

HOLMES COUNTY, OHIO

SINGLE AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2024**



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County Commissioners
Holmes County
2 Court Street, Suite 14
Millersburg, Ohio 44654

We have reviewed the *Independent Auditor's Report* of Holmes County, prepared by Julian & Grube, Inc., for the audit period January 1, 2024 through December 31, 2024. 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. Holmes County is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

November 25, 2025

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HOLMES COUNTY, OHIO

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Independent Auditor's Report

Holmes County
2 Court Street, Suite 14
Millersburg, Ohio 44654

To the Members of the Board of County Commissioners:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Holmes County, Ohio, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Holmes County'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 respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Holmes County, as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof 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 Holmes County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As discussed in Note 3 to the financial statements, Holmes County restated beginning net position as a result of a change in accounting principle by implementing GASB Statement No. 101, "Compensated Absences" and also an error correction. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Holmes County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Holmes County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Holmes County's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2025 on our consideration of Holmes County's internal control over financial reporting and on 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 Holmes County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Holmes County's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 27, 2025

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HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

The management's discussion and analysis of Holmes County's (the "County") financial performance provides an overall review of the County's financial activities for the year ended December 31, 2024. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the notes to the basic financial statements and the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2024 are as follows:

- The total net position of the County increased \$13,898,122 from 2023's restated net position of \$121,058,020. Net position of governmental activities increased \$12,441,606, which represents a 11.69% increase from the 2023's restated net position of \$106,395,286. Net position of business-type activities increased \$1,456,516 or 9.93% from the 2023's restated net position of \$14,662,734.
- General revenues accounted for \$33,407,727 or 53.44% of total governmental activities revenue. Program specific revenues accounted for \$29,106,902 or 46.56% of total governmental activities revenue.
- The County had \$48,697,067 in governmental activities expenses; \$29,106,902, or 59.77%, of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$33,407,727 were adequate to provide for these programs.
- The general fund, the County's largest major governmental fund, had revenues and other financing sources of \$25,905,934 in 2024, an increase of \$38,073 or 0.15% from 2023. The general fund had expenditures and other financing uses of \$21,178,678 in 2024, an increase of \$1,333,071 or 6.72% from 2023. The net changes in revenues and other financing sources and expenditures and other financing uses contributed to the general fund balance increase of \$4,727,256 or 15.89% from 2023's fund balance.
- The county board of developmental disabilities (DD) fund, a major governmental fund, had revenues of \$7,770,177 in 2024, an increase of \$4,692 or .06% from 2023. The DD fund had expenditures of \$6,697,061 in 2024, an increase of \$748,803 or 12.59% from 2023. The net changes in revenues and expenditures and other financing uses contributed to the DD fund balance increase of \$1,073,116 or 15.22% from 2023 to 2024.
- The motor vehicle license fund, a major governmental fund, had revenues and other financing sources of \$7,614,067 in 2024, a decrease of \$10,290,177 or 57.47% from 2023. The motor vehicle license fund had expenditures of \$8,007,953 in 2024, a decrease of \$9,512,272 or 54.29% from 2023. The motor vehicle license fund balance decreased \$393,886 or 8.76% from 2023 to 2024.
- Net position for the business-type activities, which consists of the sewer district, increased in 2024 by \$1,456,516 or 9.93% from the 2023's restated net position of \$14,662,734.

Using the Basic Financial Statements (BFS)

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

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

HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

Reporting the County as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position and the statement of activities answer the question, "How did we do financially during 2024?" These statements include *all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

Reporting the County's Most Significant Funds

Fund Financial Statements

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

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

Governmental Funds

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

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

HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

The County maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds

The County maintains two different types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for its sewer district. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for its employee medical and prescription drug self-insurance program.

Fiduciary Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's general fund and major special revenue funds budgetary schedules, net pension liability/asset and net OPEB liability/asset.

HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

Government-Wide Financial Analysis

The statement of net position serves as a useful indicator of a government's financial position. For the following table, amounts for 2024 have been presented in accordance with the provisions of GASB Statement No. 101 (see Note 3) while amounts for 2023 have been presented in accordance with previous guidance. Net position as of December 31, 2023, for governmental activities was restated for an error correction described in Note 3 in the notes to the basic financial statements. The table below provides a summary of the County's net position for 2024 and 2023 (restated).

Net Position						
	Governmental Activities 2024	Restated Governmental Activities 2023	Business-type Activities 2024	Business-type Activities 2023	Total 2024	Restated Total 2023
<u>Assets</u>						
Current and other assets	\$ 93,528,504	\$ 89,422,414	\$ 1,558,159	\$ 1,256,181	\$ 95,086,663	\$ 90,678,595
Capital assets, net	67,587,988	62,782,198	20,484,544	19,531,651	88,072,532	82,313,849
Total assets	161,116,492	152,204,612	22,042,703	20,787,832	183,159,195	172,992,444
<u>Deferred Outflows of Resources</u>	9,141,591	13,680,292	56,343	82,758	9,197,934	13,763,050
<u>Liabilities</u>						
Current and other liabilities	2,167,041	5,594,995	232,622	151,660	2,399,663	5,746,655
Long-term liabilities outstanding:						
Due within one year	2,049,436	1,859,687	282,039	283,092	2,331,475	2,142,779
Net pension liability	25,784,071	28,638,132	156,541	171,478	25,940,612	28,809,610
Net OPEB liability	-	581,411	-	3,550	-	584,961
Other amounts	9,110,613	7,839,996	5,304,797	5,593,144	14,415,410	13,433,140
Total liabilities	39,111,161	44,514,221	5,975,999	6,202,924	45,087,160	50,717,145
<u>Deferred Inflows of Resources</u>	12,310,030	11,737,291	3,797	3,085	12,313,827	11,740,376
<u>Net Position</u>						
Net investment in capital assets	64,392,826	57,723,673	14,740,266	13,663,767	79,133,092	71,387,440
Restricted	23,457,131	21,911,712	5,984	642	23,463,115	21,912,354
Unrestricted	30,986,935	29,998,007	1,373,000	1,000,172	32,359,935	30,998,179
Total net position	\$ 118,836,892	\$ 109,633,392	\$ 16,119,250	\$ 14,664,581	\$ 134,956,142	\$ 124,297,973

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the County's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB, net pension/OPEB asset.

HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability/asset or net OPEB liability/asset. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability/asset and the net OPEB liability/asset to equal the County's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the County is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the County's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability/asset and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2024, the County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$134,956,142. This amounts to \$118,836,892 in governmental activities and \$16,119,250 in business-type activities.

Capital assets reported on the government-wide statements represent the largest portion of the County's assets. At year-end, capital assets represented 48.06% of total governmental and business-type assets. Capital assets include land, improvements other than buildings, buildings and improvements, machinery and equipment, vehicles, construction in progress, and infrastructure. The net investment in capital assets at December 31, 2024, was \$79,133,092. These capital assets are used to provide services to citizens and are not available for future spending.

A portion of the County's net position, \$23,463,115 or 17.39%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$32,359,935.

HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

The decrease in current liabilities can be attributed to the spending of ARPA funding. The balance of that funding was recorded as unearned revenue as it could not be recognized as revenue until spent on qualifying items. During 2024, the County spent the remaining ARPA funding, which resulted in no unearned revenue being reported at year end.

The net pension liability for governmental activities decreased \$2,868,998, deferred outflow of resources related to pension decreased \$3,560,505 and deferred inflows of resources related to pension decreased \$3,914. These changes were the result of changes at the pension system level for Ohio Public Employees Retirement System (OPERS) and the State Teachers Retirement System of Ohio (STRS).

During 2024, the County implemented GASB Statement No. 101 (see Note 3). For the following table, the implementation has been reported as a change in accounting principle. Net position as of December 31, 2023, for governmental activities was restated for an error correction as described in Note 3 in the notes to the basic financial statements. The following table shows the changes in net position for governmental and business-type activities for 2024 and 2023.

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HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

Change in Net Position

	Governmental Activities 2024	Business-type Activities 2024	Restated Governmental Activities 2023	Business-type Activities 2023	2024 Total	Restated 2023 Total
<u>Revenues</u>						
Program revenues:						
Charges for services and sales	\$ 8,254,870	\$ 1,701,149	\$ 7,784,487	\$ 1,433,820	\$ 9,956,019	\$ 9,218,307
Operating grants and contributions	20,091,986	-	22,011,587	-	20,091,986	22,011,587
Capital grants and contributions	760,046	436,030	11,993,350	61,962	1,196,076	12,055,312
Total program revenues	<u>29,106,902</u>	<u>2,137,179</u>	<u>41,789,424</u>	<u>1,495,782</u>	<u>31,244,081</u>	<u>43,285,206</u>
General revenues:						
Property taxes	11,650,643	-	10,945,431	-	11,650,643	10,945,431
Sales tax	16,395,165	-	16,582,435	-	16,395,165	16,582,435
Unrestricted grants	2,149,299	-	2,381,180	-	2,149,299	2,381,180
Investment earnings	3,081,406	-	2,903,684	-	3,081,406	2,903,684
Other	131,214	1,428	177,936	1,416	132,642	179,352
Total general revenues	<u>33,407,727</u>	<u>1,428</u>	<u>32,990,666</u>	<u>1,416</u>	<u>33,409,155</u>	<u>32,992,082</u>
Total revenues	<u>62,514,629</u>	<u>2,138,607</u>	<u>74,780,090</u>	<u>1,497,198</u>	<u>64,653,236</u>	<u>76,277,288</u>
<u>Expenses</u>						
Program expenses:						
General government:						
Legislative and executive	7,306,936	-	7,777,865	-	7,306,936	7,777,865
Judicial	2,853,428	-	2,789,323	-	2,853,428	2,789,323
Public safety	7,717,933	-	7,857,805	-	7,717,933	7,857,805
Public works	11,955,925	-	10,545,957	-	11,955,925	10,545,957
Health	1,059,074	-	689,768	-	1,059,074	689,768
Human services	16,893,254	-	16,057,637	-	16,893,254	16,057,637
Conservation and recreation	803,460	-	595,590	-	803,460	595,590
Interest	107,057	-	79,381	-	107,057	79,381
Sewer district	-	2,058,047	-	1,620,913	2,058,047	1,620,913
Total expenses	<u>48,697,067</u>	<u>2,058,047</u>	<u>46,393,326</u>	<u>1,620,913</u>	<u>50,755,114</u>	<u>48,014,239</u>
Excess of revenues over (under) expenses	13,817,562	80,560	28,386,764	(123,715)	13,898,122	28,263,049
Transfers	<u>(1,375,956)</u>	<u>1,375,956</u>	<u>(6,131,090)</u>	<u>6,131,090</u>	<u>-</u>	<u>-</u>
Change in net position	12,441,606	1,456,516	22,255,674	6,007,375	13,898,122	28,263,049
Net position as previously reported (net of error correction)	109,633,392	14,664,581	87,377,718	8,657,206	124,297,973	96,034,924
Change in accounting principle	(3,238,106)	(1,847)	-	-	(3,239,953)	-
Net position at beginning of year (restated)	<u>106,395,286</u>	<u>14,662,734</u>	<u>87,377,718</u>	<u>8,657,206</u>	<u>121,058,020</u>	<u>96,034,924</u>
Net position at end of year	<u>\$118,836,892</u>	<u>\$ 16,119,250</u>	<u>\$ 109,633,392</u>	<u>\$ 14,664,581</u>	<u>\$134,956,142</u>	<u>\$ 124,297,973</u>

Governmental Activities

Governmental activities net position increased by \$12,441,606 in 2024.

HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

Capital grants and contributions for governmental activities decreased approximately \$11.2 million in 2024 from 2023. This was due to the completion of several large projects that received significant funding from the Ohio Department of Transportation (ODOT) in 2023.

Operating grants and contributions for governmental activities decreased approximately \$1.92 million. This was due to less ARPA revenue being recognized in 2024 compared to 2023. At the end of 2024, the County has spent all of its ARPA money.

Overall, expenses of the governmental activities increased \$2,303,741.

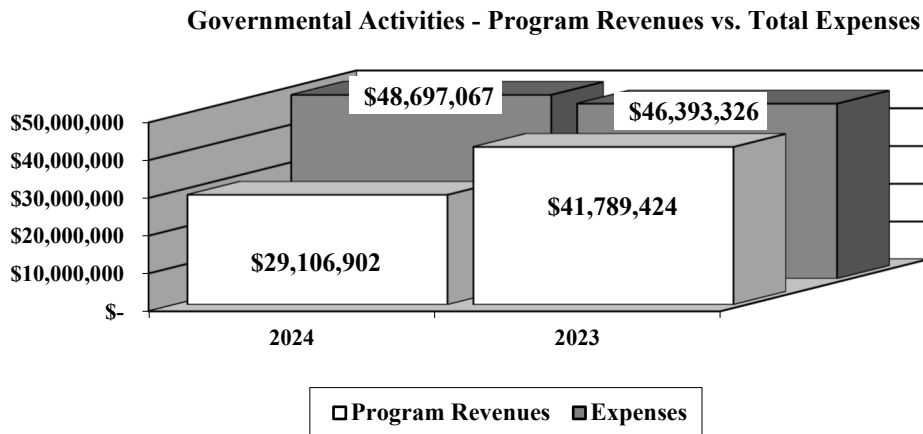
General government expenses, which include legislative and executive and judicial programs, accounted for \$10,160,364 or 20.86% of total governmental expenses. General government expenses were partly funded by \$4,727,970 of direct charges to users in 2024 and \$723,694 in operating grants and contributions. Public works expenses, the County's second largest category of expenses, totaled \$11,955,925 in 2024 or 24.55% of total governmental expenses. The County's public works programs consist primarily of the motor vehicle license program, which funds road and other infrastructure repairs and improvements throughout the County. Human service expenses accounted for \$16,893,254 or 34.69% of total governmental expenses. These expenses were funded partly by \$1,460,934 in charges to users and \$8,262,731 in operating grants and contributions.

Operating grants and contributions, which is mostly intergovernmental revenue from the State and Federal governments, totaled \$20,091,986 in 2024, compared to \$22,011,587 in 2023. These revenues are restricted to a particular program or purpose.

During 2024, the County received \$760,046 in capital grants and contributions. This amount primarily consisted of grants from the Ohio Public Works Commission (OPWC) for various roadway improvement projects throughout the County.

General revenues totaled \$33,407,727 and amounted to 53.44% of total revenues. These revenues primarily consist of property and sales tax revenue of \$28,045,808 or 83.95% of total general revenues in 2024. The other primary source of general revenues is grants and entitlements not restricted to specific programs, which makes up \$2,149,299 or 6.43% of the total. These revenues consist primarily of local government and property tax reimbursements.

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



HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2024 and 2023. That is, it identifies the cost of these services supported by general revenues (such as tax revenue and unrestricted State grants and entitlements).

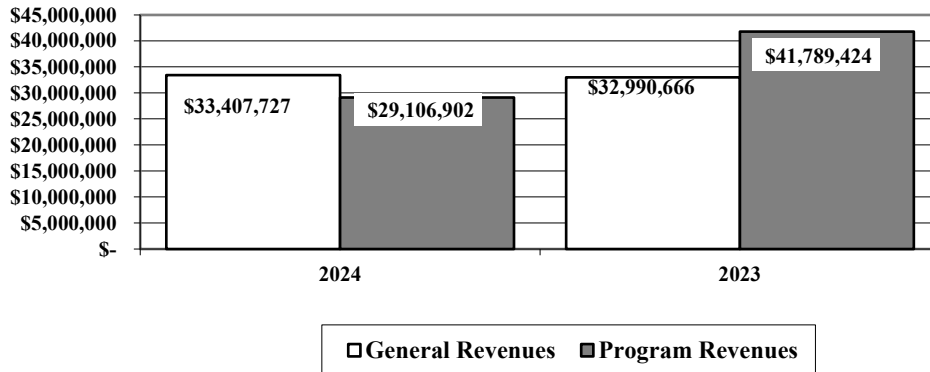
Governmental Activities

	Total Cost of Services 2024	Net Cost of Services 2024	Net Cost of Services 2023	Net Cost of Services 2023
Program Expenses:				
General government:				
Legislative and executive	\$ 7,306,936	\$ 2,337,469	\$ 7,777,865	\$ 2,692,033
Judicial	2,853,428	2,371,231	2,789,323	2,278,165
Public safety	7,717,933	6,194,963	7,857,805	6,502,105
Public works	11,955,925	238,767	10,545,957	(14,987,820)
Health	1,059,074	367,629	689,768	325,135
Human services	16,893,254	7,169,589	16,057,637	7,119,313
Conservation and recreation	803,460	803,460	595,590	595,590
Interest	107,057	107,057	79,381	79,381
Total	<u>\$ 48,697,067</u>	<u>\$ 19,590,165</u>	<u>\$ 46,393,326</u>	<u>\$ 4,603,902</u>

The dependence upon general revenues for governmental activities is apparent, with 40.23% of expenses supported through taxes and other general revenues during 2024.

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

Governmental Activities - General and Program Revenues

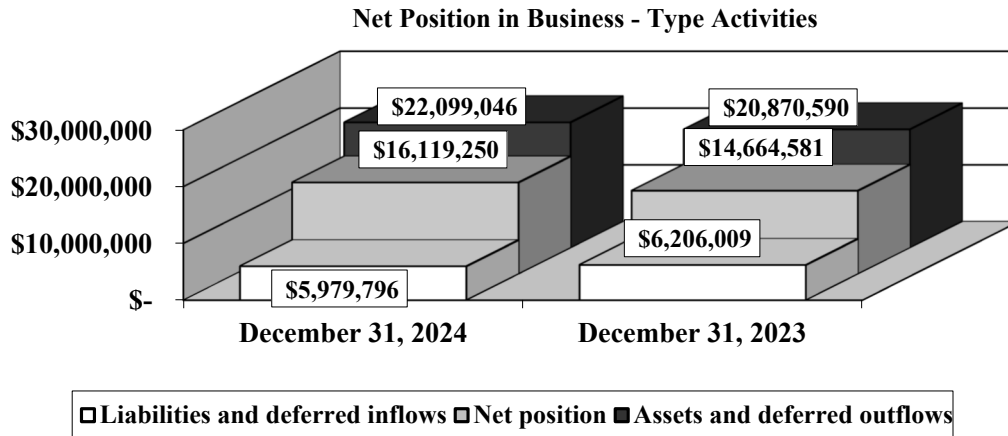


Business-Type Activities

During 2024, the sewer district enterprise fund had program revenues of \$2,137,179, general revenues of \$1,428, transfers in of \$1,375,956, and expenses of \$2,058,047 for fiscal year 2024. The net position of the sewer fund increased \$1,456,516 or 9.93% from 2023's restated net position. During 2024, the County implemented GASB Statement No. 101 (see Note 3). For the following graph, the implementation has been reported as a change in accounting principle. The following graph illustrates the assets, deferred outflows, liabilities, deferred inflows, and net position of the County's business-type activities at December 31, 2024 and 2023.

HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024



Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the County's net resources available for spending at year end.

The County's governmental funds reported a combined fund balance of \$67,192,750, which is \$5,563,311 greater than last year's total of \$61,629,439. The table below shows the fund balance and the total change in fund balance as of December 31, 2024, for all major and nonmajor governmental funds.

	Fund Balances <u>12/31/24</u>	Fund Balances <u>12/31/23</u>	<u>Change</u>
Major funds:			
General	\$34,483,770	\$ 29,756,514	\$ 4,727,256
County Board of DD	8,124,639	7,051,523	1,073,116
Motor Vehicle License	4,103,207	4,497,093	(393,886)
Nonmajor governmental funds	<u>20,481,134</u>	<u>20,324,309</u>	<u>156,825</u>
Total	<u><u>\$67,192,750</u></u>	<u><u>\$ 61,629,439</u></u>	<u><u>\$ 5,563,311</u></u>

General Fund

The County's general fund balance increased \$4,727,256. The tables that follow assist in illustrating the revenues and expenditures of the general fund.

HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Revenues</u>			
Taxes	\$ 17,319,067	\$ 17,305,168	0.08 %
Charges for services	3,203,493	3,027,634	5.81 %
Licenses and permits	5,353	6,365	(15.90) %
Fines, forfeitures and settlements	66,534	71,753	(7.27) %
Intergovernmental	2,125,267	2,369,418	(10.30) %
Investment income	3,039,890	2,863,341	6.17 %
Other	<u>132,493</u>	<u>178,616</u>	(25.82) %
Total	<u>\$ 25,892,097</u>	<u>\$ 25,822,295</u>	0.27 %

Taxes revenue, which includes primarily real property and sales taxes, represents 66.89% of all general fund revenues. Tax revenue remained stable in 2024. Revenues remained consistent with 2023.

	2024	2023	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Expenditures</u>			
General government:			
Legislative and executive	\$ 5,386,421	\$ 5,122,745	5.15 %
Judicial	2,490,377	2,401,816	3.69 %
Public safety	7,004,600	6,630,208	5.65 %
Health	154,775	126,305	22.54 %
Human services	877,494	834,737	5.12 %
Conservation and recreation	803,460	595,590	34.90 %
Capital outlay	24,716	76,099	(67.52) %
Debt service	<u>17,147</u>	<u>15,925</u>	7.67 %
Total	<u>\$ 16,758,990</u>	<u>\$ 15,803,425</u>	6.05 %

Total general fund expenditures increased 6.05% from 2023.

County Board of DD

The county board of developmental disabilities (DD) fund is a major governmental fund that accounts for the operation of a school and resident homes for the developmentally disabled. The DD fund had revenues of \$7,770,177 in 2024. The DD fund had expenditures of \$6,697,061 in 2024. The net changes in revenues and expenditures contributed to the DD fund balance increase of \$1,073,116 or 15.22% from 2023 to 2024.

Motor Vehicle License Fund

The motor vehicle license fund is a major governmental fund that accounts for road and bridge repair and maintenance programs throughout the County. The fund had revenues and other financing sources of \$7,614,067 in 2024. Most of the fund's revenues are intergovernmental revenues from the State for motor vehicles licenses and gasoline taxes. The motor vehicle license fund had expenditures of \$8,007,953 in 2024. The motor vehicle license fund balance decreased \$393,886 or 8.76% from 2023 to 2024.

HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

Budgeting Highlights - General Fund

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

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

In the general fund, original budgeted revenues of \$18,704,113 were increased to \$19,741,474 in the final budgeted revenues. Actual revenues and other financing sources of \$23,915,212 were greater than final budgeted revenues and other financing sources by \$4,173,738 or 21.14%.

Original budgeted expenditures and other financing uses in the general fund were \$27,738,269. This was increased to \$28,843,197 in the final budget and other financing uses. Actual expenditures and other financing uses of \$20,222,399 were \$8,620,798 less than final budgeted expenditures and other financing uses. All departments in the general fund had a positive budget variance, most of which were due to the County's conservative budget practices in budgeting for higher employee wages and benefits costs.

Proprietary Funds

The County has two types of proprietary funds: enterprise funds and internal service funds. The County's enterprise fund provides the same type of information found in the government-wide financial statements for business-type activities, but in more detail. The County's internal service fund provides detailed information on the County's employee medical and prescription drug self-insurance program. The self-insurance internal service fund is included with the governmental activities for reporting on the government-wide financial statements.

Capital Assets and Debt Administration

Capital Assets

At the end of 2024, the County had \$88,072,532 (net of accumulated depreciation/amortization) invested in land, improvements other than buildings, buildings and improvements, machinery and equipment, vehicles, leased equipment, construction in progress, sewer mains and infrastructure. Of this total, \$67,587,988 was reported in governmental activities and \$20,484,544 was reported in business-type activities. The following table shows 2024 balances compared to 2023.

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HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

Capital Assets at December 31 (Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	\$ 2,100,488	\$ 2,100,488	\$ 146,003	\$ 98,503	\$ 2,246,491	\$ 2,198,991
Improvements other than buildings	1,648,791	1,143,168	-	-	1,648,791	1,143,168
Building and improvements	16,435,772	9,990,280	15,763,235	7,138,295	32,199,007	17,128,575
Machinery and equipment	2,818,492	2,424,852	288,233	342,374	3,106,725	2,767,226
Vehicles	1,787,966	2,039,973	-	-	1,787,966	2,039,973
Infrastructure	42,740,088	41,047,957	-	-	42,740,088	41,047,957
Sewer/water lines	-	-	3,803,544	3,999,882	3,803,544	3,999,882
Intangible right to use:						
Leased equipment	56,392	72,795	-	-	56,392	72,795
Construction in progress	-	3,962,685	483,529	7,952,597	483,529	11,915,282
Total	<u>\$ 67,587,989</u>	<u>\$ 62,782,198</u>	<u>\$ 20,484,544</u>	<u>\$ 19,531,651</u>	<u>\$ 88,072,533</u>	<u>\$ 82,313,849</u>

See Note 8 in the notes to the basic financial statements for detail on the County's capital assets.

The County's largest governmental activities capital asset category is infrastructure which includes roads, bridges and culverts. These items are immovable and of value only to the County, however, the annual cost of purchasing these items is quite significant. The net book value of the County's infrastructure (cost less accumulated depreciation) represents approximately 63.24% of the County's total governmental capital assets.

The County's fourth largest business-type capital asset category is sewer/water lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the County's sewer and water lines (cost less accumulated depreciation) represents approximately 18.57% of the County's total business-type capital assets.

Debt Administration

At December 31, 2024 the County had \$10,468,212 in general obligation bonds, lease obligations, and loans payable. Of this total, \$655,872 is due within one year and \$9,812,340 is due in more than one year. The following table summarizes the outstanding debt. The net position as of December 31, 2023 was restated as described in Note 3.

Outstanding Debt, at Year End

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Restated Governmental Activities</u>	<u>Business-Type Activities</u>
	<u>2024</u>	<u>2024</u>	<u>2023</u>	<u>2023</u>
Long-Term Obligations				
General obligation bonds	\$ 1,680,000	\$ 1,350,000	\$ 1,910,000	\$ 1,440,000
Leases payable	82,992	-	120,867	-
ODOT SIB loan	1,891,134	-	1,932,000	-
OWDA loans	-	2,043,522	-	2,117,111
OPWC loans	1,237,500	2,183,064	2,482,289	2,312,078
Total	<u>\$ 4,891,626</u>	<u>\$ 5,576,586</u>	<u>\$ 6,445,156</u>	<u>\$ 5,869,189</u>

HOLMES COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

The County's total legal debt margin was \$3,7,753,555 at December 31, 2024 and the unvoted legal debt margin was \$14,693,527. See Note 9 in the notes to the basic financial statements for detail on governmental activities and business-type activities long-term obligations.

Economic Factors and Next Year's Budget

The County's population as of the 2010 census was 42,366, and the population estimate for 2024 is 44,390. At the end of 2024, the average unemployment rate for the County was 3.2%, compared to the 4.3% State average and the 4.0% national average.

These economic factors were considered in preparing the County's initial budget for 2025. Budgeted revenues and other financing sources in the general fund for 2025 are \$20,110,496. The County will continue to seek out grant opportunities in order to stretch the local tax dollars provided by citizens.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Honorable Jackie McKee, Holmes County Auditor, Clinton Street Office Building, 75 E. Clinton Street, Suite 107, Millersburg, Ohio 44654.

BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Holmes County Airport Authority	Regional Planning Commission
Assets:					
Equity in pooled cash and cash equivalents . . .	\$ 66,943,575	\$ 1,248,068	\$ 68,191,643	\$ -	\$ 143,766
Cash and cash equivalents					
in segregated accounts	841,995	-	841,995	239,579	-
Receivables:					
Sales taxes	4,322,501	-	4,322,501	-	-
Real and other taxes	12,153,788	-	12,153,788	-	-
Accounts	784,106	118,276	902,382	637	-
Accrued interest	499,374	-	499,374	-	-
Due from other governments	5,998,458	185,932	6,184,390	10,000	-
Leases	43,285	-	43,285	-	-
Materials and supplies inventory	625,250	548	625,798	-	-
Prepayments	298,344	683	299,027	3,071	532
Internal balance	1,332	(1,332)	-	-	-
Net pension asset	121,938	755	122,693	-	868
Net OPEB asset	894,558	5,229	899,787	-	6,010
Capital assets:					
Non-depreciable capital assets	2,100,488	629,532	2,730,020	54,357	-
Depreciable capital assets, net	65,487,500	19,855,012	85,342,512	5,784,975	-
Total capital assets, net	67,587,988	20,484,544	88,072,532	5,839,332	-
Total assets	161,116,492	22,042,703	183,159,195	6,092,619	151,176
Deferred outflows of resources:					
Unamortized deferred charges on debt refunding .	30,925	-	30,925	-	-
Pension	8,355,216	51,717	8,406,933	-	58,687
OPEB	755,450	4,626	760,076	-	5,317
Total deferred outflows of resources	9,141,591	56,343	9,197,934	-	64,004
Liabilities:					
Accounts payable	558,727	49,167	607,894	16,440	-
Contracts payable	-	159,723	159,723	-	-
Retainage payable	-	9,173	9,173	-	-
Accrued wages and benefits payable	966,966	5,844	972,810	-	6,742
Due to other governments	213,188	903	214,091	-	1,042
Payroll withholding payable	182,169	-	182,169	-	-
Accrued interest payable	9,724	7,812	17,536	-	-
Claims payable	236,267	-	236,267	-	-
Long-term liabilities:					
Due within one year	2,049,436	282,039	2,331,475	-	29,276
Due in more than one year:					
Net pension liability	25,784,071	156,541	25,940,612	-	179,938
Other amounts due in more than one year . .	9,110,613	5,304,797	14,415,410	-	61,516
Total liabilities	39,111,161	5,975,999	45,087,160	16,440	278,514
Deferred inflows of resources:					
Property taxes levied for the next fiscal year . .	11,594,018	-	11,594,018	-	-
Leases	41,632	-	41,632	-	-
Pension	138,436	635	139,071	-	682
OPEB	535,944	3,162	539,106	-	3,568
Total deferred inflows of resources	12,310,030	3,797	12,313,827	-	4,250
Net position:					
Net investment in capital assets	64,392,826	14,740,266	79,133,092	5,839,332	-
Restricted for:					
Capital projects	286,959	-	286,959	-	-
Public works projects	7,813,747	-	7,813,747	-	-
Public safety programs	802,313	-	802,313	-	-
Human services programs	11,003,465	-	11,003,465	-	-
Real estate assessment	1,241,375	-	1,241,375	-	-
Court special projects	387,763	-	387,763	-	-
Other purposes	1,921,509	5,984	1,927,493	-	6,878
Unrestricted	30,986,935	1,373,000	32,359,935	236,847	(74,462)
Total net position	\$ 118,836,892	\$ 16,119,250	\$ 134,956,142	\$ 6,076,179	\$ (67,584)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

		Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
	Expenses			
Governmental activities:				
General government:				
Legislative and executive	\$ 7,306,936	\$ 4,412,359	\$ 557,108	\$ -
Judicial.	2,853,428	315,611	166,586	-
Public safety	7,717,933	593,916	929,054	-
Public works	11,955,925	803,948	10,153,164	760,046
Health.	1,059,074	668,102	23,343	-
Human services	16,893,254	1,460,934	8,262,731	-
Conservation and recreation	803,460	-	-	-
Interest	107,057	-	-	-
Total governmental activities.	48,697,067	8,254,870	20,091,986	760,046
Business-type activities:				
Sewer District.	2,058,047	1,701,149	-	436,030
Total business-type activities	2,058,047	1,701,149	-	436,030
Total primary government	<u>\$ 50,755,114</u>	<u>\$ 9,956,019</u>	<u>\$ 20,091,986</u>	<u>\$ 1,196,076</u>
Component Units:				
Holmes County Airport Authority . . .	\$ 328,276	\$ 103,150	\$ 116,342	\$ -
Regional Planning Commission.	178,519	10,550	146,250	-
Total component units	<u>\$ 506,795</u>	<u>\$ 113,700</u>	<u>\$ 262,592</u>	<u>\$ -</u>

General revenues:

Property taxes levied for:	
General fund	
Human services - County Board of DD.	
Human services - County Home	
Sales taxes	
Grants and entitlements not restricted to specific programs	
Investment earnings.	
Miscellaneous.	
Total general revenues.	
Transfers	
Change in net position	
Net position at beginning of year, as previously reported.	
Restatement - change in accounting principle.	
Restatement - error correction.	
Net position at beginning of year, restated.	
Net position at end of year	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Holmes County Airport Authority	Regional Planning Commission
\$ (2,337,469)	\$ -	\$ (2,337,469)	\$ -	\$ -
(2,371,231)	-	(2,371,231)	-	-
(6,194,963)	-	(6,194,963)	-	-
(238,767)	-	(238,767)	-	-
(367,629)	-	(367,629)	-	-
(7,169,589)	-	(7,169,589)	-	-
(803,460)	-	(803,460)	-	-
(107,057)	-	(107,057)	-	-
(19,590,165)	-	(19,590,165)	-	-
-	79,132	79,132	-	-
-	79,132	79,132	-	-
(19,590,165)	79,132	(19,511,033)	-	-
-	-	-	(108,784)	-
-	-	-	-	(21,719)
-	-	-	(108,784)	(21,719)
4,653,040	-	4,653,040	-	-
5,763,161	-	5,763,161	-	-
1,234,442	-	1,234,442	-	-
16,395,165	-	16,395,165	-	-
2,149,299	-	2,149,299	-	-
3,081,406	-	3,081,406	2,373	-
131,214	1,428	132,642	192	5,756
33,407,727	1,428	33,409,155	2,565	5,756
(1,375,956)	1,375,956	-	-	-
12,441,606	1,456,516	13,898,122	(106,219)	(15,963)
111,565,392	14,664,581	126,229,973	6,182,398	18,643
(3,238,106)	(1,847)	(3,239,953)	-	(70,264)
(1,932,000)	-	(1,932,000)	-	-
106,395,286	14,662,734	121,058,020	6,182,398	(51,621)
\$ 118,836,892	\$ 16,119,250	\$ 134,956,142	\$ 6,076,179	\$ (67,584)

HOLMES COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	General	County Board of DD	Motor Vehicle License	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents . . .	\$ 32,985,228	\$ 7,595,861	\$ 3,386,580	\$ 19,771,626	\$ 63,739,295
Cash and cash equivalents in segregated accounts	-	714,694	-	127,301	841,995
Receivables (net of allowance for uncollectibles):					
Sales taxes	3,383,865	-	-	938,636	4,322,501
Real and other taxes	4,816,214	6,174,761	-	1,162,813	12,153,788
Accounts	221,652	34,291	4,054	447,909	707,906
Interfund loans	35,810	-	-	-	35,810
Accrued interest	499,157	-	-	217	499,374
Due from other funds	8,238	-	-	-	8,238
Due from other governments	814,586	162,714	4,106,448	914,710	5,998,458
Leases	-	-	-	43,285	43,285
Prepayments	208,629	21,787	16,178	51,750	298,344
Materials and supplies inventory	102,904	3,872	437,069	81,405	625,250
Total assets	<u>\$ 43,076,283</u>	<u>\$ 14,707,980</u>	<u>\$ 7,950,329</u>	<u>\$ 23,539,652</u>	<u>\$ 89,274,244</u>
Liabilities:					
Accounts payable	\$ 123,436	\$ 103,736	\$ 57,648	\$ 273,907	\$ 558,727
Accrued wages and benefits payable	450,022	114,080	122,381	280,483	966,966
Compensated absences payable	-	4,313	-	-	4,313
Interfund loans payable	-	-	-	34,478	34,478
Due to other funds	-	-	-	8,238	8,238
Due to other governments	87,266	24,984	21,491	79,447	213,188
Payroll withholding payable	182,169	-	-	-	182,169
Total liabilities	<u>842,893</u>	<u>247,113</u>	<u>201,520</u>	<u>676,553</u>	<u>1,968,079</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year . . .	4,684,000	5,808,018	-	1,102,000	11,594,018
Delinquent property tax revenue not available . .	132,214	366,743	-	60,813	559,770
Accrued interest not available	155,309	-	-	217	155,526
Sales tax revenue not available	2,148,773	-	-	601,333	2,750,106
Intergovernmental revenue not available	612,739	161,280	3,645,602	324,448	4,744,069
Other revenue not available	16,585	187	-	-	16,772
Settlements	-	-	-	251,522	251,522
Leases	-	-	-	41,632	41,632
Total deferred inflows of resources	<u>7,749,620</u>	<u>6,336,228</u>	<u>3,645,602</u>	<u>2,381,965</u>	<u>20,113,415</u>
Fund balances:					
Nonspendable	434,883	25,659	453,247	133,108	1,046,897
Restricted	-	8,098,980	3,649,960	13,479,156	25,228,096
Committed	1,022,816	-	-	467,899	1,490,715
Assigned	8,204,744	-	-	6,402,096	14,606,840
Unassigned (deficit)	24,821,327	-	-	(1,125)	24,820,202
Total fund balances	<u>34,483,770</u>	<u>8,124,639</u>	<u>4,103,207</u>	<u>20,481,134</u>	<u>67,192,750</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 43,076,283</u>	<u>\$ 14,707,980</u>	<u>\$ 7,950,329</u>	<u>\$ 23,539,652</u>	<u>\$ 89,274,244</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2024

Total governmental fund balances	\$	67,192,750
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Amounts reported for governmental activities on the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		67,587,988
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds.

Sales taxes receivable	\$ 2,750,106	
Real and other taxes receivable	559,770	
Intergovernmental receivable	4,744,069	
Settlement receivable	251,522	
Accounts receivable	16,772	
Accrued interest receivable	155,526	
Total	8,477,765	

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.

General obligation bonds payable	(1,680,000)	
Landfill closure and postclosure care liability	(1,668,839)	
Leases payable	(82,992)	
Compensated absences payable	(4,511,649)	
ODOT loans payable	(1,891,134)	
OPWC loans payable	(1,237,500)	
Accrued interest payable	(9,724)	
Total	(11,081,838)	

An internal service fund is used by management to charge the costs of an employee medical and prescription drug self-insurance program to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		3,044,213
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Unamortized deferred amounts on refundings are not recognized in the governmental funds.		30,925
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The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.

Net pension asset	121,938	
Deferred outflows of resources	8,355,216	
Deferred inflows of resources	(138,436)	
Net pension liability	(25,784,071)	
Total	(17,445,353)	

The net OPEB asset and net OPEB liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.

Net OPEB asset	894,558	
Deferred outflows of resources	755,450	
Deferred inflows of resources	(535,944)	
Total	1,114,064	

Unamortized premiums on bond issuances are not recognized in the governmental funds.		(83,622)
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Net position of governmental activities	\$	118,836,892
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	General	County Board of DD	Motor Vehicle License	Other Governmental Funds	Total Governmental Funds
Revenues:					
Sales taxes.	\$ 12,712,468	\$ -	\$ -	\$ 3,732,747	\$ 16,445,215
Real and other taxes.	4,606,599	5,633,927	-	1,213,026	11,453,552
Charges for services.	3,203,493	286,170	22,360	2,935,091	6,447,114
Licenses and permits	5,353	-	12,980	315,856	334,189
Fines, forfeitures, and settlements	66,534	-	23,490	286,670	376,694
Intergovernmental.	2,125,267	1,519,496	6,864,339	11,855,089	22,364,191
Investment income.	3,039,890	3,799	-	23,596	3,067,285
Rental income	604	-	-	16,092	16,696
Contributions and donations.	675	1,820	321,939	23,343	347,777
Other	131,214	324,965	368,459	157,292	981,930
Total revenues	<u>25,892,097</u>	<u>7,770,177</u>	<u>7,613,567</u>	<u>20,558,802</u>	<u>61,834,643</u>
Expenditures:					
Current:					
General government:					
Legislative and executive	5,386,421	-	-	1,785,108	7,171,529
Judicial.	2,490,377	-	-	216,611	2,706,988
Public safety	7,004,600	-	-	915,904	7,920,504
Public works	-	-	6,880,818	6,011,401	12,892,219
Health	154,775	-	-	337,475	492,250
Human services.	877,494	6,681,702	-	9,911,427	17,470,623
Conservation and recreation	803,460	-	-	-	803,460
Capital outlay	24,716	-	-	4,836,090	4,860,806
Debt service:					
Principal retirement.	15,583	14,462	1,098,155	440,750	1,568,950
Interest	1,564	897	28,980	73,421	104,862
Total expenditures	<u>16,758,990</u>	<u>6,697,061</u>	<u>8,007,953</u>	<u>24,528,187</u>	<u>55,992,191</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,133,107</u>	<u>1,073,116</u>	<u>(394,386)</u>	<u>(3,969,385)</u>	<u>5,842,452</u>
Other financing sources (uses):					
Sale of capital assets.	13,837	-	500	5,670	20,007
Lease transaction.	-	-	-	15,420	15,420
Transfers in	-	-	-	4,253,285	4,253,285
Transfers (out).	(4,419,688)	-	-	(148,165)	(4,567,853)
Total other financing sources (uses)	<u>(4,405,851)</u>	<u>-</u>	<u>500</u>	<u>4,126,210</u>	<u>(279,141)</u>
Net change in fund balances	4,727,256	1,073,116	(393,886)	156,825	5,563,311
Fund balances at beginning of year.	<u>29,756,514</u>	<u>7,051,523</u>	<u>4,497,093</u>	<u>20,324,309</u>	<u>61,629,439</u>
Fund balances at end of year	<u>\$ 34,483,770</u>	<u>\$ 8,124,639</u>	<u>\$ 4,103,207</u>	<u>\$ 20,481,134</u>	<u>\$ 67,192,750</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2024

Net change in fund balances - total governmental funds		\$ 5,563,311
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Capital asset additions	\$ 8,806,103	
Current year depreciation	(3,889,538)	
Total		4,916,565
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(110,775)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Sales taxes	(50,050)	
Real and other taxes	197,091	
Settlements	251,522	
Intergovernmental revenues	260,255	
Investment income	41,448	
Other revenues	(20,280)	
Total		679,986
Issuances of leases are recorded as other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.		
		(15,420)
Repayment of bond, loan, and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		1,568,950
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in increased interest reported in the statement of activities:		
Change in accrued interest payable	(6,537)	
Amortization of deferred amounts on refunding	(1,828)	
Amortization of bond premiums	6,170	
Total		(2,195)
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension		2,473,275
OPEB		22,616
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB asset/liability are reported as pension expense and OPEB expense, respectively, in the statement of activities.		
Pension		(3,139,850)
OPEB		127,483
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences payable	204,861	
Landfill closure and postclosure care liability	10,448	
Total		215,309
The internal service fund used by management to charge the costs of an employee medical and prescription drug self-insurance program to individual funds is not reported in the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		142,351
Change in net position of governmental activities		\$ 12,441,606

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2024

	Business-type Activities - Enterprise Fund Sewer District	Governmental Activities - Internal Service Fund
Assets:		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 1,248,068	\$ 3,204,280
Receivables (net of allowance for uncollectibles):		
Accounts.	118,276	76,200
Due from other governments.	185,932	-
Materials and supplies inventory.	548	-
Prepayments and other assets	683	-
Total current assets	1,553,507	3,280,480
Noncurrent assets:		
Net pension asset	755	-
Net OPEB asset	5,229	-
Capital assets:		
Non-depreciable capital assets.	629,532	-
Depreciable capital assets, net.	19,855,012	-
Total capital assets, net.	20,484,544	-
Total noncurrent assets	20,490,528	-
Total assets.	22,044,035	3,280,480
Deferred outflows of resources:		
Pension	51,717	-
OPEB	4,626	-
Total deferred outflows of resources	56,343	-
Liabilities:		
Current liabilities:		
Accounts payable	49,167	-
Contracts payable.	159,723	-
Retainage payable	9,173	-
Accrued wages and benefits payable.	5,844	-
Due to other governments	903	-
Interfund loans payable.	1,332	-
Accrued interest payable	7,812	-
Claims payable	-	236,267
Current portion of compensated absences payable	8,972	-
Current portion of general obligation bonds payable	95,000	-
Current portion of OWDA loans payable	74,141	-
Current portion of OPWC loans payable	103,926	-
Total current liabilities.	515,993	236,267
Long-term liabilities:		
Compensated absences payable.	2,482	-
General obligation bonds payable	1,253,796	-
OWDA loans payable	1,969,381	-
OPWC loans payable.	2,079,138	-
Net pension liability	156,541	-
Total long-term liabilities	5,461,338	-
Total liabilities	5,977,331	236,267
Deferred inflows of resources:		
Pension	635	-
OPEB	3,162	-
Total deferred inflows of resources	3,797	-
Net position:		
Net investment in capital assets.	14,740,266	-
Restricted for other purposes	5,984	-
Unrestricted	1,373,000	3,044,213
Total net position	\$ 16,119,250	\$ 3,044,213

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Sewer District	
Operating revenues:		
Charges for services.	\$ 1,701,149	\$ 3,247,330
Other	1,428	131,694
Total operating revenues.	<u>1,702,577</u>	<u>3,379,024</u>
Operating expenses:		
Personal services	140,308	-
Contract services	970,763	-
Materials and supplies.	196,157	-
Claims	-	3,236,648
Depreciation.	639,524	-
Other	997	25
Total operating expenses.	<u>1,947,749</u>	<u>3,236,673</u>
Operating income (loss)	(245,172)	142,351
Nonoperating expenses:		
Interest expense	(110,298)	-
Total nonoperating expenses	<u>(110,298)</u>	<u>-</u>
Income (loss) before transfers and capital contributions . . .	(355,470)	142,351
Transfer in.	314,568	-
Capital contributions.	<u>1,497,418</u>	<u>-</u>
Change in net position	1,456,516	142,351
Net position at beginning of year, as previously reported. . .	14,664,581	2,901,862
Restatement - change in accounting principle.	(1,847)	-
Net position at beginning of year, restated.	<u>14,662,734</u>	<u>2,901,862</u>
Net position at end of year	<u>\$ 16,119,250</u>	<u>\$ 3,044,213</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2024

	Business-type Activities - Enterprise Fund Sewer District	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from sales/charges for services	\$ 1,715,849	\$ 3,247,330
Cash received from other operations	1,428	69,672
Cash payments for personal services	(136,301)	-
Cash payments for contractual services	(1,004,839)	-
Cash payments for materials and supplies	(249,675)	-
Cash payments for claims	-	(3,216,471)
Cash payments for other expenses	(997)	(25)
Net cash provided by operating activities.	<u>325,465</u>	<u>100,506</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(362,133)	-
Cash received from grants	250,098	-
Principal payments on bonds and loans	(292,603)	-
Interest payments on bonds and loans	(110,532)	-
Net cash (used in) capital and related financing activities	<u>(515,170)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(189,705)	100,506
Cash and cash equivalents at beginning of year	<u>1,437,773</u>	<u>3,103,774</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,248,068</u></u>	<u><u>\$ 3,204,280</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss).	\$ (245,172)	\$ 142,351
Adjustments:		
Depreciation.	639,524	-
Changes in assets, deferred outflows, liabilities, and deferred inflows:		
Change in accounts receivable	14,700	(62,022)
Change in materials and supplies inventory	142	-
Change in prepayments	(683)	-
Change in net pension asset	(113)	-
Change in net OPEB asset	(5,229)	-
Change in deferred outflows of resources - pension	20,295	-
Change in deferred outflows of resources - OPEB	6,120	-
Change in accounts payable	(50,500)	-
Change in accrued wages and benefits	1,118	-
Change in claims payable.	-	20,177
Change in due to other governments	(38,217)	-
Change in compensated absences payable.	1,255	-
Change in net pension liability	(14,937)	-
Change in net OPEB liability	(3,550)	-
Change in deferred inflows of resources - pension	(1,199)	-
Change in deferred inflows of resources - OPEB	1,911	-
Net cash provided by operating activities	<u><u>\$ 325,465</u></u>	<u><u>\$ 100,506</u></u>

Non-cash transactions:

At December 31, 2024, the Sewer District fund received \$1,061,388 in capital contributions from governmental funds.

At December 31, 2024, the Sewer District fund reported \$168,896 in capital assets purchased on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

STATEMENT OF FIUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2024

	<u>Custodial</u>
Assets:	
Equity in pooled cash and cash equivalents.	\$ 5,644,191
Cash in segregated accounts	1,145,204
Receivables (net of allowances for uncollectibles):	
Real and other taxes	52,773,455
Accounts	283,537
Due from other governments	3,786,700
Prepayments	<u>3,070</u>
Total assets	<u>63,636,157</u>
Liabilities:	
Accounts payable	910,049
Accrued wages and benefits	94,092
Due to other governments	<u>468,821</u>
Total liabilities	<u>1,472,962</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	<u>50,926,419</u>
Net position:	
Restricted for individuals, organizations and other governments .	<u>11,236,776</u>
Total net position	<u>\$ 11,236,776</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Custodial</u>
Additions:	
Intergovernmental	\$ 4,293,747
Amounts received as fiscal agent	6,498,410
Fines, forfeitures, licenses, permits and fees for other governments	4,762,969
Real and other tax collections for other governments	50,074,773
Other custodial fund collections	<u>1,667,323</u>
Total additions	<u>67,297,222</u>
Deductions:	
Distributions of state funds to other governments	4,241,482
Distributions as fiscal agent	6,228,779
Fines, forfeitures, licenses, permits and fees	
distributions to other governments	4,762,969
Real and other tax distributions to other governments	48,775,142
Other custodial fund disbursements	<u>1,638,212</u>
Total deductions	<u>65,646,584</u>
Net change in fiduciary net position	1,650,638
Net position beginning of year	<u>9,586,138</u>
Net position end of year	<u><u>\$ 11,236,776</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - DESCRIPTION OF THE COUNTY

Holmes County, Ohio (the “County”), was created in 1825. The County is governed by a Board of three commissioners elected by the voters of the County. The County Commissioners serve as the taxing authority, the contracting body and the chief administrators of public services for the County. Other officials elected by the voters of the County that manage various segments of the County’s operations are the County Auditor, Clerk of Courts, Treasurer, Prosecuting Attorney, Coroner, Engineer, Common Pleas Judge, Probate and Juvenile Judge, Municipal Court Judge, Sheriff and Recorder. Although these elected officials manage the internal operations of their respective department, the County Commissioners serve as the budget and taxing authority, contracting body and the chief administrators of public services for the County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The most significant of the County’s accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization’s Governing Board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization’s resources; or (3) the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the County in that the County approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the County has two component units which are discussed below.

DISCRETELY PRESENTED COMPONENT UNITS

Holmes County Regional Planning Commission (Commission)

The Commission is governed by an eleven-member Board, of which seven are appointed by the County. The Commission has a financial benefit/burden relationship with the County; therefore, the Commission has been included as a component unit of the County. Separate financial statements can be obtained from the Commission, 2 Court St., Suite 21, Millersburg, Ohio 44654.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

Holmes County Airport Authority (Airport Authority)

The Airport Authority Board consists of seven members which are appointed by the County Commissioners of Holmes County. The Airport Authority has a financial benefit/burden relationship with the County; therefore, the Airport Authority has been included as a component unit of the County. Separate financial statements can be obtained from Holmes County Airport Authority, County Administration Building, Millersburg, Ohio 44654.

Information in the following notes to the basic financial statements is applicable to the primary government. Information relative to the component units is identified in Notes 18 and 19.

POTENTIAL COMPONENT UNITS REPORTED AS CUSTODIAL FUNDS

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of several separate agencies, boards and commissions, the County serves as fiscal agent, but the organizations are not considered part of Holmes County. Accordingly, the activities of the following entities are presented as custodial funds within Holmes County's financial statements: District Board of Health, Soil and Water Conservation and Holmes County Park District.

JOINT VENTURE WITHOUT EQUITY INTEREST

Mental Health & Recovery Board of Wayne and Holmes Counties (Board)

The Board, a joint venture of Wayne and Holmes County, has the responsibility for the development, funding, monitoring and evaluating of community based mental health programs. The Board is controlled by a joint Board of Trustees whose membership consists of five appointees of the State Board of Mental Health, eight appointees of the Wayne County Commissioners, and two appointees of the Holmes County Commissioners. The Board exercises total control of the operations of the Board, including budgeting, appropriating, contracting, and designating management. Continued existence of the Board is dependent on the County's continued participation; however, the County does not have an equity interest in the Board. The Board is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the County. A joint county property tax levy accounts for twenty-five percent of the Board's revenue. The County makes no additional contributions to the Board and has no approval authority over the tax levy. Complete financial statements for the Board can be obtained from the Board at 1985 Eagle Pass, Wooster, Ohio 44691.

JOINTLY GOVERNED ORGANIZATIONS

Holmes County Family and Children First Council (Council)

The mission of the Council is to promote and facilitate collaboration among community agencies serving children and their families and to unite the community in promoting the well-being of children and their families through leadership advocacy, and coordination of services. The Board of Trustees is made up of 18 individuals from various organizations including five from the County. The County paid \$135,387 to the Council during 2024.

Mid-Eastern Ohio Regional Council (MEORC)

MEORC is a jointly governed organization among eighteen counties in Ohio. MEORC provides services to the developmentally disabled residents in the participating counties. MEORC is governed by a council made up of the superintendents of each county's Board of Developmental Disabilities. Revenues are generated by fees and State grants. The MEORC does not have any outstanding debt. Information can be obtained from 1 Avalon Road, Mount Vernon, Ohio 43050. For 2024, the County paid \$87,451 to MEORC for services provided.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

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

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

The continued existence of OMEGA is not dependent on the County's continued participation and no equity interest exists. OMEGA has no outstanding debt. During 2024, the County contributed \$6,633 to OMEGA.

PUBLIC ENTITY RISK POOLS

County Risk Sharing Authority, Inc. (CORSA)

The County Risk Sharing Authority, Inc., is a public entity risk pool among sixty-five counties and thirty-two county-affiliated public entities in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board. No county may have more than one representative on the Board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County's payment for insurance to CORSA in 2024 was \$243,503.

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

County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

The County is participating in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool. A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third-party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at a meeting held in the month of December each year. No participant can have more than one member of the group executive committee in any year, and each elected member shall be a county commissioner.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

RELATED ORGANIZATIONS

Holmes County Public Library (Library)

The Library provides services aimed at enriching the lives of the citizens of the County through an informed and connected community. The County appoints the governing board of the Library; however, the County cannot influence the Library's operation nor does the Library represent a potential financial benefit or burden on the County. The County serves in a ministerial capacity as taxing authority for the Library. Once the Library Board determines to present a levy to the voters, including the determination of its rate and duration, the County must place the levy on the ballot. The Library determines its own budget.

Holmes County Park District (District)

The District provides conservation and recreation programs for the benefit of the County's citizens. The three Park District Commissioners are appointed by the Probate Judge of the County. The District hires and fires its own staff and does not rely on the County to finance deficits. The County is not financially accountable for the District. The District serves as its own taxing and debt issuance authority. The District receives 0.15 inside mills of real estate taxes for operations.

B. Fund Accounting

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. Governmental fund assets less liabilities and deferred inflows of resources is reported as fund balance.

The following are the County's major governmental funds:

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

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

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

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

Other governmental funds of the County are used to account for:

Nonmajor special revenue funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Nonmajor capital projects funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Nonmajor debt service funds - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The County has presented the following major enterprise fund:

Sewer District - This fund accounts for sanitary sewer services provided to individual and commercial users in the majority of the unincorporated areas of Holmes County. The costs of providing these services are financed primarily through user charges. The Sanitary Sewer District has its own facilities and rate structure.

Internal Service Fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The County's internal service fund reports the operations of a self-insurance program for employee medical and prescription drug benefits.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. The County's only fiduciary funds are custodial funds which account for monies held for other governments and undistributed assets related primarily to real estate tax, gasoline and license tax, and the County courts.

C. Basis of Presentation and Measurement Focus

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activities of the internal service fund are eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities. On the statement of activities, interfund services provided and used are not eliminated in the process of consolidation.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function or program of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements - Fund financial statements report detailed information about the County. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund financial statements. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities and deferred inflows and outflows of resources associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the County's proprietary funds are charges for services and fees. Operating expenses for the enterprise fund include personnel and other expenses related to sewer operations and operating expenses for the internal service fund include claims expenses for the employee medical and prescription drug benefit self-insurance program. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. Government-wide financial statements are prepared using the full accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the full accrual basis of accounting. Differences in the full accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the full accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within thirty-one days of year end.

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: sales tax (See Note 7.A.), interest, federal and State grants and subsidies, State-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 12 and 13 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2024, but which were levied to finance 2025 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The deferred inflow of resources for leases is related to the lease receivable and is being amortized to lease revenue in a systematic and rational manner over the term of the lease.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

See Notes 12 and 13 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

Expense/Expenditures - On the full accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each department and fund.

Tax Budget - A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 15 of each year, for the period January 1 to December 31 of the following year. All funds, except custodial funds, are legally required to be budgeted. The purpose of the Tax Budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews revenue estimates. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the projected revenue of each fund.

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if the County Auditor determines that revenue to be collected will be greater than or less than the prior estimates and the Budget Commission finds the revised estimates to be reasonable. The amounts set forth in the budgetary schedules represent estimates from the original and final amended certificates issued during 2024.

Appropriations - A temporary appropriation resolution to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The County legally adopted several supplemental appropriations during the year. The original budget and all budgetary amendments and supplemental appropriations necessary during 2024 are included in the final budget amounts in the budget-to-actual comparisons.

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

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

F. Cash, Cash Equivalents and Investments

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

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

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

During 2024, investments were limited to Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal Home Loan Bank (FHLB) securities, Federal National Mortgage Association (FNMA) securities, Federal Agricultural Mortgage Corporation (FAMC) securities, negotiable certificates of deposit, commercial paper, U.S. treasury notes, corporate notes, municipal bonds, and a U.S. Government money market mutual fund. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during year 2024 amounted to \$3,039,890 which includes \$1,728,758 assigned from other County funds.

An analysis of the County's investment account at year end is provided in Note 4.

G. Inventories of Materials and Supplies

On the government-wide and governmental and proprietary fund financial statements, purchased inventories are presented at the lower of cost or market. Inventories are recorded on a first-in, first-out basis and are expended/expensed when used. Inventories are accounted for using the consumption method.

On fund financial statements, inventories of governmental funds are stated at cost and reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources.

H. Capital Assets

Governmental capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets are depreciated/amortized except for land and construction in process. Improvements are depreciated over the remaining useful lives of the related capital assets.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

The County maintains a capitalization threshold of \$5,000. The County's infrastructure consists of roads, bridges, culverts and sanitary sewers. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacements. In addition, assets having an estimated useful life of more than one year that are below the \$5,000 threshold and not considered repair or maintenance costs are collectively capitalized on the financial statements when the aggregate of those assets are considered significant. The County depreciates/amortizes its capital assets using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Improvements other than buildings	10 - 20 years	10 - 20 years
Buildings and improvements	20 - 40 years	20 - 40 years
Machinery and equipment	4 - 7 years	5 years
Vehicles	10 years	10 years
Intangible right to use - leased equipment	5 years	-
Sewer/water lines	-	40 years
Infrastructure	20 - 50 years	20 - 50 years

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

I. **Compensated Absences**

The County recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, three types of leave qualify for liability recognition for compensated absences - vacation, sick leave and comp time. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The County's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The County's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the County and, upon separation from service, the employee receives compensation in accordance with the severance policy. A liability for estimated value of sick leave that will be used by employees as time off and at separation is included in the liability for compensated absences.

Comp Time

The County's policy permits employees to accumulate earned but unused comp time, which are eligible for payment at the employee's current pay rate upon separation from employment.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

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

J. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2024, are recorded as prepayments using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Interfund Transactions

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

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

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "due to/from other funds" for loans that cover negative cash balances in various funds and "interfund loans receivable/ payable" for short-term loans. These amounts are eliminated in the statement of net position, except for any residual balances outstanding between the governmental activities and business-type activities, which are reported in the government-wide financial statements as "internal balances".

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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

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

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

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

N. Estimates

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

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

O. Net Position

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

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

P. Capital Contributions

Capital contributions on the proprietary fund financial statements arise from contributions from governmental activities, from outside contributions of capital assets, from grants, or from outside contributions of resources restricted to capital acquisition and construction. During 2024, the sewer district fund received \$436,030 in capital contributions from grantors and \$1,061,388 in capital contributions from governmental activities.

Q. Bond Issuance Costs, Bond Premiums and Discounts, Accounting Gain or Loss

On both the government-wide financial statements and the fund financial statements, bond issuance costs are recognized in the period in which these items are incurred.

On the government-wide financial statements, bond premiums and discounts are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds and bond discounts are presented as a reduction to the face amount of the bonds. On the governmental fund financial statements, bond premiums and discounts are recognized in the period in which these items are incurred. The reconciliation between the face value of bonds and the amount reported on the statement of net position is presented in Note 9.

For current and advance refunding's resulting in the defeasance of debt reported in the government-wide financial statements and enterprise funds, the difference between the reacquisition price and the net carrying amount of the old debt is amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred inflow of resources or a deferred outflow of resources.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County Commissioners and that are either unusual in nature or infrequent in occurrence. The County did not have either type of transaction during 2024.

S. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

T. Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2024, the County has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*", GASB Statement No. 100, "*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*", Implementation Guide No. 2023-1 and GASB Statement No. 101, "*Compensated Absences*".

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on balances previously reported by the County.

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

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the County.

GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

B. Deficit Fund Balances

Fund balances at December 31, 2024 included the following individual fund deficit:

<u>Nonmajor governmental fund</u>	<u>Deficit</u>
State victims assistance grant	\$ 1,125

The general fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments for accrued liabilities.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Restatement of Net Position

During 2024, there was a change in accounting principle related to the implementation of GASB Statement No. 101, “*Compensated Absences*” and an error correction related to an outstanding ODOT loan. The effect of changing the accounting principle is shown in the table below.

	12/31/2023 As Previously Reported	Change in Accounting Principle	Error Correction	12/31/2023 As Restated
Net Position				
Governmental Activities	\$ 111,565,392	\$ (3,238,106)	\$ (1,932,000)	\$ 106,395,286
Business-Type Activities	14,664,581	(1,847)	-	14,662,734
Total Net Position - Primary Government	<u>\$ 126,229,973</u>	<u>\$ (3,239,953)</u>	<u>\$ (1,932,000)</u>	<u>\$ 121,058,020</u>
Net Position				
Component Unit:				
Regional Planning Commission	<u>\$ 18,643</u>	<u>\$ (70,264)</u>	<u>\$ -</u>	<u>\$ (51,621)</u>

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the County into two categories, as described below.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of this state or the political subdivisions of this state, provided the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

5. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided these investments are made only through eligible institutions;
6. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies;
8. High grade commercial paper for a period not to exceed 270 days and in an amount not to exceed forty percent of the County's total average portfolio; and,
9. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed forty percent of the County's total average portfolio.

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

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

A. Cash on Hand

At year end, the County had \$916,760 in undeposited cash on hand which is included on the financial statements of the County as part of "equity in pooled cash and cash equivalents".

B. Deposits with Financial Institutions

At December 31, 2024, the carrying amount of all County deposits, including nonnegotiable certificates of deposit and cash in segregated accounts, was \$25,067,141 and the bank balance was \$25,484,960. Of the bank balance, \$2,044,346 was covered by the FDIC and \$23,440,614 was exposed to custodial credit risk described below.

Custodial credit risk is the risk that, in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the County and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2024, the County's deposits were collateralized through specific collateral pledged to the County at either 102 percent or 105 percent of the deposits being secured.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of December 31, 2024, the County had the following investments and maturity:

Measurement/ Investment type	Measurement Value	Investment Maturity			
		1 Year or Less	1 to 2 Years	2 to 3 Years	Greater Than 3 Years
<i>Fair Value:</i>					
FFCB	\$ 10,472,218	\$ 4,601,445	\$ 1,654,680	\$ 735,173	\$ 3,480,920
FHLB	5,727,451	1,112,022	565,209	2,266,668	1,783,552
FHLMC	3,281,682	215,435	3,066,247	-	-
FNMA	2,340,524	1,239,592	1,100,932	-	-
FAMC	425,187	-	-	236,255	188,932
Corporate notes	3,063,864	1,814,409	1,249,455	-	-
Municipal bonds	1,473,701	1,110,496	-	82,233	280,972
Negotiable CDs	7,442,784	3,645,531	1,605,093	250,346	1,941,814
Commercial paper	1,415,125	1,415,125	-	-	-
U.S. Treasury notes	14,035,489	1,024,724	572,807	3,103,383	9,334,575
U.S. Government money market mutual fund	304,873	304,873	-	-	-
Total	\$ 49,982,898	\$ 16,483,652	\$ 9,814,423	\$ 6,674,058	\$ 17,010,765

The weighted average of maturity of investments is 2.08 years.

The County's investment in a U.S. Government money market is valued using quoted prices in active markets (Level 1 inputs). The County's investments in federal agency securities (FFCB, FHLB, FHLMC, FNMA, FAMC), negotiable CDs, municipal bonds, commercial paper, U.S. Treasury notes, and corporate notes are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Credit Risk: The County's investments in federal agency securities and U.S. Treasury notes are rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The County's investment in corporate notes are rated AA and A+ by Standard & Poor's. The County's investment in commercial paper is rated A-1 and P-1 by Standard & Poor's and Moody's Investor Services, respectively. The County's investment in municipal bonds is rated AAA and AA by Standard & Poor's. The U.S. Government money market mutual fund was rated AAAM by Standard & Poor's. The negotiable CD's were fully covered by the FDIC. The County has no policy further restricting credit risk beyond the statutory guidelines, which limit investment choices.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the County will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The federal agency securities, U.S. Treasury notes, commercial paper, corporate notes and municipal bonds are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the County's name. The County has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the County Treasurer or qualified trustee.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The County's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities. The following table includes the percentage of each investment type held by the County at December 31, 2024:

Measurement/ <u>Investment type</u>	Measurement <u>Value</u>	<u>% of Total</u>
<i>Fair Value</i>		
FFCB	\$ 10,472,218	20.95
FHLB	5,727,451	11.46
FHLMC	3,281,682	6.57
FNMA	2,340,524	4.68
FAMC	425,187	0.85
Corporate notes	3,063,864	6.13
Municipal bonds	1,473,701	2.95
Negotiable CDs	7,442,784	14.89
Commercial paper	1,415,125	2.83
U.S. Treasury notes	14,035,489	28.08
U.S. Government money market mutual fund	<u>304,873</u>	<u>0.61</u>
Total	<u>\$ 49,982,898</u>	<u>100.00</u>

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2024:

Cash and investments per note

Carrying amount of deposits	\$ 25,067,141
Investments	49,982,898
Cash on hand	<u>916,760</u>
Total	<u>\$ 75,966,799</u>

Cash and investments per statement of net position

Governmental activities	\$ 67,785,570
Business-type activities	1,248,068
Component unit ⁽¹⁾	143,766
Custodial	<u>6,789,395</u>
Total	<u>\$ 75,966,799</u>

⁽¹⁾ Cash and cash equivalents of the Holmes County Regional Planning Commission are pooled and invested by the County (See Note 18 for detail). Cash and cash equivalents of the Holmes County Airport Authority are held separate from the County (See Notes 19 for detail) and are reported on the financial statements as "cash and cash equivalents in segregated accounts."

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund Transfers

Interfund transfers for the year ended December 31, 2024, consisted of the following, as reported on the fund financial statements:

Transfers from general fund to:

Sewer fund	\$ 314,568
Nonmajor governmental funds	4,105,120

Transfers from nonmajor governmental funds to:

Nonmajor governmental funds	148,165
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Total	<u>\$ 4,567,853</u>
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Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (4) to move monies set-aside for capital improvements.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

B. Due to/From Other Funds

Due to/from other funds consisted of the following at December 31, 2024, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 8,238</u>

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

C. Interfund Loans

Interfund loans receivable/payable consisted of the following at December 31, 2024 as reported on the fund financial statements:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 34,478
General fund	Sewer	1,332
Total		<u>\$ 35,810</u>

The loan balance from the general fund to a nonmajor governmental fund is to cover grant expenditures which will be reimbursed in 2025. Interfund loans between governmental funds are eliminated on the statement of net position.

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

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the County. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2024 public utility property taxes became a lien December 31, 2023, are levied after October 1, 2024, and are collected in 2025 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Auditor collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, tangible personal property taxes and outstanding delinquencies which are measurable as of December 31, 2024 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow of resources since the current taxes were not levied to finance 2024 operations and the collection of delinquent taxes has been offset by a deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue.

The full tax rate for all County operations for the year ended December 31, 2024 was \$12.80 per \$1,000 of assessed value. The total assessed value of real property upon which 2024 property tax receipts were based was \$1,637,335,210.

NOTE 7 - RECEIVABLES

Receivables at December 31, 2024, consisted of taxes, interest, accounts (billings for user charged services and other fees), leases, and intergovernmental receivables arising from grants, entitlements and shared revenue. All intergovernmental receivables have been classified as “due from other governments” on the balance sheet and statement of net position. All receivables are expected to be collected within the subsequent year with the exception of the opioid settlement receivable which will be collected over the course of the settlement agreements and the leases receivable which will be collected over the life of the lease. Receivables in the amount of \$251,497 will not be received within one year.

A. Permissive Sales and Use Tax

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

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 7 - RECEIVABLES - (Continued)

Amounts that have been collected by the State and that are to be received within the available period are accrued as revenue on the fund financial statements. Each month, the sales tax revenue is allocated to County funds in accordance with the yearly Resolution adopted by the County Commissioners. During 2024, sales tax revenue was allocated to the general fund and the following nonmajor governmental funds: the 911 fund, the solid waste district fund, the county road sales tax fund, the township road project sales tax fund, the capital improvements fund and the jail bond debt service fund. Sales tax revenue for 2024 amounted to \$16,445,215 as reported on the fund financial statements.

B. Intergovernmental

A summary of the principal items of “due from other governments” as reported on the fund financial statements follows:

	<u>Amount</u>
<u>General fund</u>	
Homestead and rollback	\$ 236,719
Local government	255,000
Casino	322,094
Other	773
Total	<u>814,586</u>
 <u>County Board of DD</u>	
Homestead and rollback	161,280
Other	1,434
Total	<u>162,714</u>
 <u>Motor vehicle license</u>	
Gasoline excise and motor vehicle license tax	4,051,403
Grants	40,313
Other	14,732
Total	<u>4,106,448</u>

(Continued)

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 7 - RECEIVABLES - (Continued)

<u>Nonmajor governmental funds</u>	
Public assistance	\$ 232,497
Child support enforcement	143,280
Youth services	67,692
State victims assistance grant	5,995
County home	53,748
Office of criminal justice	4,833
Demolition site revitalization	34,478
Continuing professional education	27,388
Children services	344,799
Total nonmajor governmental funds	<u>914,710</u>
Total governmental funds	<u>\$ 5,998,458</u>
<u>Proprietary fund</u>	
Sewer	<u>\$ 185,932</u>
<u>Custodial funds</u>	
County public library	\$ 735,347
Gasoline and license tax	1,722,439
Undivided local government	170,000
Permissive tax	1,765
Board of health	12,500
Park district	1,144,649
Total custodial funds	<u>\$ 3,786,700</u>

C. Leases Receivable

The County is reporting leases receivable of \$43,285 in the county home fund, a nonmajor governmental fund. For 2024, the County recognized lease revenue of \$13,877, which is reported in rental income and interest revenue of \$1,547.

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

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

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 13,998	\$ 1,202	\$ 15,200
2026	14,424	776	15,200
2027	<u>14,863</u>	<u>337</u>	<u>15,200</u>
Total	<u>\$ 43,285</u>	<u>\$ 2,315</u>	<u>\$ 45,600</u>

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024, was as follows:

<u>Governmental activities:</u>	Balance 12/31/2023	Additions	Deductions	Balance 12/31/2024
<i>Capital assets, not being depreciated:</i>				
Land	\$ 2,100,488	\$ -	\$ -	\$ 2,100,488
Construction in progress	3,962,685	3,211,871	(7,174,556)	-
Total capital assets, not being depreciated	6,063,173	3,211,871	(7,174,556)	2,100,488
<i>Capital assets, being depreciated:</i>				
Buildings	26,724,227	7,174,556	(8,650)	33,890,133
Improvements other than buildings	1,865,032	648,187	-	2,513,219
Machinery and equipment	7,739,132	887,486	(36,756)	8,589,862
Vehicles	7,295,076	465,029	(368,242)	7,391,863
Intangible right to use - leased equipment	319,644	15,421	(133,455)	201,610
Infrastructure	65,857,728	3,578,109	-	69,435,837
Total capital assets, being depreciated	109,800,839	12,768,788	(547,103)	122,022,524
<i>Less: accumulated depreciation:</i>				
Buildings	(16,733,947)	(729,064)	8,650	(17,454,361)
Improvements other than buildings	(721,864)	(142,564)	-	(864,428)
Machinery and equipment	(5,314,280)	(493,846)	36,756	(5,771,370)
Vehicles	(5,255,103)	(624,832)	276,038	(5,603,897)
Intangible right to use - leased equipment	(246,849)	(13,253)	114,884	(145,218)
Infrastructure	(24,809,771)	(1,885,979)	-	(26,695,750)
Total accumulated depreciation	(53,081,814)	(3,889,538)	436,328	(56,535,024)
Total capital assets, being depreciated net	56,719,025	8,879,250	(110,775)	65,487,500
Governmental activities capital assets, net	\$ 62,782,198	\$ 12,091,121	\$ (7,285,331)	\$ 67,587,988

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

<u>Governmental activities:</u>	
Legislative and executive	\$ 135,470
Judicial	67,332
Public safety	302,149
Public works	2,527,659
Health	343,366
Human services	513,562
Total depreciation expense - governmental activities	\$ 3,889,538

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 8 - CAPITAL ASSETS - (Continued)

	Balance 12/31/2023	Additions	Deductions	Balance 12/31/2024
<u>Business-type activities:</u>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 98,503	\$ 47,500		\$ 146,003
Construction in progress	<u>7,952,597</u>	<u>1,544,917</u>	<u>(9,013,985)</u>	<u>483,529</u>
Total capital assets, not being depreciated	<u>8,051,100</u>	<u>1,592,417</u>	<u>(9,013,985)</u>	<u>629,532</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	11,209,228	9,013,985	-	20,223,213
Machinery and equipment	1,264,417	-	-	1,264,417
Sewer/water lines	<u>8,029,209</u>	<u>-</u>	<u>-</u>	<u>8,029,209</u>
Total capital assets, being depreciated	<u>20,502,854</u>	<u>9,013,985</u>	<u>-</u>	<u>29,516,839</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(4,070,933)	(389,045)	-	(4,459,978)
Machinery and equipment	(922,043)	(54,141)	-	(976,184)
Sewer/water lines	<u>(4,029,327)</u>	<u>(196,338)</u>	<u>-</u>	<u>(4,225,665)</u>
Total accumulated depreciation	<u>(9,022,303)</u>	<u>(639,524)</u>	<u>-</u>	<u>(9,661,827)</u>
Total capital assets, being depreciated net	<u>11,480,551</u>	<u>8,374,461</u>	<u>-</u>	<u>19,855,012</u>
Business-type activities capital assets, net	<u>\$ 19,531,651</u>	<u>\$ 9,966,878</u>	<u>\$ (9,013,985)</u>	<u>\$ 20,484,544</u>

Depreciation expense was charged to the enterprise fund as follows:

<u>Business-type activities:</u>	
Sewer district	<u>\$ 639,524</u>

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HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - LONG-TERM OBLIGATIONS

A. Long-Term Obligations

The following is a summary of the original issue date, interest rate, original issue amount and date of maturity for each of the County's bonds and loans outstanding:

	Interest Rate	Original Issue	Maturity Date
<u>General obligation bonds:</u>			
2017 Landfill improvement refunding bonds	1.00-4.00%	\$ 1,935,000	12/1/2041
2012 Sewer system improvement refunding	1.10-4.25%	2,380,000	12/1/2036
ODOT loan	3.00%	1,932,000	5/16/2042
<u>OPWC loans:</u>			
Walnut Creek Upgrade	0.00%	1,000,000	1/1/2043
October Hills Phase I	0.00%	391,986	1/1/2043
October Hills Phase II	0.00%	527,284	1/1/2046
County Resurfacing CN10X	0.00%	500,000	7/1/2030
County Resurfacing CN10W	0.00%	750,000	1/1/2032
County Resurfacing CN05Y	0.00%	750,000	1/1/2032
Mt. Hope WWTP CN18U	0.00%	1,198,500	7/1/2049
<u>OWDA loans:</u>			
Walnut Creek WWTP 9297	0.75%	656,241	7/1/2050
Walnut Creek WWTP 9298	0.75%	1,598,636	1/1/2050

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HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

B. Governmental Activities Long-Term Obligations

Due to the implementation of GASB Statement No. 101 and an error correction for an ODOT loan (see Note 3 for detail), the County has restated balances as of December 31, 2023, which is reflected in the schedule below. During 2024, the following activity occurred in the County's governmental long-term obligations.

	Restated Balance 12/31/2023	Additions	Reductions	Balance 12/31/2024	Amount Due in One Year
<u>General obligation bonds:</u>					
Series 2017 landfill improvement refunding bonds	\$ 1,755,000	\$ -	\$ (75,000)	\$ 1,680,000	\$ 75,000
Series 2011 various purpose refunding bonds	155,000	-	(155,000)	-	-
Total general obligation bonds	1,910,000	-	(230,000)	1,680,000	75,000
<u>OPWC loans (direct borrowing):</u>					
OPWC loan - resurfacing CN15V	137,752	-	(137,752)	-	-
OPWC loan - resurfacing CN16V	919,537	-	(919,537)	-	-
OPWC loan - resurfacing CN10X	325,000	-	(50,000)	275,000	50,000
OPWC loan - resurfacing CN05Y	600,000	-	(75,000)	525,000	75,000
OPWC loan - resurfacing CN10W	500,000	-	(62,500)	437,500	62,500
Total OPWC loans	2,482,289	-	(1,244,789)	1,237,500	187,500
<u>Other long-term obligations:</u>					
Landfill closure and postclosure care liability	1,679,287	60,454	(70,902)	1,668,839	97,745
ODOT SIB loan (direct borrowing)	1,932,000	-	(40,866)	1,891,134	83,581
Leases payable	120,867	15,420	(53,295)	82,992	36,724
Net pension liability	28,638,132	-	(2,854,061)	25,784,071	-
Net OPEB liability	581,411	-	(581,411)	-	-
Compensated absences*	4,723,554	-	(207,592)	4,515,962	1,568,886
Total other long-term obligations	37,675,251	75,874	(3,808,127)	33,942,998	1,786,936
Total governmental activities long-term obligations	42,067,540	75,874	(5,282,916)	36,860,498	2,049,436
Unamortized premium on bonds	89,792	-	(6,170)	83,622	-
Total on statement of net position	\$ 42,157,332	\$ 75,874	\$ (5,289,086)	\$ 36,944,120	\$ 2,049,436

*The change in compensated absences liability is presented as a net change.

General Obligation Bonds:

Series 2017 Landfill Improvement Refunding Bonds: On October 11, 2017, the County issued \$1,935,000 of Series 2017 Landfill Improvement Refunding Bonds for the purpose of advance refunding the callable portion of the Series 2011 Landfill Improvement Bonds (\$1,965,000). The County deposited bond proceeds in the amount of \$2,079,685 with an escrow agent to refund the bonds. The refunded bonds are not included in the County's outstanding debt since the County has satisfied its obligations through the refunding. The assets held in trust as a result of the refunding are not included in the financial statements. The Series 2017 Landfill Improvement Refunding Bonds bear annual interest ranging from 1.00-4.00% and mature December 1, 2041.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Proceeds of the refunding bonds are reported in the debt service fund with principal payments due December 1 of each year and interest payments due June 1 and December 1 of each year.

The reacquisition price exceeded the net carrying value of the old debt by \$44,020. This amount is being amortized against interest expense over the life of the refunding bonds. The unamortized balance of the deferred charge on debt refunding is reported as a deferred outflow of resources on the government-wide financial statements.

Series 2011 Various Purpose Refunding Bonds: The Series 2011 Various Purpose Refunding Bonds were issued on August 9, 2011 to currently refund the 1994 jail bond and the 1995 various purpose bond at a lower interest rate. These bonds will be repaid with sales tax revenues and also rental revenues of the human services building. The maturity date of the Series 2011 Various Purpose Refunding Bonds was December 1, 2024. As of December 31, 2024 there is no obligation outstanding related to this debt.

Other Long-Term Obligations:

Landfill Closure and Postclosure Care Liability: See Note 17 for detail on the County's landfill closure and postclosure care liability.

ODOT State Infrastructure Bank (SIB) Loan: The County obtained this loan from the Ohio Department of Transportation (ODOT) to finance a portion of the Mohican River County Road (CR) 23 bridge replacement project. The loan requires semi-annual repayments due on May 16th and November 16th of each calendar year with final maturity on May 16th, 2042. This loan will be repaid from the motor vehicle license fund.

OPWC Loans: These loans are general obligations of the County and will be repaid from the county road sales tax fund, a nonmajor governmental fund and the motor vehicle fund. The OPWC loans are interest free, providing repayment remains current. The County has five OPWC loans related to governmental activities outstanding at December 31, 2024.

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

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

Future Debt Service Requirements

The following is a summary of the County's future annual debt service principal and interest requirements for general obligation bonds:

Year	General Obligation Bonds		
	Principal	Interest	Total
2025	\$ 75,000	\$ 63,175	\$ 138,175
2026	75,000	61,488	136,488
2027	80,000	59,800	139,800
2028	80,000	58,000	138,000
2029	80,000	54,800	134,800
2030 - 2034	465,000	222,200	687,200
2035 - 2039	565,000	121,400	686,400
2040 - 2041	260,000	15,600	275,600
Total	<u>\$ 1,680,000</u>	<u>\$ 656,463</u>	<u>\$ 2,336,463</u>

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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

Year	Leases Payable			OPWC
	Principal	Interest	Total	Loans Principal
2025	\$ 36,724	\$ 2,481	\$ 39,205	\$ 187,500
2026	15,785	1,470	17,255	187,500
2027	15,983	892	16,875	187,500
2028	12,341	332	12,673	187,500
2029	2,159	41	2,200	187,500
2030 - 2031	-	-	-	300,000
Total	<u>\$ 82,992</u>	<u>\$ 5,216</u>	<u>\$ 88,208</u>	<u>\$ 1,237,500</u>

Year	ODOT SIB Loan		
	Principal	Interest	Total
2025	\$ 83,581	\$ 56,112	\$ 139,693
2026	86,108	53,585	139,693
2027	88,710	50,983	139,693
2028	91,390	48,302	139,692
2029	94,153	45,539	139,692
2030 - 2034	515,214	183,252	698,466
2035 - 2039	597,927	100,538	698,465
2040 - 2042	<u>334,051</u>	<u>15,180</u>	<u>349,231</u>
Total	<u>\$ 1,891,134</u>	<u>\$ 553,491</u>	<u>\$ 2,444,625</u>

The OPWC and ODOT loans are direct borrowings. Direct borrowings are borrowings that have terms negotiated directly between the County and the lender and are not offered for public sale. In the event of default, the lender may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the County to pay any fines, penalties, interest, or late charges associated with the default.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

C. Business-Type Activities Long-term Obligations

Due to the implementation of GASB Statement No. 101 (see Note 3 for detail), the County has restated compensated absences as of December 31, 2023 which is reflected in the following schedule. During 2024, the following activity occurred in the County's business-type activities long-term obligations.

	Restated Balance 12/31/2023	Additions	Reductions	Balance 12/31/2024	Amounts Due in One Year
<u>General obligation bond:</u>					
Series 2012 sewer system improvement refunding bonds	\$ 1,440,000	\$ -	\$ (90,000)	\$ 1,350,000	\$ 95,000
<u>OWDA loans (direct borrowing):</u>					
Walnut Creek WWTP 9297	616,734	-	(21,120)	595,614	21,278
Walnut Creek WWTP 9298	1,500,377	-	(52,469)	1,447,908	52,863
Total OWDA loans	2,117,111	-	(73,589)	2,043,522	74,141
<u>OPWC loans (direct borrowing):</u>					
Walnut Creek	25,088	-	(25,088)	-	-
Walnut Creek Upgrade	633,333	-	(33,334)	599,999	33,333
October Hills Phase I	248,257	-	(13,066)	235,191	13,066
October Hills Phase II	386,675	-	(17,576)	369,099	17,577
Mt. Hope WWTP CN18U	1,018,725	-	(39,950)	978,775	39,950
Total OPWC loans	2,312,078	-	(129,014)	2,183,064	103,926
<u>Other long-term obligations:</u>					
Net pension liability	171,478	-	(14,937)	156,541	-
Net OPEB liability	3,550	-	(3,550)	-	-
Compensated absences	10,199	1,255	-	11,454	8,972
Total other long-term obligations	185,227	1,255	(18,487)	167,995	8,972
Total business-type activities long-term obligations	6,054,416	1,255	(311,090)	5,744,581	282,039
Less: unamortized discount on bonds	(1,305)	-	101	(1,204)	-
Total on the statement of net position	\$ 6,053,111	\$ 1,255	\$ (310,989)	\$ 5,743,377	\$ 282,039

*The change in compensated absences liability is presented as a net change.

General Obligation Bond:

Series 2012 Sewer System Improvements Refunding Bonds: On September 11, 2012, the County issued \$2,380,000 in sewer system improvement refunding bonds to currently refund the callable portion of the 1997 sewer system improvement bonds (principal \$2,271,500). The refunded debt is considered defeased (in substance) and accordingly, has been removed from the statement of net position. The refunding bond issue is comprised of term bonds with interest rates ranging from 1.10% - 4.25%. Principal and interest payments are made from the sewer district fund.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Ohio Public Works Commission (OPWC) Loans:

OPWC Loans: These loans are general obligations of the County and will be repaid from the sewer district fund. The OPWC loans are interest free, providing repayment remains current. The County has four OPWC loans related to business-type activities outstanding at December 31, 2024.

Ohio Water Development Authority (OWDA) Loans:

OWDA Loans: The County has entered into debt financing arrangements through the Ohio Water Development Authority (OWDA). The County has pledged future sewer revenues to repay the OWDA loans. The loans are payable solely from sewer fund revenues and are payable through 2050. The total principal and interest remaining to be paid on the OWDA loans is \$2,246,092. Annual principal and interest payments on the loans are expected to require 22.65 percent of net revenues and 5.25 percent of total revenues. Principal and interest paid for the current year were \$89,330, total net revenues were \$394,352 and total revenues were \$1,702,577.

Other Long-Term Obligations:

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

Future Debt Service Requirements

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

Year Ended	General obligation bonds		
	Principal	Interest	Total
2025	\$ 95,000	\$ 47,765	\$ 142,765
2026	95,000	44,915	139,915
2027	100,000	42,065	142,065
2028	105,000	39,065	144,065
2029	105,000	35,915	140,915
2030 - 2034	585,000	125,195	710,195
2035 - 2036	265,000	17,001	282,001
Total	<u>\$ 1,350,000</u>	<u>\$ 351,921</u>	<u>\$ 1,701,921</u>

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Year Ended	Direct Borrowings			
	OWDA Loans			OPWC Loans
	Principal	Interest	Total	Principal
2025	\$ 74,142	\$ 15,188	\$ 89,330	\$ 103,926
2026	74,699	14,631	89,330	103,925
2027	75,260	14,069	89,329	103,926
2028	75,826	13,504	89,330	103,926
2029	76,396	12,934	89,330	103,925
2030 - 2034	390,675	55,973	446,648	519,629
2035 - 2039	405,575	41,073	446,648	519,629
2040 - 2044	421,043	25,604	446,647	426,827
2045 - 2049	437,102	9,546	446,648	197,351
2050	12,804	48	12,852	-
Total	<u>\$ 2,043,522</u>	<u>\$ 202,570</u>	<u>\$ 2,246,092</u>	<u>\$ 2,183,064</u>

The OPWC and OWDA loans are direct borrowings. Direct borrowings are borrowings that have terms negotiated directly between the County and the lender and are not offered for public sale. In the event of default, the lender may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the County to pay any fines, penalties, interest, or late charges associated with the default.

D. Legal Debt Margin

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County.

The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. Based on this calculation, at December 31, 2024, the County's total legal debt margin was \$37,753,555 and the unvoted legal debt margin was \$14,693,527.

NOTE 10 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

County employees earn vacation, compensatory time and sick leave at varying rates depending on length of service and department policy. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service with the County.

Employees earn sick leave at a rate of 4.60 hours of sick leave for each completed 80 hours in active pay status. Sick leave accumulation is unlimited. Upon retirement or death, an employee can be paid twenty-five percent to a maximum of 30 days of accumulated, unused sick leave.

B. Health Insurance

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

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 11 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters. Settled claims have not exceeded the County's commercial coverages in any of the past three years. There have not been significant reductions in insurance coverage from the prior year. The County pays all elected officials' bonds by statute.

A. Property and Liability

The County is a member of County Risk Sharing Authority, Inc. (CORSA), which is a shared risk pool of 65 counties in Ohio. CORSAs was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSAs Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSAs.

These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the CORSAs are managed by an elected Board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any one time. Each member county's control over the budgeting and financing of CORSAs is limited to its voting authority and any representation it may have on the Board of Trustees.

With the exception of health insurance and workers' compensation, all insurance is held with CORSAs.

B. Workers' Compensation

For 2024, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. (See Note 2.A.). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria.

The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

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

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 11 - RISK MANAGEMENT - (Continued)

C. Employee Medical and Prescription Drug

Effective January 1, 2017, the County established a self-insurance program (the “Program”) for medical and prescription drug benefits. The County has established an internal service fund to account for the Program’s activity. The Program is administered through a third-party administrator (AultCare) who manages and processes the claims. The County makes required payments to the third-party administrator to reimburse them for the claim payments. The County’s stop-loss coverage through the Program is limited to \$50,000 per claimant. The County’s policy for reporting a claims liability is based on the requirements of GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues”, as amended by GASB Statement No. 30, “Risk Financing Omnibus”, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims. The County has reported a liability in both the fund and government-wide financial statements amounting to \$236,267 for estimated claims payments incurred and due at year-end. Changes in the claims payable in 2024 follows:

Year	Balance at Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
2024	\$ 216,090	\$ 3,236,648	\$ (3,216,471)	\$ 236,267
2023	467,366	2,600,124	(2,851,400)	216,090

NOTE 12 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability (Asset) and Net OPEB Asset

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

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

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

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

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The remainder of this note includes the pension disclosures. See Note 13 for the OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - County employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. In October 2023, the legislature approved House Bill (HB) 33 which allows for the consolidation of the combined plan with the traditional plan with the timing of the consolidation at the discretion of OPERS. As of December 31, 2023, the consolidation has not been executed. (The latest information available.) Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Traditional plan state and local 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 at retirement.

Law enforcement and public safety members who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

Combined plan members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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 member's original base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3.00%. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

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

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HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>State and Local</u>			
	<u>Traditional</u>	<u>Combined</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2024 Statutory Maximum Contribution Rates				
Employer	14.0 %	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	10.0 %	**	***
2024 Actual Contribution Rates				
Employer:				
Pension ****	14.0 %	12.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	2.0	0.0	0.0
Total Employer	<u>14.0 %</u>	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

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

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

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

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

Employer contribution rates are actuarially determined within the constraints of statutory limits for each division and expressed as a percentage of covered payroll.

The County's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$2,458,773 for 2024. Of this amount, \$148,125 is reported as due to other governments.

Plan Description - State Teachers Retirement System (STRS)

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

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

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation is 2.2% of final average salary for the five highest years of earnings multiplied by all years of credited service. Effective Aug. 1, 2023, any member can retire with unreduced benefits with 34 years of services credit at any age; or five years of service credit and age 65. Effective June 1, 2025 - July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 65. Effective on or after Aug. 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age; or five years of service credit and age 65.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective Aug. 1, 2023, can retire with 29 years of service credit at any age; or five years of service credit and age 60. Effective June 1, 2025 - July 1, 2027, retirement eligibility for reduced benefits is 28 years of service credit at any age; or five years of service credit and age 60. Effective on or after Aug. 1, 2027, retirement eligibility for reduced benefits is 29 years of service credit at any age; or five years of service credit and age 60.

The DC Plan allows members to place all of their member contributions and 11.09% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate is deposited into the member's DC account and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

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

A DB or Combined Plan member with five or more years of credited service, who is determined to be disabled, may qualify for a disability benefit. New members, on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2024 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For 2024, the full employer contribution was allocated to pension.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

The County's contractually required contribution to STRS was \$53,425 for 2024. Of this amount, \$2,693 is reported as due to other governments.

Net Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability (asset) for OPERS was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. STRS's total pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability (asset) was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	STRS	Total
Proportion of the net pension liability/asset prior measurement date	0.10449400%	0.04676000%	0.06757400%	0.00257056%	
Proportion of the net pension liability/asset current measurement date	<u>0.10671100%</u>	<u>0.04137300%</u>	<u>0.06834700%</u>	<u>0.00265999%</u>	
Change in proportionate share	<u>0.00221700%</u>	<u>-0.00538700%</u>	<u>0.00077300%</u>	<u>0.00008943%</u>	
Proportionate share of the net pension liability	\$ 25,428,787	\$ -	\$ -	\$ 511,825	\$ 25,940,612
Proportionate share of the net pension asset	-	(115,754)	(6,939)	-	(122,693)
Pension expense	3,139,638	8,501	(658)	11,551	3,159,032

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	STRS	Total
Deferred outflows of resources					
Differences between expected and actual experience	\$ 415,612	\$ 4,692	\$ 14,890	\$ 32,233	\$ 467,427
Net difference between projected and actual earnings on pension plan investments	5,132,612	18,826	1,233	-	5,152,671
Changes of assumptions	-	4,297	243	23,587	28,127
Changes in employer's proportionate percentage/ difference between employer contributions	241,539	-	-	28,759	270,298
Contributions subsequent to the measurement date	2,390,744	19,094	48,935	29,638	2,488,411
Total deferred outflows of resources	<u>\$ 8,180,507</u>	<u>\$ 46,909</u>	<u>\$ 65,301</u>	<u>\$ 114,216</u>	<u>\$ 8,406,933</u>
	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	STRS	Total
Deferred inflows of resources					
Differences between expected and actual experience	\$ -	\$ 11,459	\$ -	\$ 281	\$ 11,740
Net difference between projected and actual earnings on pension plan investments	-	-	-	44,004	44,004
Changes of assumptions	-	-	-	17,754	17,754
Changes in employer's proportionate percentage/ difference between employer contributions	564	-	-	65,009	65,573
Total deferred inflows of resources	<u>\$ 564</u>	<u>\$ 11,459</u>	<u>\$ -</u>	<u>\$ 127,048</u>	<u>\$ 139,071</u>

\$2,488,411 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net pension liability/asset in the year ending December 31, 2025.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Year Ending December 31:	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	STRS	Total
2025	\$ 1,465,086	\$ 2,872	\$ 2,563	\$ (34,608)	\$ 1,435,913
2026	1,779,637	5,178	2,611	53,863	1,841,289
2027	3,275,342	10,849	2,947	(6,103)	3,283,035
2028	(730,866)	(3,120)	1,720	(55,622)	(787,888)
2029	-	312	1,674	-	1,986
Thereafter	-	265	4,851	-	5,116
Total	<u>\$ 5,789,199</u>	<u>\$ 16,356</u>	<u>\$ 16,366</u>	<u>\$ (42,470)</u>	<u>\$ 5,779,451</u>

Actuarial Assumptions - OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2023, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2023, compared to the December 31, 2022 actuarial valuation, are presented below.

Wage inflation

Current measurement date	2.75%
Prior measurement date	2.75%

Future salary increases, including inflation

Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	2.75% to 10.75% including wage inflation

COLA or ad hoc COLA

Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 2.30%, simple through 2024, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2023, then 2.05% simple

Investment rate of return

Current measurement date	6.90%
Prior measurement date	6.90%

Actuarial cost method

Individual entry age

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.20% for 2023.

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

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2023, 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	24.00 %	2.85 %
Domestic equities	21.00	4.27
Real estate	13.00	4.46
Private equity	15.00	7.52
International equities	20.00	5.16
Risk Parity	2.00	4.38
Other investments	5.00	3.46
Total	100.00 %	

Discount Rate - The discount rate used to measure the total pension liability was 6.90% for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

- The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 40,031,742	\$ 25,428,787	\$ 13,283,370
Combined Plan	(70,044)	(115,754)	(151,762)
Member-Directed Plan	(4,977)	(6,939)	(8,709)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2024 and June 30, 2023, actuarial valuations are presented below:

	June 30, 2024	June 30, 2023
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2024 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2024 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	26.00 %	6.90 %
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	100.00 %	

* Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.40% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2024.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the proportionate share of the net pension liability as of June 30, 2024, calculated using the current period discount rate assumption of 7.00%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net pension liability	\$ 825,664	\$ 511,825	\$ 246,372

Assumption and Benefit Changes Since the Prior Measurement Date - The discount rate remained at 7.00% for June 30, 2024 valuation.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 13 - POSTEMPLOYMENT BENEFITS

Net OPEB Asset

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. 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. Retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice and other eligible expenses. An OPERS vendor is available to assist with the selection of a health care program.

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

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

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

Age 65 or older Retirees Minimum of 20 years of qualifying service credit

Age 60 to 64 Retirees Based on the following age-and-service criteria:

Group A 30 years of total service with at least 20 years of qualified health care service credit;

Group B 31 years of total service credit with at least 20 years of qualified health care service credit;

Group C 32 years of total service credit with at least 20 years of qualified health care service credit.

Age 59 or younger Based on the following age-and-service criteria:

Group A 30 years of qualified health care service credit;

Group B 32 years of qualified health care service credit at any age or 31 years of qualified health care service credit and at least age 52;

Group C 32 years of qualified health care service credit and at least age 55.

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

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

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

Group A	Group B	Group C
Age and Service Requirements <i>December 1, 2014 or Prior</i>	Age and Service Requirements <i>December 1, 2014 or Prior</i>	Age and Service Requirements <i>December 1, 2014 or Prior</i>
Any Age with 10 years of service credit	Any Age with 10 years of service credit	Any Age with 10 years of service credit
Age and Service Requirements <i>January 1, 2015 through December 31, 2021</i>	Age and Service Requirements <i>January 1, 2015 through December 31, 2021</i>	Age and Service Requirements <i>January 1, 2015 through December 31, 2021</i>
Age 60 with 20 years of service credit or Any Age with 30 years of service credit	Age 52 with 31 years of service credit or Age 60 with 20 years of service credit or Any Age with 32 years of service credit	Age 55 with 32 years of service credit or Age 60 with 20 years of service credit

See the Age and Service Retirement section of the OPERS ACFR for a description of Groups A, B and C.

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

The base allowance is determined by OPERS and is currently \$1,200 per month for non-Medicare retirees and \$350 per month for Medicare retirees. The retiree receives a percentage of the base allowance, calculated based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51.00% and 90.00% of the base allowance for both non-Medicare and Medicare retirees.

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

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

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

Participants in the Member-Directed Plan have access to the Connector and have a separate health care funding mechanism. A portion of employer contributions for these participants is allocated to a retiree medical account (RMA). Members who elect the Member-Directed Plan after July 1, 2015, will vest in the RMA over 15 years at a rate of 10.00% each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015, vest in the RMA over a five-year period at a rate of 20.00% per year. Upon separation or retirement, participants may use vested RMA funds for reimbursement of qualified medical expenses.

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

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024, state and local employers contributed at a rate of 14.00% of earnable salary. 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 2024, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan. Beginning July 1, 2022, there was a 2.00% allocation to health care for the Combined Plan which has continued through 2024. 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 2024 was 4.00%. Effective July 1, 2022, a portion of the health care rate was funded with reserves which has continued through 2024.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$22,756 for 2024. Of this amount, \$1,371 is reported as due to other governments.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For 2024, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. STRS's total OPEB asset was measured as of June 30, 2024, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB liability was based on the County's share of contributions to the retirement plan relative to the contributions of all participating entities.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability			
prior measurement date	0.10134900%	0.00257056%	
Proportion of the net OPEB liability/asset			
current measurement date	<u>0.10339000%</u>	<u>0.00265999%</u>	
Change in proportionate share	<u>0.00204100%</u>	<u>0.00008943%</u>	
Proportionate share of the net			
OPEB asset	\$ (849,332)	\$ (50,455)	\$ (899,787)
OPEB expense	(116,534)	(11,557)	(128,091)

At December 31, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 2,193	\$ 2,193
Net difference between projected and actual earnings on OPEB plan investments	510,071	-	510,071
Changes of assumptions	218,660	6,213	224,873
Changes in employer's proportionate percentage/ difference between employer contributions	-	183	183
Contributions subsequent to the measurement date	22,756	-	22,756
Total deferred outflows of resources	<u>\$ 751,487</u>	<u>\$ 8,589</u>	<u>\$ 760,076</u>

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

	OPERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 120,885	\$ 5,438	\$ 126,323
Net difference between projected and actual earnings on OPEB plan investments	-	2,165	2,165
Changes of assumptions	365,102	22,754	387,856
Changes in employer's proportionate percentage/ difference between employer contributions	16,877	5,885	22,762
Total deferred inflows of resources	<u>\$ 502,864</u>	<u>\$ 36,242</u>	<u>\$ 539,106</u>

\$22,756 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net OPEB liability in the year ending December 31, 2025.

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

	OPERS	STRS	Total
Year Ending December 31:			
2025	\$ (33,263)	\$ (9,377)	\$ (42,640)
2026	34,318	(4,681)	29,637
2027	397,046	(4,760)	392,286
2028	(172,234)	(4,458)	(176,692)
2029	-	(3,689)	(3,689)
Thereafter	-	(688)	(688)
Total	<u>\$ 225,867</u>	<u>\$ (27,653)</u>	<u>\$ 198,214</u>

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	
Current measurement date	2.75%
Prior Measurement date	2.75%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75% including wage inflation
Prior Measurement date	2.75 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	5.70%
Prior Measurement date	5.22%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	3.77%
Prior Measurement date	4.05%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2038
Prior Measurement date	5.50% initial, 3.50% ultimate in 2036
Actuarial Cost Method	Individual Entry Age

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

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

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.00% for 2023.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

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

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2023, 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	37.00 %	2.82 %
Domestic equities	25.00	4.27
Real Estate Investment Trusts (REITs)	5.00	4.68
International equities	25.00	5.16
Risk parity	3.00	4.38
Other investments	5.00	2.43
Total	100.00 %	

Discount Rate - A single discount rate of 5.70% was used to measure the total OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.77%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

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

- The following table presents the proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 5.70%, as well as what the proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (4.70%) or one-percentage-point higher (6.70%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net OPEB liability/(asset)	\$ 466,768	\$ (849,332)	\$ (1,939,532)

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

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

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB asset	\$ 884,600	\$ 849,332	\$ 809,315

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2024 actuarial valuation, compared with June 30, 2023 actuarial valuation, are presented below:

	June 30, 2024		June 30, 2023	
Projected salary increases	Varies by service from 2.50% to 8.50%		Varies by service from 2.50% to 8.50%	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.00%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Discount rate of return	7.00%		7.00%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	3.94%	7.50%	4.14%
Medicare	-112.22%	3.94%	-10.94%	4.14%
Prescription Drug				
Pre-Medicare	8.00%	3.94%	-11.95%	4.14%
Medicare	-15.14%	3.94%	1.33%	4.14%

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

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

For the June 30, 2024 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2024 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

Assumption Changes Since the Prior Measurement Date - The discount rate remained unchanged at 7.00% for the June 30, 2024 valuation.

Benefit Term Changes Since the Prior Measurement Date - Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2025. The larger Medicare trends for Years 2027 and 2028 reflect the assumed impact of the expiration of current Medicare Advantage contract on December 31, 2028.

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

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	26.00 %	6.90 %
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	100.00 %	

* Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.40% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2024.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

Sensitivity of the County's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2024, calculated using the current period discount rate assumption of 7.00%, as well as what the proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the proportionate share of the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
County's proportionate share of the net OPEB asset	\$ 41,023	\$ 50,455	\$ 58,663
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
County's proportionate share of the net OPEB asset	\$ 59,217	\$ 50,455	\$ 39,917

NOTE 14 - CONTINGENCIES

A. Grants

The County received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the County at December 31, 2024.

B. Litigation

The County's management is of the opinion that ultimate disposition of any potential claims and legal proceedings will not have a material adverse effect, if any, on the financial condition of the County at December 31, 2024.

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HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 15 - FUND BALANCE

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

Fund balance	General	County Board of DD	Motor Vehicle License	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Materials and supplies inventory	\$ 102,904	\$ 3,872	\$ 437,069	\$ 81,405	\$ 625,250
Prepayments	208,629	21,787	16,178	51,703	298,297
Unclaimed monies	<u>123,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,350</u>
Total nonspendable	<u>434,883</u>	<u>25,659</u>	<u>453,247</u>	<u>133,108</u>	<u>1,046,897</u>
Restricted:					
Capital projects	-	-	-	257,897	257,897
Public works projects	-	-	3,649,960	2,073,834	5,723,794
Public safety programs	-	-	-	1,001,352	1,001,352
Health	-	-	-	480,194	480,194
Human services programs	-	8,098,980	-	6,640,703	14,739,683
Real estate assessment	-	-	-	1,568,743	1,568,743
Court special projects	-	-	-	387,763	387,763
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,068,670</u>	<u>1,068,670</u>
Total restricted	<u>-</u>	<u>8,098,980</u>	<u>3,649,960</u>	<u>13,479,156</u>	<u>25,228,096</u>
Committed:					
Capital projects	-	-	-	467,899	467,899
Jail kitchen	192,494	-	-	-	192,494
Compensated absences	<u>830,322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>830,322</u>
Total committed	<u>1,022,816</u>	<u>-</u>	<u>-</u>	<u>467,899</u>	<u>1,490,715</u>
Assigned:					
Subsequent year appropriations	7,665,510	-	-	-	7,665,510
Public safety programs	511,288	-	-	-	511,288
Legislative and executive	27,946	-	-	-	27,946
Capital projects	-	-	-	6,401,921	6,401,921
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>175</u>	<u>175</u>
Total assigned	<u>8,204,744</u>	<u>-</u>	<u>-</u>	<u>6,402,096</u>	<u>14,606,840</u>
Unassigned (deficit)	<u>24,821,327</u>	<u>-</u>	<u>-</u>	<u>(1,125)</u>	<u>24,820,202</u>
Total fund balances	<u>\$ 34,483,770</u>	<u>\$ 8,124,639</u>	<u>\$ 4,103,207</u>	<u>\$ 20,481,134</u>	<u>\$ 67,192,750</u>

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 16 - OTHER COMMITMENTS

The County utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the County's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	<u>\$ 27,946</u>

NOTE 17 - LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County closed the landfill during 2011, issuing bonds to help fund the cost of closure. The liability reported at December 31, 2024, of \$1,668,839 represents the estimated remaining postclosure care costs. This amount represents an estimate of what it would cost to perform all postclosure care at December 31, 2024. However, actual costs may be higher due to inflation, changes in technology, or changes in regulations.

NOTE 18 - HOLMES COUNTY REGIONAL PLANNING COMMISSION

The Holmes County Regional Planning Commission (the "Commission") is governed by an eleven-member Board, of which seven are appointed by the County. The County provides ongoing financial support to the Commission; resulting in the Commission imposing a financial burden on the County. Therefore, the Commission has been included as a component unit of the County. The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economical and governmental characteristics, functions and services of the County.

A. Basis of Accounting

For reporting on the government-wide financial statements, the Commission follows the accrual basis of accounting. Under this basis, revenues are recognized when earned and expenses are recognized when incurred. All assets and liabilities of the Commission are reported on the Statement of Net Position and financial transactions of the Commission are reflected in the Statement of Activities.

B. Deposits and Investments

The County acts as the custodian of the Commission's funds. Cash and cash equivalents of the Commission are pooled and invested by the County. Information regarding the classification of the County's deposits and investments per GASB Statement No. 40 may be found in Note 4.

C. Compensated Absences

The Commission records liabilities for vacation, compensatory time, and sick leave accumulated by its employees at the same rate as the County. At December 31, 2024, vacation and sick leave liability were \$16,746 and \$74,046, respectively. The entire compensated absences liability is reported on the government-wide financial statements.

D. Defined Benefit Pension Plan

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

The Commission's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$17,399 for 2024. Of this amount, \$935 is reported as due to other governments.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 18 - HOLMES COUNTY REGIONAL PLANNING COMMISSION - (Continued)

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

The net pension liability and net pension asset for the OPERS Traditional Pension Plan, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2023, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability or asset was based on the Commission's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
Proportion of the net pension liability/asset prior measurement date	0.00067382%	0.00030153%	0.00043574%	
Proportion of the net pension liability/asset current measurement date	<u>0.00068730%</u>	<u>0.00026647%</u>	<u>0.00044021%</u>	
Change in proportionate share	<u>0.00001348%</u>	<u>-0.00003506%</u>	<u>0.00000447%</u>	
Proportionate share of the net pension liability	\$ 179,938	\$ -	\$ -	\$ 179,938
Proportionate share of the net pension asset	-	(819)	(49)	(868)
Pension expense	21,247	60	(5)	21,302

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HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 18 - HOLMES COUNTY REGIONAL PLANNING COMMISSION - (Continued)

At December 31, 2024, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
Deferred outflows of resources				
Differences between expected and actual experience	\$ 2,942	\$ 33	\$ 105	\$ 3,080
Net difference between projected and actual earnings on pension plan investments	36,319	133	9	36,461
Changes of assumptions	-	30	2	32
Changes in employer's proportionate percentage/ difference between employer contributions	1,715	-	-	1,715
Contributions subsequent to the measurement date	16,918	135	346	17,399
Total deferred outflows of resources	<u>\$ 57,894</u>	<u>\$ 331</u>	<u>\$ 462</u>	<u>\$ 58,687</u>
Deferred inflows of resources				
Differences between expected and actual experience	\$ -	\$ 81	\$ -	\$ 81
Changes in employer's proportionate percentage/ difference between employer contributions	601	-	-	601
Total deferred inflows of resources	<u>\$ 601</u>	<u>\$ 81</u>	<u>\$ -</u>	<u>\$ 682</u>

\$17,399 reported as deferred outflows of resources related to pension resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2025.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 18 - HOLMES COUNTY REGIONAL PLANNING COMMISSION - (Continued)

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

Year Ending December 31:	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
2025	\$ 9,669	\$ 20	\$ 18	\$ 9,707
2026	12,700	37	18	12,755
2027	23,177	77	21	23,275
2028	(5,171)	(22)	12	(5,181)
2029	-	2	12	14
Thereafter	-	1	35	36
Total	<u>\$ 40,375</u>	<u>\$ 115</u>	<u>\$ 116</u>	<u>\$ 40,606</u>

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

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate - The following table presents the Commission's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90%, as well as what the Commission's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Commission's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 283,271	\$ 179,938	\$ 93,995
Combined Plan	(496)	(819)	(1,074)
Member-Directed Plan	(35)	(49)	(62)

E. Defined Benefit OPEB Plan

Like the primary government, the Commission participates in the Ohio Public Employees Retirement System (OPERS). See Note 13 for a description of OPERS.

The Commission's contractually required contribution was \$161 for 2024. Of this amount, \$9 is reported as due to other governments.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Commission's proportion of the net OPEB liability was based on the Commission's share of contributions to the retirement plan relative to the contributions of all participating entities.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 18 - HOLMES COUNTY REGIONAL PLANNING COMMISSION - (Continued)

Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>
Proportion of the net OPEB liability/asset prior measurement date	0.00065354%
Proportion of the net OPEB liability/asset current measurement date	<u>0.00066591%</u>
Change in proportionate share	<u><u>0.00001237%</u></u>
Proportionate share of the net OPEB asset	\$ (6,010)
OPEB expense	\$ (683)

At December 31, 2024, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>
Deferred outflows of resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 3,609
Changes of assumptions	1,547
Contributions subsequent to the measurement date	161
Total deferred outflows of resources	<u><u>\$ 5,317</u></u>
Deferred inflows of resources	
Differences between expected and actual experience	\$ 855
Changes of assumptions	2,584
Changes in employer's proportionate percentage/ difference between employer contributions	129
Total deferred inflows of resources	<u><u>\$ 3,568</u></u>

\$161 reported as deferred outflows of resources related to OPEB resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2025.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 18 - HOLMES COUNTY REGIONAL PLANNING COMMISSION - (Continued)

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

	OPERS
Year Ending December 31:	
2025	\$ (238)
2026	235
2027	2,810
2028	(1,219)
Total	<u>\$ 1,588</u>

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

Sensitivity of the Commission's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the Commission's proportionate share of the net OPEB liability calculated using the single discount rate of 5.70%, as well as what the Commission's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.70%) or one-percentage-point higher (6.70%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Commission's proportionate share of the net OPEB liability (asset)	\$ 3,303	\$ (6,010)	\$ (13,724)

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

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of healthcare; the trend starting in 2024 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
Commission's proportionate share of the net OPEB asset	\$ 6,260	\$ 6,010	\$ 5,727

NOTE 19 - HOLMES COUNTY AIRPORT AUTHORITY

The Holmes County Airport Authority (the "Airport Authority") Board consists of seven members who are appointed by the County Commissioners of Holmes County. The County provides ongoing financial support to the Airport Authority; resulting in the Airport Authority imposing a financial burden on the County. Based on this relationship, the Airport Authority is a component unit of Holmes County. Separately issued financial statements can be obtained from Holmes County Airport Authority of Holmes County.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 19 - HOLMES COUNTY AIRPORT AUTHORITY – (Continued)

A. Basis of Accounting

The Airport Authority follows the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. The measurement focus is on determination of net income, financial position and cash flows. All transactions are accounted for in a single enterprise fund.

The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles.

Equipment and Depreciation - Property, plant, and equipment are stated at historical cost (or estimated historical cost) and are updated for the cost of additions and retirements during the year. Depreciation is provided on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Useful Live (In Years)</u>
Land improvements	50
Buildings and improvements	20 - 50
Equipment	10 - 30

A summary of capital assets at December 31, 2024 follows:

Land	\$ 54,357
Land improvements	5,852,717
Buildings and improvements	1,404,007
Equipment	<u>514,027</u>
Subtotal	7,825,108
Less: accumulated depreciation	<u>(1,985,776)</u>
Net capital assets	<u>\$ 5,839,332</u>

B. Deposits with Financial Institutions

Monies held by the Airport Authority are held in separate accounts. The Airport Authority invests in a NOW checking account and a money market savings account.

At December 31, 2024, the carrying amount and bank balance of the Airport Authority's deposits was \$239,579. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2024, all of the bank balance of \$240,764 was covered by the FDIC and none was potentially exposed to custodial credit risk as discussed in Note 4.

HOLMES COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 20 - TAX ABATEMENTS

As of December 31, 2024, the County provides tax abatements through two programs: Community Reinvestment Area (CRA) and Enterprise Zone (Ezone). These programs relate to the abatement of property taxes.

CRA - Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

Ezone - Under the authority of ORC Sections 5709.62 and 5709.63, the Ezone program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. An Ezone is a designated area of land in which businesses can receive tax incentives in the form of tax exemptions on qualifying new investment. An Ezone's geographic area is identified by the local government involved in the creation of the zone. Once the zone is defined, the local legislative authority participating in the creation must petition the OSDA. The OSDA must then certify the area for it to become an active Enterprise Zone. The local legislative authority negotiates the terms of the Enterprise Zone Agreement (the "Agreement") with the business, which may include tax sharing with the Board of Education. Legislation must then be passed to approve the Agreement. All Agreements must be finalized before the project begins and may contain provisions for the recoupment of taxes should the individual or entity fail to perform. The amount of the abatement is deducted from the business's property tax bill.

The County has entered into agreements to abate property taxes through these programs. During 2024, the County's property tax revenues were reduced as a result of these agreements as follows:

<u>Tax Abatement Program</u>	<u>County Taxes Abated</u>
CRA	\$ 35,983
Ezone	<u>146,551</u>
Total	<u>\$ 182,534</u>

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REQUIRED SUPPLEMENTARY INFORMATION

HOLMES COUNTY, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget - Over (Under) Actual Amounts
Budgetary revenues:				
Sales taxes	\$ 11,060,000	\$ 11,060,000	\$ 12,647,157	\$ 1,587,157
Real and other taxes.	4,010,000	4,010,000	4,561,312	551,312
Charges for services.	1,505,500	1,817,622	2,122,129	304,507
Licenses and permits	4,440	4,440	5,153	713
Fines, forfeitures, and settlements	59,500	59,500	66,849	7,349
Intergovernmental.	1,173,173	1,897,937	2,121,428	223,491
Investment income.	850,000	850,000	2,148,639	1,298,639
Rental income	500	500	637	137
Contributions and donations.	-	475	675	200
Other	41,000	41,000	122,255	81,255
Total budgetary revenues	<u>18,704,113</u>	<u>19,741,474</u>	<u>23,796,234</u>	<u>4,054,760</u>
Budgetary expenditures:				
Current:				
General government:				
Legislative and executive	13,120,549	13,768,086	7,437,440	(6,330,646)
Judicial.	2,030,025	2,069,748	1,835,044	(234,704)
Public safety	4,584,504	4,912,647	4,876,125	(36,522)
Health	158,000	158,000	154,775	(3,225)
Human services.	708,000	708,525	524,935	(183,590)
Conservation and recreation	2,621,019	2,621,019	803,460	(1,817,559)
Total budgetary expenditures	<u>23,222,097</u>	<u>24,238,025</u>	<u>15,631,779</u>	<u>(8,606,246)</u>
Budgetary excess (deficiency) of revenues over (under) expenditures	<u>(4,517,984)</u>	<u>(4,496,551)</u>	<u>8,164,455</u>	<u>12,661,006</u>
Budgetary other financing sources (uses):				
Sale of capital assets.	-	-	13,837	13,837
Advances in	-	-	105,141	105,141
Advances (out).	-	-	(34,478)	(34,478)
Transfers (out).	(4,516,172)	(4,605,172)	(4,590,620)	14,552
Total budgetary other financing sources (uses)	<u>(4,516,172)</u>	<u>(4,605,172)</u>	<u>(4,506,120)</u>	<u>99,052</u>
Net change in fund balances	(9,034,156)	(9,101,723)	3,658,335	12,760,058
Budgetary fund balances at beginning of year	27,176,402	27,176,402	27,176,402	-
Prior year encumbrances appropriated . . .	<u>37,775</u>	<u>37,775</u>	<u>37,775</u>	<u>-</u>
Budgetary fund balances at end of year	<u>\$ 18,180,021</u>	<u>\$ 18,112,454</u>	<u>\$ 30,872,512</u>	<u>\$ 12,760,058</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COUNTY BOARD OF DD FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary	Final Budget -
			Basis	Over (Under)
				Actual Amounts
Budgetary revenues:				
Real and other taxes.	\$ 5,457,500	\$ 5,457,500	\$ 5,507,819	\$ 50,319
Charges for services.	340,855	340,855	261,224	(79,631)
Intergovernmental.	1,364,968	1,364,968	1,518,063	153,095
Investment income.	800	800	3,799	2,999
Contributions and donations.	800	800	1,820	1,020
Other	288,610	288,610	320,751	32,141
Total budgetary revenues	<u>7,453,533</u>	<u>7,453,533</u>	<u>7,613,476</u>	<u>159,943</u>
Budgetary expenditures:				
Current:				
Human services.	<u>6,692,629</u>	<u>7,937,331</u>	<u>6,712,738</u>	<u>(1,224,593)</u>
Net change in fund balances.	760,904	(483,798)	900,738	1,384,536
Budgetary fund balances at beginning of year	<u>6,368,058</u>	<u>6,368,058</u>	<u>6,368,058</u>	<u>-</u>
Budgetary fund balances at end of year	<u>\$ 7,128,962</u>	<u>\$ 5,884,260</u>	<u>\$ 7,268,796</u>	<u>\$ 1,384,536</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MOTOR VEHICLE LICENSE FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary	Final Budget -
			Basis	Over (Under)
				Actual Amounts
Budgetary revenues:				
Charges for services.	\$ 50,000	\$ 50,000	\$ 20,514	\$ (29,486)
Licenses and permits	20,000	20,000	13,695	(6,305)
Fines, forfeitures, and settlements	-	-	21,848	21,848
Intergovernmental.	6,758,575	6,758,575	6,602,305	(156,270)
Investment income.	518	518	-	(518)
Contributions and donations.	400,000	400,000	321,939	(78,061)
Other	250,000	250,000	417,756	167,756
Total budgetary revenues	<u>7,479,093</u>	<u>7,479,093</u>	<u>7,398,057</u>	<u>(81,036)</u>
Budgetary expenditures:				
Current:				
Public works	8,462,250	8,117,405	6,594,129	(1,523,276)
Debt service:				
Principal retirement.	-	1,373,155	1,098,155	(275,000)
Interest and fiscal charges	-	28,980	28,980	-
Total budgetary expenditures	<u>8,462,250</u>	<u>9,519,540</u>	<u>7,721,264</u>	<u>(1,798,276)</u>
Budgetary excess of expenditures over revenues.	(983,157)	(2,040,447)	(323,207)	1,717,240
Budgetary other financing sources (uses):				
Sale of capital assets.	<u>-</u>	<u>-</u>	<u>500</u>	<u>500</u>
Net change in fund balances	(983,157)	(2,040,447)	(322,707)	1,717,740
Budgetary fund balances at beginning of year	3,447,144	3,447,144	3,447,144	-
Prior year encumbrances appropriated . . .	<u>262,143</u>	<u>262,143</u>	<u>262,143</u>	<u>-</u>
Budgetary fund balances at end of year	<u><u>\$ 2,726,130</u></u>	<u><u>\$ 1,668,840</u></u>	<u><u>\$ 3,386,580</u></u>	<u><u>\$ 1,717,740</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HOLMES COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY AND
COUNTY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) - TRADITIONAL PLAN

LAST TEN YEARS

Calendar Year (1)	County's Proportion of the Net Pension Liability	County's Proportionate Share of the Net Pension Liability	County's Covered Payroll	County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.106711000%	\$ 25,428,787	\$ 16,270,786	156.28%	79.01%
2023	0.104494000%	28,256,042	14,763,593	191.39%	75.74%
2022	0.103410000%	8,224,399	14,654,150	56.12%	92.62%
2021	0.104887000%	14,227,086	13,840,729	102.79%	86.88%
2020	0.098815000%	17,912,915	12,503,214	143.27%	82.17%
2019	0.100162000%	24,914,923	11,129,671	223.86%	74.70%
2018	0.101214000%	14,320,963	11,055,862	129.53%	84.66%
2017	0.100671000%	20,562,919	10,696,317	192.24%	77.25%
2016	0.099833000%	15,480,900	20,937,183	73.94%	81.08%
2015	0.184390000%	20,916,180	20,624,208	101.42%	86.45%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	County's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 2,390,744	\$ (2,390,744)	\$ -	\$ 17,076,743	14.00%
2023	2,277,910	(2,277,910)	-	16,270,786	14.00%
2022	2,066,903	(2,066,903)	-	14,763,593	14.00%
2021	2,051,581	(2,051,581)	-	14,654,150	14.00%
2020	1,937,702	(1,937,702)	-	13,840,729	14.00%
2019	1,750,450	(1,750,450)	-	12,503,214	14.00%
2018	1,558,154	(1,558,154)	-	11,129,671	14.00%
2017	1,437,262	(1,437,262)	-	11,055,862	13.00%
2016	1,283,558	(1,283,558)	-	10,696,317	12.00%
2015	2,512,462	(2,512,462)	-	20,937,183	12.00%

(1) Amounts presented for each year were determined as of the County's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

HOLMES COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET PENSION ASSET AND
COUNTY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) - COMBINED PLAN

LAST TEN YEARS

Calendar Year (1)	County's Proportion of the Net Pension Asset	County's Proportionate Share of the Net Pension Asset	County's Covered Payroll	County's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.041373000%	\$ 115,754	\$ 173,908	66.56%	144.55%
2023	0.046760000%	100,884	197,143	51.17%	137.14%
2022	0.068988000%	248,472	288,100	86.25%	169.88%
2021	0.105145000%	278,024	424,979	65.42%	157.67%
2020	0.097349000%	186,174	393,586	47.30%	145.28%
2019	0.087132000%	88,491	331,614	26.68%	126.64%
2018	0.077208000%	94,795	284,415	33.33%	137.28%
2017	0.064543000%	32,312	251,242	12.86%	116.55%
2016	0.072030000%	31,379	851,408	3.69%	116.90%
2015	0.202512000%	74,865	740,250	10.11%	114.83%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	County's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 19,094	\$ (19,094)	\$ -	\$ 159,117	12.00%
2023	20,869	(20,869)	-	173,908	12.00%
2022	27,600	(27,600)	-	197,143	14.00%
2021	40,334	(40,334)	-	288,100	14.00%
2020	59,497	(59,497)	-	424,979	14.00%
2019	55,102	(55,102)	-	393,586	14.00%
2018	46,426	(46,426)	-	331,614	14.00%
2017	36,974	(36,974)	-	284,415	13.00%
2016	30,149	(30,149)	-	251,242	12.00%
2015	102,169	(102,169)	-	851,408	12.00%

(1) Amounts presented for each year were determined as of the County's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

HOLMES COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET PENSION ASSET AND
COUNTY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) - MEMBER DIRECTED PLAN

LAST TEN YEARS

Calendar Year (1)	County's Proportion of the Net Pension Asset	County's Proportionate Share of the Net Pension Asset	County's Covered Payroll	County's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.068347000%	\$ 6,939	\$ 460,910	1.51%	134.44%
2023	0.067574000%	4,837	430,420	1.12%	126.74%
2022	0.078219000%	12,982	446,620	2.91%	171.84%
2021	0.064390000%	10,752	352,000	3.05%	188.21%
2020	0.052978000%	1,837	275,120	0.67%	118.84%
2019	0.014828000%	307	212,410	0.14%	113.42%
2018	0.040005000%	1,259	197,220	0.64%	124.46%
2017	0.040348000%	151	165,817	0.09%	103.40%
2016	0.038540000%	132	210,258	0.06%	103.91%
2015	0.000000000%	-	-	0.00%	107.10%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	County's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 48,935	\$ (48,935)	\$ -	\$ 489,350	10.00%
2023	46,091	(46,091)	-	460,910	10.00%
2022	43,042	(43,042)	-	430,420	10.00%
2021	44,662	(44,662)	-	446,620	10.00%
2020	35,200	(35,200)	-	352,000	10.00%
2019	27,512	(27,512)	-	275,120	10.00%
2018	21,241	(21,241)	-	212,410	10.00%
2017	19,722	(19,722)	-	197,220	10.00%
2016	19,898	(19,898)	-	165,817	12.00%
2015	25,231	(25,231)	-	210,258	12.00%

(1) Amounts presented for each year were determined as of the County's measurement date which is the prior year-end.
n/a - information not available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

HOLMES COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY AND
COUNTY PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN YEARS

Calendar Year (1)	County's Proportion of the Net Pension Liability	County's Proportionate Share of the Net Pension Liability	County's Covered Payroll	County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.002659990%	\$ 511,825	\$ 362,593	141.16%	82.55%
2023	0.002570560%	553,568	324,157	170.77%	80.02%
2022	0.002473110%	549,775	331,979	165.61%	78.88%
2021	0.002780806%	355,551	334,021	106.45%	87.78%
2020	0.002734920%	661,753	375,250	176.35%	75.48%
2019	0.003645010%	806,072	402,179	200.43%	77.40%
2018	0.004045730%	889,565	452,586	196.55%	77.30%
2017	0.004386420%	1,042,003	508,529	204.91%	75.30%
2016	0.004570000%	1,529,717	490,221	312.05%	66.80%
2015	0.004353020%	1,203,047	490,221	245.41%	72.10%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	County's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 53,425	\$ (53,425)	\$ -	\$ 381,607	14.00%
2023	50,763	(50,763)	-	362,593	14.00%
2022	45,382	(45,382)	-	324,157	14.00%
2021	46,477	(46,477)	-	331,979	14.00%
2020	46,763	(46,763)	-	334,021	14.00%
2019	52,535	(52,535)	-	375,250	14.00%
2018	56,305	(56,305)	-	402,179	14.00%
2017	63,362	(63,362)	-	452,586	14.00%
2016	71,194	(71,194)	-	508,529	14.00%
2015	68,631	(68,631)	-	490,221	14.00%

(1) Amounts presented for each year were determined as of the County's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

HOLMES COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/(ASSET) AND
COUNTY OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST EIGHT AND TEN YEARS

Calendar Year (1) (2)	County's Proportion of the Net OPEB Liability/(Asset)	County's Proportionate Share of the Net OPEB Liability/(Asset)	County's Covered Payroll	County's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2024	0.103390000%	\$ (849,332)	\$ 16,905,604	5.02%	107.76%
2023	0.101349000%	584,961	15,391,156	3.80%	94.79%
2022	0.101431000%	(2,904,129)	15,388,870	18.87%	128.23%
2021	0.103266000%	(1,685,255)	13,171,920	12.79%	115.57%
2020	0.096947000%	12,281,217	11,673,695	105.20%	47.80%
2019	0.097431000%	11,536,997	11,537,497	100.00%	46.33%
2018	0.097900000%	9,588,384	11,113,376	86.28%	54.14%
2017	0.096850220%	9,782,201	21,998,849	44.47%	54.05%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	County's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 22,756	\$ (22,756)	\$ -	\$ 17,725,210	0.13%
2023	21,915	(21,915)	-	16,905,604	0.13%
2022	17,217	(17,217)	-	15,391,156	0.11%
2021	17,865	(17,865)	-	15,388,870	0.12%
2020	14,080	(14,080)	-	14,617,708	0.10%
2019	11,005	(11,005)	-	13,171,920	0.08%
2018	8,497	(8,497)	-	11,673,695	0.07%
2017	129,996	(129,996)	-	11,537,497	1.13%
2016	244,687	(244,687)	-	11,113,376	2.20%
2015	200,397	(200,397)	-	21,998,849	0.91%

(1) Amounts presented for each year were determined as of the County's measurement date which is the prior year-end.

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

HOLMES COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/(ASSET) AND
COUNTY OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST EIGHT AND TEN YEARS

Calendar Year (1) (2)	County's Proportion of the Net OPEB Liability/(Asset)	County's Proportionate Share of the Net OPEB Liability/(Asset)	County's Covered Payroll	County's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2024	0.002659990%	\$ (50,455)	\$ 362,593	13.92%	158.01%
2023	0.002570560%	49,994	324,157	15.42%	168.52%
2022	0.002473110%	64,037	331,979	19.29%	230.73%
2021	0.002780810%	58,631	334,021	17.55%	174.73%
2020	0.002734920%	48,066	375,250	12.81%	182.13%
2019	0.003645010%	60,370	402,179	15.01%	174.70%
2018	0.004045730%	65,000	452,586	14.36%	176.00%
2017	0.004386420%	171,142	508,529	33.65%	47.10%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	County's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ -	\$ -	\$ -	\$ 381,607	0.00%
2023	-	-	-	362,593	0.00%
2022	-	-	-	324,157	0.00%
2021	-	-	-	331,979	0.00%
2020	-	-	-	334,021	0.00%
2019	-	-	-	375,250	0.00%
2018	-	-	-	402,179	0.00%
2017	-	-	-	452,586	0.00%
2016	-	-	-	508,529	0.00%
2015	-	-	-	490,221	0.00%

(1) Amounts presented for each year were determined as of the County's measurement date which is the prior year-end.

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

HOLMES COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - BUDGETARY PROCESS

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The schedule of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund, county board of dd fund, and motor vehicle license fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis is as follows:

Net Change in Fund Balance

	<u>General fund</u>	<u>County Board of DD</u>	<u>Motor Vehicle License</u>
Budget basis	\$ 3,658,335	\$ 900,738	\$ (322,707)
Net adjustment for revenue accruals	1,128,808	156,701	215,510
Net adjustment for expenditure accruals	(11,709)	15,677	(286,689)
Net adjustment for other sources/uses	(416,111)	-	-
Funds budgeted elsewhere	338,964	-	-
Adjustments for encumbrances	28,969	-	-
GAAP Basis	<u>\$ 4,727,256</u>	<u>\$ 1,073,116</u>	<u>\$ (393,886)</u>

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund. This includes the IT computer fund, employee expended fund, recorder's equipment fund, certificate of title fund, unclaimed monies fund, forfeited lands fund, sheriff's policing rotary fund, jail kitchen fund, OPERS transfers fund and workers' compensation fund.

HOLMES COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

Change in assumptions:

- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25%, (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75% and (d) COLA for post 1/7/2013 retirees were changed to 3.00%, simple through 2018, then 2.15% simple.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- For 2020, COLA for post 1/7/2013 retirees were changed to 1.40%, simple through 2020, then 2.15% simple.
- For 2021, COLA for post 1/7/2013 retirees were changed to 0.50%, simple through 2021, then 2.15% simple.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.
- For 2023, COLA for post 1/7/2013 retirees were changed to 3.00%, simple through 2023, then 2.05% simple.
- For 2024, COLA for post 1/7/2013 retirees were changed to 2.30%, simple through 2024, then 2.05% simple.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- For 2017, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for 2018.
- There were no changes in benefit terms from amounts previously reported for 2019.
- There were no changes in benefit terms from amounts previously reported for 2020.
- There were no changes in benefit terms from amounts previously reported for 2021.

HOLMES COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- There were no changes in benefit terms from amounts previously reported for 2022.
- There were no changes in benefit terms from amounts previously reported for 2023.
- There were no changes in benefit terms from amounts previously reported for 2024.

Changes in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2016.
- For 2017, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2020.
- For 2021, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For 2022, the following changes of assumption affected the total pension liability since the prior measurement date: the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2023.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2024.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Change in benefit terms:

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

HOLMES COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) the investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.50%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.50%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22%, (b) the municipal bond rate was changed from 1.84% to 4.05% and (c) the health care cost trend rate was changed from 5.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.
- For 2024, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed to 5.70%, (b) the municipal bond rate was changed to 3.77% and (c) the health care cost trend rate was changed to 5.50% initial, 3.50% ultimate in 2038.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

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

HOLMES COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- For 2020, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For 2021, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for 2022.
- There were no changes in benefit terms from the amounts previously reported for 2023.
- There were no changes in benefit terms from the amounts previously reported for 2024.

Change in assumptions:

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

HOLMES COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- For 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.
- For 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from -68.78% initial - 3.94% ultimate to -10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to -11.95% initial - 4.14% ultimate; Medicare from -5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.
- For 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial - 4.14% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -10.94% initial - 4.14% ultimate to -112.22% initial - 3.94% ultimate; prescription drug Pre-Medicare from -11.95% initial - 4.14% ultimate to 8.00% initial - 3.94% ultimate; Medicare from 1.33% initial - 4.14% ultimate to -15.14% initial - 3.94% ultimate.

HOLMES COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

FEDERAL GRANTOR Pass Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed through Ohio Department of Job and Family Services</i>				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-2425-11-6150		\$ 290,138
Total SNAP Cluster				<u>290,138</u>
Total U.S. Department of Agriculture				<u>290,138</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Passed through Ohio Department of Services Agency</i>				
Community Development Block Grants/State's Programs	14.228	B-C-22-1B1-1		33,257
Community Development Block Grants/State's Programs	14.228	B-F-20-1B1-1		8,420
Community Development Block Grants/State's Programs	14.228	B-F-22-1B1-1		56,280
Total Community Development Block Grants/State's Programs				<u>97,957</u>
Home Investment Partnerships Program	14.239	B-C-22-1B1-2		172,162
Total U.S. Department of Housing and Urban Development				<u>270,119</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>Passed through Ohio Attorney General</i>				
Crime Victim Assistance	16.575	2024-SVAA-135500859		6,347
Crime Victim Assistance	16.575	2024-VOCA-135500855		7,728
Total Crime Victim Assistance and U.S. Department of Justice				<u>14,075</u>
<u>U.S. DEPARTMENT OF LABOR</u>				
<i>Passed through the Greater Ohio Workforce Board, Inc. (Area 7)</i>				
WIOA Cluster:				
WIOA Adult Program	17.258	2024/25-7238-1		47,977
WIOA Youth Activities	17.259	2021/2022/2023/2024-7238-1	\$ 51,291	51,291
WIOA Dislocated Worker Formula Grants	17.278	2023/24-7238-1		11,031
Total WIOA Cluster			<u>51,291</u>	<u>110,299</u>
Total U.S. Department of Labor			<u>51,291</u>	<u>110,299</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<i>Direct Award</i>				
Airport Improvement Program	20.106	3-39-0056-016-2021		1,447
Airport Improvement Program	20.106	3-39-0056-019-2024		35,253
Airport Improvement Program	20.106	3-39-0056-020-2024		2,003
Total Airport Improvement Program				<u>38,703</u>
<i>Passed through Ohio Department of Transportation</i>				
Highway Planning and Construction	20.205	100093		772
Highway Planning and Construction	20.205	110753		647,098
Highway Planning and Construction	20.205	115224		209,687
Highway Planning and Construction	20.205	115429		804,580
Highway Planning and Construction	20.205	119915		11,340
Total Highway Planning and Construction				<u>1,673,477</u>
<i>Passed through Ohio Department of Public Safety</i>				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	69A375233000040200H0		11,797
State and Community Highway Safety	20.600	69A375243000040200H0		2,454
Total State and Community Highway Safety and Highway Safety Cluster				<u>14,251</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	69A37523300016400HA		9,294
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	69A37524300016400HA		6,050
Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated				<u>15,344</u>

- Continued

HOLMES COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

FEDERAL GRANTOR Pass Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	693JK32240034HMEP		14,600
Total U.S. Department of Transportation				1,756,375
<u>U.S. DEPARTMENT OF THE TREASURY</u>				
<i>Direct Award</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	COVID-19, SLRFP1832		1,468,279
<i>Passed through Ohio Department of Development</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	COVID-19, DEV-2021-181045		164,446
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	COVID-19, DEV-2021-183561		3,104,020
<i>Passed through Ohio Department of Job and Family Services</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	COVID-19, G-2425-11-6150		7,149
Total Coronavirus State and Local Fiscal Recovery Funds and U.S. Department of the Treasury				4,743,894
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education and Workforce</i>				
Special Education Cluster (IDEA):				
Special Education - Grants to States (IDEA, Part B)	84.027A	84.027A, 2025		5,682
Special Education - Grants to States (IDEA, Part B)	84.027A	84.027A, 2024		11,872
Total Special Education - Grants to States (IDEA, Part B)				17,554
Special Education Preschool Grants (IDEA Preschool)	84.173A	84.173A, 2024		335
Special Education Preschool Grants (IDEA Preschool)	84.173A	84.173A, 2023		84
Total Special Education Preschool Grants (IDEA Preschool)				419
Total Special Education Cluster (IDEA)				17,973
<i>Passed Through Ohio Department of Developmental Disabilities</i>				
Special Education - Grants to Infants and Families	84.181A	84.181A, H181A220024		15,131
Special Education - Grants to Infants and Families	84.181A	84.181A, H181A230024		44,846
Total Special Education - Grants for Infants and Families				59,977
Total U.S. Department of Education				77,950
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed through Ohio Department of Job and Family Services</i>				
MaryLee Allen Promoting Safe and Stable Families Program	93.556	G-2425-11-6150/G-2425-06-0277		44,323
Temporary Assistance for Needy Families	93.558	G-2425-11-6150	298,950	956,288
Child Support Enforcement	93.563	G-2425-11-6150		558,703
CCDF Cluster:				
Child Care and Development Block Grant	93.575	G-2425-11-6941		24,539
Total CCDF Cluster				24,539
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2425-11-6150		49,074

- Continued

HOLMES COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

FEDERAL GRANTOR Pass Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Foster Care-Title IV-E	93.658	G-2425-11-6150		906,259
Adoption Assistance	93.659	G-2425-11-6150	31,944	206,634
Social Services Block Grant	93.667	G-2425-11-6150		458,251
<i>Passed Through Ohio Department of Developmental Disabilities</i>				
Social Services Block Grant	93.667	2301OHSOSR		21,436
Total Social Services Block Grant				479,687
<i>Passed through Ohio Department of Job and Family Services</i>				
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G-2425-11-6150		10,738
COVID-19 - Elder Abuse Prevention Interventions Program	93.747	COVID-19, G-2425-11-6150		6,620
Children's Health Insurance Program	93.767	G-2425-11-6150		11,557
Medicaid Cluster:				
Medical Assistance Program	93.778	G-2425-11-6150		535,745
Total Medicaid Cluster				535,745
Total U.S. Department of Health and Human Services			330,894	3,790,167
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
<i>Passed through Ohio Department of Public Safety</i>				
Emergency Management Performance Grants	97.042	EMC-2023-EP-00003		45,516
Total U.S. Department of Homeland Security				45,516
Total Federal Financial Assistance			\$ 382,185	\$ 11,098,533

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

HOLMES COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 2 CFR § 200.510(b)(6) FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Holmes County (the County) under programs of the federal government for the year ended December 31, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

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

NOTE 2 - INDIRECT COST RATE

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The County has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - SUBRECIPIENTS

The County passes certain federal awards received from Ohio Department of Job and Family Services and the Greater Ohio Workforce Board to other governments or not-for-profit agencies (subrecipients). As Note 1 describes the County reports expenditures of Federal awards to subrecipients when paid in cash.

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

NOTE 4 - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) and HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS WITH REVOLVING LOAN CASH BALANCE

The current cash balance on the County's local program income account as of December 31, 2024, is \$25,407.

NOTE 5 - MATCHING REQUIREMENTS

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

HOLMES COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR § 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 6 - TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2024, the County made allowable transfers of \$310,183 from the Temporary Assistance for Needy Families (TANF) (AL #93.558) program to the Social Services Block Grant (SSBG) (AL #93.667) program. The Schedule shows the County spent \$956,288 on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 2024 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$ 1,266,471
Transfer to Social Services Block Grant	<u>(310,183)</u>
Total Temporary Assistance for Needy Families	<u>\$ 956,288</u>

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Holmes County
2 Court Street, Suite 14
Millersburg, Ohio 44654

To the Members of the Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Holmes County, Ohio, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Holmes County's basic financial statements, and have issued our report thereon dated June 27, 2025, wherein we noted as described in Note 3 to the financial statements, Holmes County restated beginning net position as a result of a change in accounting principle by implementing GASB Statement No. 101, "Compensated Absences" and also an error correction.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 that were not identified.

Holmes County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Report on Compliance and Other Matters

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

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 Holmes County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Holmes County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.

June 27, 2025

**Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Holmes County
2 Court Street, Suite 14
Millersburg, Ohio 44654

To the Members of the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Holmes County's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Holmes County's major federal programs for the year ended December 31, 2024. Holmes County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

In our opinion, Holmes County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

Holmes County
Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 27, 2025

HOLMES COUNTY

SCHEDULE OF FINDINGS

2 CFR § 200.515

DECEMBER 31, 2024

1. SUMMARY OF AUDITOR'S RESULTS		
(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	None reported
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	None reported
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR §200.516(a)?	No
(d)(1)(vii)	Major Program(s) (listed):	Temporary Assistance for Needy Families (ALN 93.558), Foster Care-Title IV-E (ALN 93.658), COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (ALN 21.027)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



HOLMES 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 12/9/2025

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

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