
Increase (Decrease) in Net Position	4,508,422	8,003,800	235,284	(3,495,378)	-43.67%
Net Position, Beginning of Year	3,450,847	(4,552,953)	(4,788,237)	8,003,800	-175.79%
Net Position, End of Year	$7,959,269	$3,450,847	($4,552,953)	$4,508,422	130.65%

Operating Revenue

Operating revenue includes all transactions that result in the sales and/or receipts from goods and services, such as inpatient services, outpatient services, physician offices and the cafeteria.

Operating revenue changes were a result of the following factors:

Net patient service revenue increased by 5.97 percent from 2021 to 2022. To calculate net patient service revenue, gross patient revenue is reduced by revenue deductions. These deductions are the amounts that are not paid to the Hospital under contractual arrangements primarily with Medicare, Medicaid, Anthem and other commercial carriers. These revenue deductions have varies from year to year. The change in revenue deductions is due in part to third-party settlement estimates, state reimbursements for indigent care and changes in bad debt allowances.

Other operating revenue decreased 18.40 percent from 2021, which was due to variations in items included in other operating revenue. In 2021 and 2020, other operating revenue decreased 19.98 percent and increased 4.82 percent, respectively.

Operating Expenses

Operating expenses are all the costs necessary to perform and conduct the services and primary purposes of the Hospital. The operating expense changes were the result of the following factors:

Salary costs increased 4.06 percent from 2021 to 2022. Salary costs increased 9.90 percent for 2021 and decreased 0.65 percent in 2020.

Benefit costs decreased 87.60 percent, due primarily to decreased pension and OPEB expenses for the current year. Benefit costs decreased 216.17 percent in 2021 and decreased 33.24 percent in 2020.

Medical supplies and drugs increased 4.36 percent, due primarily to patient volume fluctuations. Medical supplies and drugs increased 12.73 percent in 2021 and increased 9.84 percent in 2020.

Professional services and consultant fees increased 3.68 percent due primarily to inflationary increases associated with various professional services and consultant fees. Professional services and consultant fees increased 10.24 and 3.01 percent in 2021 and 2020, respectively.

Purchased services increased 8.61 percent, primarily due to inflationary increases and fluctuations based on volume and needs of the Hospital. Purchased services increased 1.73 and 11.67 percent in 2021 and 2020, respectively.

Nonoperating Revenue and Expenses

Nonoperating revenue and expenses are all sources and uses that are primarily nonexchange in nature. They consist of noncapital grant, investment income, other income/expenses and contributions.

There was an increase in nonoperating revenue from the prior year, primarily due to an increase in other income.

The Hospital's Cash Flows

Another way to assess the financial health of a hospital is to look at the statement of cash flows.

Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows also helps assess:

- An entity's ability to generate future net cash flows
- Its ability to meet its obligations as they come due
- Its needs for external financing

	2022	2021	2020	2022 / 2021 Increase (Decrease)
Cash Provided by (Used in)				
Operating activities	$3,683,606	$2,554,023	($1,566,170)	$1,129,583
Noncapital financing activities	(1,260,072)	301,523	4,139,334	(1,561,595)
Capital and related financing activities	(972,789)	(837,103)	(1,506,418)	(135,686)
Investing activities	(219,690)	468,489	586,841	(688,179)
Net Decrease in Cash and Cash Equivalents	1,231,055	2,486,932	1,653,587	(1,255,877)
Cash and Cash Equivalents, Beginning of Year	6,930,651	4,443,719	2,790,132	2,486,932
Cash and Cash Equivalents, End of Year	$8,161,706	$6,930,651	$4,443,719	$1,231,055

The Hospital's liquidity changed during the year. The following discussion amplifies the overview of cash flows presented above:

Cash used in operating activities decreased approximately $1.1 million over the prior year. Cash from operating activities increased approximately $4.1 million in 2021 and decreased approximately $2.6 million in 2020.

Noncapital financing activities used cash of approximately $1.3 million in 2022, provided cash of approximately $0.3 million in 2021 and $4.1 million in 2020.

Capital and related financing activities used cash of approximately $0.9 million. Net capital purchases for 2021 and 2020 were approximately $0.8 million and $1.5 million, respectively.

Investing activities used cash of $0.2 million in 2022. Investing activities provided cash of approximately $0.5 million in 2021 and investing activities used cash of approximately of $0.6 million in 2020.

Capital Assets

At December 31, 2022, the Hospital had $32,386,862 invested in capital assets. Capital assets for 2021 and 2020 were $31,414,073 and $30,576,970, respectively. Depreciation and amortization expense totaled $1,036,829 for the current year compared to $1,028,817 and $1,020,994 in 2021 and 2020, respectively. Details of these assets for the past three years are shown below:

	2022	2021	2020	2022/ 2021 Increase (Decrease)
Land	$111,540	$111,540	$102,740	$0
Land improvements	383,744	383,744	383,744	0
Buildings and improvements	18,463,963	18,200,747	17,902,562	263,216
Equipment	12,959,922	12,627,522	12,187,924	332,400
Construction in progress	467,693	90,520	0	377,173
Total	32,386,862	31,414,073	30,576,970	972,789
Accumulated depreciation	(24,715,257)	(23,678,428)	(22,649,611)	(1,036,829)
Net carrying amount	$7,671,605	$7,735,645	$7,927,359	($64,040)

Other Economic Factors

The Paulding County Hospital will continue to explore revenue enhancements, cost reductions and productivity improvements in an effort to remain an asset in the community. Its economic position is also closely tied to that of the local medical staff as it continually works with physicians in the community to ensure that the medical needs of the public are being met.

The Supplemental Upper Payment Limit and Health Care Assurance programs have continued to provide relief for our Medicaid shortfalls. As in the past, our Administrative Team will continue to monitor suggested changes with the Ohio Hospital Association and the Department of Job and Family Services.

On March 11, 2020, the World Health Organization designated the SARS-CoV-2 virus and the incidence of COVID-19 as a global pandemic. For healthcare providers, patient volumes and related revenues were affected by COVID-19 as various policies were implemented by federal, state and local governments in response to the pandemic that led many people to remain at home and forced the closure of or limitations on certain businesses, as well as suspended elective procedures by health care facilities. While some of these policies have been eased and states have lifted moratoriums on non-emergent procedures, some restrictions remain in place. There is still considerable uncertainty around the duration and ultimate financial impacts of the COVID-19 pandemic. The Hospital continues to monitor the direct and indirect impacts of the pandemic and develop responses accordingly to maintain its operational and financial flexibility.

Aside from COVID-19, the healthcare industry continues to be challenged with ongoing healthcare reform and how it will impact the overall care delivery model for hospitals, physicians and other healthcare providers. Uncertainty with the fate of programs such as the Affordable Care Act requires healthcare organizations to remain vigilant and flexible. The Hospital continues to work toward operating in the most efficient manner possible to help mitigate rising costs. The Hospital collaborates with its physician practices to further incorporate patient-centered care and pay-for-performance practices that entail provider-recognition models for exemplary patient service and satisfaction.

Contacting the Hospital's Financial Management

This financial report is intended to provide our county and bondholders with a general overview of the Hospital's finances and to show the Hospital's accountability for the funds over which it has stewardship. If you have questions about this report or need additional information, we welcome you to contact the Chief Financial Officer, Andrew Wannemacher.

Paulding County Hospital
A Component Unit of Paulding County, Ohio
Balance Sheets
December 31, 2022 and 2021

	2022	2021
Assets and Deferred Outflows of Resources:		
Current Assets		
Cash and cash equivalents	$5,838,889	$4,615,267
Patient accounts receivable, net of allowance;		
$1,608,137 for 2022 and $2,323,934 for 2021	2,220,012	2,030,166
Notes receivable	337,915	109,657
Inventory	719,657	646,829
Estimated amounts due from third-party payers	269,187	287,375
Prepaid expenses and other	501,425	544,568
Total current assets	9,887,085	8,233,862
Assets Limited as to Use	8,386,979	8,325,319
Capital Assets, Net	7,671,605	7,735,645
Net OPEB Asset	2,005,298	1,113,078
Deferred Outflows of Resources		
Pension plans	2,468,924	1,223,624
Other postemployment benefits related	41,135	587,827
Total deferred outflows of resources	2,510,059	1,811,451
Total assets and deferred outflows of resources	30,461,026	27,219,355
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	980,521	940,032
Accrued expenses and other	1,278,861	1,041,763
Liability to refund Federal CARES funding	0	1,401,318
Estimated amounts due to third-party payers	6,034,275	3,864,102
Total current liabilities	8,293,657	7,247,215
Noncurrent Liabilities		
Other noncurrent liabilities	530,441	447,880
Pension	5,239,384	8,638,588
Total noncurrent liabilities	5,769,825	9,086,468
Total liabilities	14,063,482	16,333,683
Deferred Inflows of Resources		
Pension	6,366,395	3,927,555
Other postemployment benefits related	2,071,880	3,507,270
Total deferred inflows of resources	8,438,275	7,434,825
Net Position		
Net investment in capital assets	7,671,605	7,608,640
Unrestricted	287,664	(4,157,793)
Total net position	$7,959,269	$3,450,847
Total liabilities, deferred inflows of resources and net position	$30,461,026	$27,219,355

See Notes to Financial Statements.

Paulding County Hospital
A Component Unit of Paulding County, Ohio
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2022 and 2021

	2022	2021
Operating Revenue		
Net patient service revenue, net of provision for uncollectible accounts; 2022 - $695,664 and 2021 - $1,512,896	$26,513,608	$25,018,851
Other	630,569	772,772
Total operating revenue	27,144,177	25,791,623
Operating Expenses		
Salaries and wages	11,113,994	10,680,805
Employee benefits and payroll taxes	2,076,082	2,011,728
Pension	(891,897)	(28,455)
Other postemployment benefits related	(1,780,918)	(6,796,923)
Medical supplies and other	7,049,733	6,755,385
Professional services and consultant fees	2,506,318	2,417,357
Purchased services	1,729,655	1,592,555
Depreciation	1,036,829	1,028,817
Total operating expenses	22,839,796	17,661,269
Operating Income (Loss)	4,304,381	8,130,354
Nonoperating Revenues (Expenses):		
Noncapital grants	0	160,721
Investment income	62,795	64,087
Contributions	123,719	52,043
Other income/(expense)	17,527	(403,405)
Total Nonoperating Revenues (Expenses)	204,041	(126,554)
Change in Net Position	4,508,422	8,003,800
Net Position, Beginning of Year	3,450,847	(4,552,953)
Net Position, End of Year	$7,959,269	$3,450,847

See Notes to Financial Statements.

Paulding County Hospital
A Component Unit of Paulding County, Ohio
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Operating Activities		
Receipts from and on behalf of patients	$27,195,077	$25,074,515
Payments to suppliers and contractors	(11,271,534)	(11,057,729)
Payments to employees	(12,870,506)	(12,362,089)
Other receipts, net	630,569	899,326
Net cash provided by (used in) operating activities	3,683,606	2,554,023
Noncapital Financing Activities		
Noncapital grants, gifts and other	(1,260,072)	301,523
Net cash provided (used) by noncapital financing activities	(1,260,072)	301,523
Capital and Related Financing Activities		
Purchase of capital assets	(972,789)	(837,103)
Net cash provided (used) by capital and related financing activities	(972,789)	(837,103)
Investing Activities		
Investment income	62,795	64,087
Purchases of assets limited as to use	(54,227)	375,160
Advances to physicians (notes receivable), net of forgiveness	(228,258)	29,242
Net cash provided (used) by investing activities	(219,690)	468,489
Increase (Decrease) in Cash and Cash Equivalents	1,231,055	2,486,932
Cash and Cash Equivalents, Beginning of Year	6,930,651	4,443,719
Cash and Cash Equivalents, End of Year	$8,161,706	$6,930,651
Reconciliation of Cash and Cash Equivalents to the Balance Sheets		
Cash and cash equivalents	$5,838,889	$4,615,267
Internally-designated cash included in noncurrent cash	2,322,817	2,315,384
Total cash and cash equivalents	$8,161,706	$6,930,651
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income (Loss)	$4,304,381	$8,130,354
Depreciation	1,036,829	1,028,817
Provision for uncollectible accounts	695,664	1,512,896
Changes in operating assets and liabilities		
Patient accounts receivable	(885,510)	(922,737)
Inventory	(72,828)	(55,065)
Prepaid expenses and other	43,143	(287,300)
Accounts payable	40,489	53,369
Accrued compensated expenses and other	(3,666,923)	(7,718,558)
Estimated amounts due to and due from third-party payers	2,188,361	812,247
Net cash (used in) provided by operating activities	$3,683,606	$2,554,023
Accrued Compensated Expenses and Other Activities		
Accrued expenses and other	319,659	89,243
Deferred outflows of resources - pensions	(1,245,300)	640,856
Deferred outflows of resources - other postretirement benefits	546,692	798,949
Deferred inflows of resources - pensions	2,438,840	1,091,655
Deferred inflows of resources - other postretirement benefits	(1,435,390)	2,083,089
Net pension asset - pensions	0	231,743
Net other postretirement benefits asset	(892,220)	(1,113,078)
Net pension liability	(3,399,204)	(2,975,132)
Net other postretirement benefits liability	0	(8,565,883)
Net accrued compensated expenses and other activities	($3,666,923)	($7,718,558)
Noncash Investing, Capital and Financing Activities		
Capital asset acquisitions included in accounts payable	$104,810	$127,005

See Notes to Financial Statements.

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

Paulding County Hospital (Hospital) is a 25-bed critical access hospital located in Paulding, Ohio. The Hospital operates under the authority of Section 339, Ohio Revised Code, to provide inpatient, outpatient and emergency care services for the residents of Paulding County, Ohio. A Board of Trustees appointed by the County Commissioners, the probate judge and the Judge of the Court of Common Pleas of Paulding County governs the Hospital. The Hospital is considered a component unit of Paulding County, Ohio (County).

Basis of Accounting and Presentation

The financial statements of the Hospital have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenue, expenses, gains, losses, assets and liabilities and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions (principally federal and state grants and county appropriations) are recognized when all applicable eligibility requirements are met. Operating revenue and expenses include exchange transactions and program-specific, government mandated or voluntary nonexchange transactions. Government-mandated or voluntary nonexchange transactions that are not program specific (such as county appropriations), investment income and interest on capital assets-related debt are included in nonoperating revenues and expenses. The Hospital first applies restricted net position, if applicable, when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Hospital considers all liquid investments with original maturities of three months or less to be cash and cash equivalents.

Assets Limited as to Use and Investment Income

Assets limited as to use consist of cash equivalents and certificates of deposit plus accrued interest and include assets set aside by the Hospital's Board of Trustees for future capital improvements, over which the Board retains control and may, at its discretion, subsequently use for other purposes. Certificates of deposit are stated at cost, plus accrued interest, which approximates market value.

Investment income on board-designated funds (funded depreciation) is recorded as nonoperating income.

Patient Accounts Receivable
Accounts receivable from patients, insurance companies and governmental agencies are based on gross charges. An allowance for uncollectible accounts is established on an aggregate basis by using historical write-off rate factors applied to unpaid accounts based on aging. Loss rate factors are based on historical loss experience and adjusted for economic conditions and other trends affecting the Hospital's ability to collect outstanding amounts. Uncollectible amounts are written off against the allowance for doubtful accounts in the period they are determined to be uncollectible. An allowance for contractual adjustments and interim payment advances is based on expected payment rates from payers based on current reimbursement methodologies. This amount also includes amounts received as interim payments against unpaid claims by certain payers.

Inventory
Inventories, consisting primarily of medical supplies and drugs, are stated at the lower of cost, determined using the first-in, first-out method, or market.

Capital Assets
Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. The following estimated useful lives are being used by the Hospital:

Land improvements	5-25 years
Buildings and building improvements	5-50 years
Fixed equipment	3-20 years
Major moveable equipment	3-20 years

Notes Receivable
Notes receivable represent loans to physicians under various cash flow support and loan arrangements. These loans are to be repaid in varying monthly installments, including varying interest rates ranging from the minimum applicable federal rate to prime plus 1 percent, and are unsecured. A majority of the physician notes receivable are forgiven over time under the terms specified in the physician loan agreement.

Deferred Outflows of Resources
The Hospital reports increases in net position that relate to future periods as deferred outflows of resources in a separate section of its balance sheets.

Compensated Absences
Paid time off is charged to operations when earned. The unused and earned benefits are recorded as a current or long-term liability in the financial statements depending on when amounts are expected to be paid. Employees accumulate vacation days at varying rates depending on years of service. Employees are not paid for accumulated sick leave if they leave before retirement. However, employees who retire from the Hospital may convert accumulated sick leave to termination payments equal to one-half of the accumulated balance calculated at the employee's base pay rate as of the retirement date. Employees hired after June 8, 2001, are only eligible to receive termination payments on one-half of the accumulated sick leave balance up to a maximum of 240 hours.

Cost-Sharing Multiple-Employer Defined Benefit Pension Plans

The Hospital participates in two cost-sharing multiple-employer defined benefit pension plans administered by the Ohio Public Employees Retirement System, the Traditional Pension Plan and the Combined Plan (Plans). For purposes of measuring the net pension (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Cost-Sharing Defined Benefit Other Postemployment Benefit Plan

The Hospital participates in a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by the Ohio Public Employees Retirement System (the OPEB Plan). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources

The Hospital reports decreases in net position that relate to future periods as deferred inflows of resources in a separate section of its balance sheets.

Net Position

Net position of the Hospital is classified in three components. The net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Unrestricted net position can be either positive or negative and represents the remaining assets less remaining liabilities that do not meet the definition of the net investment in capital assets or restricted net position.

Net Patient Service Revenue

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

Charity Care

The Hospital provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue.

Grants and Contributions
From time to time, the Hospital receives certain federal and state grants, as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

Income Taxes
As an instrumentality of a political subdivision of the state of Ohio, the Hospital is generally exempt from federal and state income taxes under the Internal Revenue Code and a similar provision of state law. However, the Hospital is subject to federal income tax on any unrelated business taxable income.

Risk Management
The Hospital is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than employee health claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The Hospital is self-insured for a portion of its exposure to risk of loss from employee health claims. Annual estimated provisions are accrued for the self-insured portion of employee health claims and include an estimate of the ultimate costs for both reported claims and claims incurred, but not yet reported.

Note 2: Net Patient Service Revenue

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. These payment arrangements include:

Medicare - Effective January 1, 2001, the Hospital received full accreditation from the Centers for Medicare and Medicaid Services for the critical access hospital designation. As a critical access hospital, the Hospital receives reasonable, cost-based reimbursement for both inpatient and outpatient services provided to Medicare beneficiaries.

Medicaid - Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology for certain services and at prospectively determined rates for all other services. The Hospital is reimbursed for cost reimbursable services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid administrative contractor.

Approximately 53 and 55 percent of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for each of the years ended December 31, 2022 and 2021, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Note 3: Deposits, Investments and Investment Income

Chapter 135 of the Ohio Uniform Depositor Act authorizes local governmental units to make deposits in any national bank located in the state, subject to inspection by the superintendent of financial institutions, as eligible to become a public depository. Section 135.14 of the Ohio Revised Code allows the local government to invest in United States Treasury bills, notes, bonds or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States of America and bonds and other obligations of the state of Ohio. Investments in no-load money market mutual funds, repurchase agreements, commercial paper and bankers' acceptances are permitted subject to certain limitations that include completion of additional training, approved by the auditor of state, by the treasurer or governing board investing in these instruments.

The Hospital has designated multiple banks for the deposit of its funds. Investment of interim funds is limited to bonds, notes, debentures or any other obligations or securities issued by any federal government agency or instrumentality, no-load money market mutual funds and the Ohio subdivision's fund (STAR Ohio).

Statutes require the classification of funds held by the Hospital into three categories:

Active Funds - Active funds are required to be kept in a “cash” or “near cash” status for immediate use by the Hospital. Such funds must be maintained either in depository accounts or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Inactive Funds - Inactive funds are not required for use within the current five-year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit, maturing not later than the end of the current period of designated depositories or as savings or deposit accounts, including, but not limited to, passbook accounts.

Interim Funds - Interim funds are funds which are not needed for immediate use but will be needed before the end of the current period of designation of deposit. Ohio law permits interim funds to be invested or deposited in the following securities:

1. Bonds, notes or other obligations guaranteed by the United States or those for which the faith of the United States is pledged for the payment of principal and interest
2. Bonds, notes, debentures or other obligations or securities issued by any federal governmental agency

3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions

4. Interim deposits in the eligible institutions applying for interim funds to be evidenced by time certificates of deposit, maturing not more than one year from date of deposit, or by savings or deposit accounts, including but not limited to passbook accounts

5. Bonds and other obligations of the state of Ohio

6. The Ohio State Treasurer's investment pool (STAR Ohio)

7. Commercial paper and bankers' acceptances which meet the requirements established by Ohio Revised Code SEC 135.142

8. Under limited circumstances, corporate debt interest in either of the two highest rating classifications by at least two nationally recognized rating agencies

Protection of the Hospital's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer, by the financial institution or by single collateral pool established by the financial institution to secure the repayment of all public funds deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Hospital and must be purchased with the expectation that it will be held to maturity.

The Hospital's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits
Custodial credit risk is the risk that in the event of a bank failure, the Hospital's deposits may not be returned to it. The Hospital does not have a specific deposit policy for custodial credit risk. At December 31, 2022, the Hospital had no bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The Hospital believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. However, since all of the Hospital's bank deposits are collateralized, the Hospital believes it has maintained an acceptable risk level at these institutions.

Summary of Carrying Values
The Hospital's deposits are comprised of the following:

	2022	2021
Carrying value		
Cash and cash equivalents	$5,838,889	$4,615,267
Assets whose use is limited		
Money market funds	3,492,603	3,482,546
Certificates of deposit	4,878,996	4,842,179
Accrued interest	15,379	594
Total Carrying value	14,225,867	12,940,586
Deposits		
Amount of deposits reflected on the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit)	14,538,180	13,257,786
Amount of deposits covered by federal depository insurance	(4,395,505)	(4,563,316)
Uninsured but collateralized	$10,142,675	$8,694,470

Investment Income

Investment income for the year ended December 31 consisted of:

	2022	2021
Interest income	$62,795	$64,087

Assets Limited as to Use

The composition of assets limited as to use, which are comprised of money market funds, certificates of deposit and accrued interest receivable at December 31 are described below:

	2022	2021
Designated by the Board for capital improvements		
Deposits in financial institutions	$8,240,575	$8,226,750
Accrued interest receivable	146,404	98,569
Total assets limited as to use	$8,386,979	$8,325,319

Note 4: Patient Accounts Receivable

Patient accounts receivable at December 31 consisted of:

	2022	2021
Patient accounts receivable	$9,421,037	$8,298,844
Less		
Allowance for uncollectible amounts	(1,608,137)	(2,323,934)
Allowance for contractual adjustments	(5,592,888)	(3,944,744)
Patient accounts receivable, net	$2,220,012	$2,030,166

The Hospital grants credit without collateral to patients, most of whom are local residents and are insured under third-party payer agreements. The composition of receivables from patients and third-party payers consisted of:

	2022	2021
Medicare	51%	49%
Blue Cross and Blue Shield	14%	16%
Medicaid	12%	9%
Other third-party payers	19%	19%
Patient pay	4%	7%
	100%	100%

Note 5: Capital Assets

Capital assets activity for the years ended December 31 were:

	2022			
	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, not being depreciated:				
Land	$111,540		$0	$111,540
Construction in progress	90,520	377,173	0	467,693
Capital Assets, being depreciated:				
Land Improvements	383,744	0	0	383,744
Building and building improvements	18,200,747	263,216	0	18,463,963
Fixed equipment	1,533,775	8,267	0	1,542,042
Major moveable equipment	11,093,747	324,133	0	11,417,880
Totals at Historical Cost	31,414,073	972,789	0	32,386,862
Less Accumulated Depreciation:				
Land Improvements	295,218	18,719	0	313,937
Building and building improvements	12,781,672	558,797	0	13,340,469
Fixed equipment	1,384,930	18,237	0	1,403,167
Major moveable equipment	9,216,608	441,076	0	9,657,684
Total Accumulated Depreciation	23,678,428	1,036,829	0	24,715,257
Governmental Activities Capital Assets, Net	$7,735,645	($64,040)	$0	$7,671,605

	2021			
	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, not being depreciated:				
Land	$102,740	$8,800	$0	$111,540
Construction in progress	0	90,520	0	90,520
Capital Assets, being depreciated:				
Land Improvements	383,744	0	0	383,744
Building and building improvements	17,902,562	298,185	0	18,200,747
Fixed equipment	1,421,649	112,126	0	1,533,775
Major moveable equipment	10,766,275	327,472	0	11,093,747
Totals at Historical Cost	30,576,970	837,103	0	31,414,073
Less Accumulated Depreciation:				
Land Improvements	275,399	19,819	0	295,218
Building and building improvements	12,216,975	564,697	0	12,781,672
Fixed equipment	1,373,473	11,457	0	1,384,930
Major moveable equipment	8,783,764	432,844	0	9,216,608
Total Accumulated Depreciation	22,649,611	1,028,817	0	23,678,428
Governmental Activities Capital Assets, Net	$7,927,359	($191,714)	$0	$7,735,645

Note 6: Long-Term Obligations

The following is a summary of long-term obligation transactions for the Hospital for the years ended December 31:

	2022				
	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Other long-term obligations:					
Accrued compensated absences	$747,880	$415,788	$300,000	$863,668	$300,000
Net Pension Liability	8,638,588	0	3,399,204	5,239,384	0
Total other long-term obligations	$9,386,468	$415,788	$3,699,204	$6,103,052	$300,000

	2021				
	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Other long-term obligations:					
Accrued compensated absences	$656,065	$391,815	$300,000	$747,880	$300,000
Net Pension Liability	11,613,720	0	2,975,132	8,638,588	0
Net OPEB Liability	8,565,883	0	8,565,883	0	0
Total other long-term obligations	$20,835,668	$391,815	$11,841,015	$9,386,468	$300,000

Note 7: Medical Malpractice Claims

Based on the nature of its operations, the Hospital is at times subject to pending or threatened legal actions, which arise in the normal course of its activities.

The Hospital is insured against medical malpractice claims under a claims-made policy, whereby only the claims reported to the insurance carrier during the policy period are covered, regardless of when the incident giving rise to the claim occurred. Under the terms of the policy, the Hospital bears the risk of the ultimate costs of any individual claims exceeding $1,000,000 or aggregate claims exceeding $3,000,000 for claims asserted in the policy year. In addition, the Hospital has an umbrella policy with an additional $5,000,000 of coverage.

Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on the occurrences during the policy term, but reported subsequent to the policy term, will be uninsured.

While there is pending litigation against the Hospital, management is not aware of any such medical malpractice claims, either asserted or unasserted, that would exceed the policy limits. The cost of the insurance policy represents the Hospital's cost for such claims for the year and it has been charged to operations as a current expense.

The Hospital is exposed to various risks of loss related to property and general losses and employee injuries (workers' compensation). The Hospital has purchased commercial insurance for claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years. See Note 9 for discussion of self-insured health programs.

Note 8: Accrued Liabilities and Other

Accrued expenses included in current liabilities at December 31 consisted of:

	2022	2021
Payroll and related items	$713,312	$639,533
Compensated absences	300,000	300,000
Deferred government grants	44,587	14,120
Health insurance claims	220,962	88,110
	$1,278,861	$1,041,763

Note 9: Self-insurance

The Hospital is partially self-insured under a plan covering all employees for employee health insurance. The plan is covered by a stop-loss policy that covers claims over $100,000 per employee or total claims in excess of $2,107,019. The plan policy year ends on December 31. Claims, charged to operations when incurred, were approximately $1,719,000 and $1,347,000 for the years ended December 31, 2022 and 2021, respectively.

A reconciliation of accrued health insurance at December 31, 2022, consists of the following:

Balance at January 1, 2021	$214,198
Health insurance expense	1,346,811
Payments made	(1,472,899)
Balance at December 31, 2021	88,110
Health insurance expense	1,718,531
Payments made	(1,585,679)
Balance at December 31, 2022	$220,962

Note 10: Contingencies

Litigation

In the normal course of business, the Hospital is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Hospital's self insurance program (discussed elsewhere in these notes) or by commercial insurance; for example, allegations regarding employment practices or performance of contracts. The Hospital evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Note 11: Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

Ohio Revised Code limits the Hospital's obligation for this liability to annually required payments. The Hospital cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the Hospital 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 may pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (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 proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability (asset) on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description
Hospital employees, other than full-time police and firefighters, 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. While employees may elect the member-directed plan or the combined plan, substantially all employees are in the traditional plan; therefore, the following disclosure focuses on 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 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):

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

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

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

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. 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 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
2022 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2022 Actual Contribution Rates	
Employer:	
Pension ****	14.0 %
Post-employment Health Care Benefits ****	0.0
Total Employer	14.0 %
Employee	10.0 %

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

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

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

**** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. For 2022, the Hospital's contractually required contribution was $1,313,768.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Hospital's proportion of the net pension liability was based on the Hospital'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 Hospital's defined benefit pension plans:

	OPERS	
	2022	2021
Proportionate Share of the:		
Net Pension Liability	$5,239,384	$8,638,588
Proportion of the Net Pension Liability:		
Current Measurement Date	0.06022000%	0.05833800%
Prior Measurement Date	0.05833800%	0.05875700%
Change in Proportionate Share	0.00188200%	-0.00041900%
Pension Expense	($891,897)	($28,454)

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

	2022
Deferred Outflows of Resources	
Differences between expected and actual experience	$267,096
Changes of assumptions	655,179
Changes in employer proportionate share of net pension liability	232,881
Contributions subsequent to the measurement date	1,313,768
Total Deferred Outflows of Resources	$2,468,924
Deferred Inflows of Resources	
Differences between expected and actual experience	$114,913
Net difference between projected and actual earnings on pension plan investments	6,232,056
Changes in employer proportionate share of net pension liability	19,426
Total Deferred Inflows of Resources	$6,366,395

	2021
Deferred Outflows of Resources	
Contributions subsequent to the measurement date	$1,223,624
Total Deferred Outflows of Resources	$1,223,624
Deferred Inflows of Resources	
Differences between expected and actual experience	$361,359
Net difference between projected and actual earnings on pension plan investments	3,367,068
Changes in employer proportionate share of net pension liability	199,128
Total Deferred Inflows of Resources	$3,927,555

At December 31, 2022, $1,313,768 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023.

At December 31, 2021, $1,223,624 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022.

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

Year Ending December 31:	OPERS Traditional Plan
2023	($677,608)
2024	(2,076,846)
2025	(1,465,408)
2026	(991,375)
2027	0
Total	($5,211,238)

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 Hospital'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
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2022, then 2.05 percent, simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	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
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees	0.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.20 percent
Actuarial Cost Method	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 Tables (males and females) for all

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

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 of 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. 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 (Geometric)
Fixed Income	24.00%	1.03%
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	100.00%	4.21%

Discount Rate

The discount rate used to measure the total pension liability for the current year was 6.9 percent for the traditional 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 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Hospital'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 Hospital'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%)
Proportionate share of the net pension liability	$13,813,866	$5,239,384	($1,895,726)

Note 12: Postemployment Benefits

See Note 11 for a description of the net OPEB liability (asset).

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (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.

The heath 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 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.

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 Hospital's contractually required contribution was $0 for 2022.

Net OPEB Liability (Asset)

The net OPEB liability (asset) and total OPEB liability (asset) 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. OP&F's total OPEB liability was measured as of December 31, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021. The Hospital's proportion of the net OPEB liability (asset) was based on the Hospital's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS	
	2022	2021
Proportionate Share of the:		
Net OPEB (Asset)	($2,005,298)	($1,113,078)
Net OPEB Liability		
Proportion of the Net OPEB Liability (Asset):		
Current Measurement Date	0.06402300%	0.06247700%
Prior Measurement Date	0.06247700%	0.06201500%
Change in Proportionate Share	0.00154600%	0.00046200%
OPEB Expense	($1,780,918)	($6,796,923)

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

	2022
Deferred Outflows of Resources	
Changes in employer proportionate share of net OPEB liability (asset)	$41,135
Total Deferred Outflows of Resources	$41,135
Deferred Inflows of Resources	
Differences between expected and actual experience	$304,173
Changes in assumptions	811,722
Net difference between projected and actual earnings on OPEB plan investments	955,985
Total Deferred Inflows of Resources	$2,071,880

	2021
Deferred Outflows of Resources	
Changes in assumptions	$547,202
Changes in employer proportionate share of net OPEB liability (asset)	40,625
Total Deferred Outflows of Resources	$587,827
Deferred Inflows of Resources	
Differences between expected and actual experience	$1,004,546
Changes in assumptions	1,803,519
Net difference between projected and actual earnings on OPEB plan investments	592,841
Changes in employer proportionate share of net OPEB liability (asset)	106,364
Total Deferred Inflows of Resources	$3,507,270

At December 31, 2022, $0 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ending December 31, 2023.

At December 31, 2021, $0 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ending December 31, 2022.

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

Year Ending December 31:	OPERS Traditional Plan
2022	($1,249,159)
2023	(435,413)
2024	(208,878)
2025	(137,294)
2023	0
Thereafter	0
Total	($2,030,745)

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

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 of 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 Hospital'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:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
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	100.00%	3.45%

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 Hospital's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

The following table presents the Hospital's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the Hospital's proportionate share of the net OPEB liability 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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Proportionate share of the net OPEB (asset)	($1,179,304)	($2,005,298)	($2,690,887)

Sensitivity of the 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 liability. 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
Proportionate share of the net OPEB (asset)	($2,026,968)	($2,005,298)	($1,979,591)

Changes Between Measurement Date and Report Date

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.

REQUIRED SUPPLEMENTARY INFORMATION

Paulding County Hospital
A Component Unit of Paulding County, Ohio
Required Supplementary Information
Schedule of the Hospital's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System
Last Eight Years (1)

	2022	2021	2020	2019	2018
Hospital's proportion of the net pension liability	0.06022000%	0.05833800%	0.05875700%	0.06176300%	0.05975700%
Hospital's proportionate share of the net pension liability	$5,239,384	$8,638,588	$11,613,321	$16,915,634	$9,374,715
Hospital's covered-employee payroll	$8,740,171	$8,216,064	$8,267,064	$8,342,150	$7,915,192
Hospital's proportionate share of the net pension liability as a percentage of its covered-employee payroll	59.95%	105.14%	140.48%	202.77%	118.44%
Plan fiduciary net position as a percentage of the total pension liability	92.62%	86.88%	82.17%	74.70%	84.66%

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2015 is not available.

Note- Amounts presented as of the Hosipital's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

2017	2016	2015
0.06197400%	0.05965100%	0.06328800%
$14,073,242	$10,332,305	$7,633,240
$8,013,633	$6,823,550	$7,759,123
175.62%	151.42%	98.38%
77.25%	81.08%	86.45%

Paulding County Hospital
A Component Unit of Paulding County, Ohio
Required Supplementary Information
Schedule of Hospital Contributions to Pension
Ohio Public Employees Retirement System
Last Eight Years (1)

	2022	2021	2020	2019	2018
Statutorily required contribution	$1,313,768	$1,223,624	$1,150,249	$1,157,389	$1,167,901
Contributions in relation to the statutorily required contributions	(1,313,768)	(1,223,624)	(1,150,249)	(1,157,389)	(1,167,901)
Contributions deficiency (excess)	$0	$0	$0	$0	$0
Hospital's covered-employee payroll	$9,384,057	$8,740,171	$8,216,064	$8,267,064	$8,342,150
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2015 is not available.

See accompanying notes to the required supplementary information.

2017	2016	2015
$1,028,975	$961,636	$818,826
(1,028,975)	(961,636)	(818,826)
$0	$0	$0
$7,915,192	$8,013,633	$6,823,550
13.00%	12.00%	12.00%

Paulding County Hospital
A Component Unit of Paulding County, Ohio
Required Supplementary Information
Schedule of the Hospital's Proportionate Share of the Net Postemployment Benefits Other Than Pension (OPEB) Liability (Asset)
Ohio Public Employees Retirement System
Last Five Years (1)

	2022	2021	2020	2019	2018
Hospital's proportion of the net OPEB liability (asset)	0.06402300%	0.06247700%	0.06201500%	0.06546200%	0.06394000%
Hospital's proportionate share of the net pension liability (asset)	($2,005,298)	($1,113,078)	$8,565,883	$8,534,700	$6,943,413
Hospital's covered-employee payroll	8,740,171	9,448,194	9,369,149	9,495,107	$9,056,581
Hospital's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-22.94%	-11.78%	91.43%	89.89%	76.67%
Plan fiduciary net position as a percentage of the total pension liability (asset)	128.23%	115.57%	47.80%	46.33%	54.14%

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2018 is not available.

Note- Amounts presented as of the Hospital's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Paulding County Hospital
A Component Unit of Paulding County, Ohio
Required Supplementary Information
Schedule of Hospital Contributions to Postemployment Benefits Other Than Pension (OPEB)
Ohio Public Employees Retirement System
Last Five Years (1)

	2022	2021	2020	2019	2018
Statutorily required contribution	$0	$0	$30,658	$24,294	$27,038
Contributions in relation to the statutorily required contributions	0	0	(30,658)	(24,294)	(27,038)
Contributions deficiency (excess)	$0	$0	$0	$0	$0
Hospital's covered-employee payroll	$9,384,057	$8,740,171	$9,448,194	$9,369,149	$9,495,107
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.32%	0.26%	0.28%

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2018 is not available.

See accompanying notes to the required supplementary information.

Note 1 - Net Pension Liability

Ohio Public Employees Retirement System Changes in Benefit Terms and Assumptions

Changes in assumptions:

2022: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date

- Reduction in actuarial assumed rate of return from 7.20% to 6.90%
- Decrease in wage inflation from 3.25% to 2.75%
- Change in future salary increases from a range of 3.25%-10.75% to 2.75%-10.75%

2021-2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this period.

2019: OPERS Board adopted a change in the investment return assumption, reducing it from 7.50% to 7.20%.

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

2016-2014: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

Changes in benefit terms:

2022-2014: There were no changes in benefit terms for this period.

Note 2 - Net Benefit Postemployment Benefits other than Pensions (OPEB) Liability (Asset)

Ohio Public Employees Retirement System Changes in Benefit Terms and Assumptions

Changes in assumptions:

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond rate decreased from 2.00% to 1.84%.
- The initial health care cost trend rate decreased from 8.50% to 5.50%.
- Decrease in wage inflation from 3.25% to 2.75%.
- Change in future salary increases from a range of 3.25%-10.75% to 2.75%-10.75%.

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate increased from 3.16% to 6.00%.
- The municipal bond rate decreased from 2.75% to 2.00%.
- The initial health care cost trend rate decreased from 10.50% to 8.50%.

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate decreased from 3.96% to 3.16%.
- The municipal bond rate decreased from 3.71% to 2.75%.
- The initial health care cost trend rate increased from 10.00% to 10.50%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate increased from 3.85% to 3.96%.
- The investment rate of return decreased from 6.50% to 6.00%.
- The municipal bond rate increased from 3.31% to 3.71%.
- The initial health care cost trend rate increased from 7.50% to 10.00%.

2018: The single discount rate changed from 4.23% to 3.85%.

Changes in Benefit Terms:

2022: 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.

2021: There were no changes in benefit terms for the period.

2020: On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees.

2019-2018: There were no changes in benefit terms for the period.

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

Board of Trustees
Paulding County Hospital
Paulding, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Paulding County Hospital (Hospital), a component unit of Paulding County, Ohio, as of and for the year ended December 31, 2022 and the related notes to the financial statements, and have issued our report thereon dated February 22, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hospital's internal control over financial reporting (internal control) as a basis for designing the 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 Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control.

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

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

Report on Compliance and Other Matters

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

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
February 22, 2024

OHIO AUDITOR OF STATE
KEITH FABER

PAULDING COUNTY HOSPITAL

PAULDING 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 4/4/2024

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