Hocking County
Basic Financial Statements
For the Year Ended December 31, 2023

Millhuff-Stang

CERTIFIED PUBLIC ACCOUNTANT

Millhuff-Stang, CPA, Inc.
8841 Ohio River Road / Wheelersburg, Ohio 45694 / Phone: 740.876.8548
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978
Fax: 888.876.8549
natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com
www.millhuffstangcpa.com

Hocking County
Table of Contents
For the Year Ended December 31, 2023

Required Supplementary Information:

Independent Accountant's Compilation Report

Board of County Commissioners
Hocking County, Ohio
1 East Main Street
Logan, Ohio 43138

Management is responsible for the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Hocking County, Ohio as of and for the year ended December 31, 2023, which collectively comprise the County's basic financial statements as listed in the table of contents, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of America requires that management's discussion and analysis, schedules of net pension and OPEB liabilities (assets), and schedules of employer contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the responsibility of management. The information was subjected to our compilation engagement; however, we have not audited or reviewed the information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Millhuff-Stang CPA, Inc.

Millhuff-Stang CPA, Inc.
Chillicothe, Ohio

May 29, 2024

Millhuff-Stang, CPA, Inc.
8841 Ohio River Road / Wheelersburg, Ohio 45694 / Phone: 740.876.8548
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978
Fax: 888.876.8549
natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com
www.millhuffstangcpa.com

This page was intentionally left blank.

This page was intentionally left blank.

The discussion and analysis of Hocking County's financial performance provides an overall review of the County's financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

Overall:

- Total net position increased $5,192,411.
- Total revenue was $40,983,488 in 2023.
- Total program expenses were $35,791,077 in 2023.

Governmental Activities:

- Total revenue was $40,346,266 in 2023, while total expenses, including transfers out, were $34,966,181.
- Program expenses were primarily composed of health, public works, public safety, legislative and executive, judicial, and human services, where expenses were $7,927,645, $5,711,680, $8,524,991, $6,266,136, $4,128,362, and $1,868,041, respectively, in 2023.

Business-Type Activities:

- Total revenue, including transfers in, was $670,682 for business-type activities, while program expenses were $858,356.

Using these Basic Financial Statements

These basic financial statements consist of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Hocking 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 and 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 Hocking County, the General Fund, the Motor Vehicle Gas Tax Fund, the Board of Developmental Disabilities Fund, and the Emergency Medical Services Fund are the major governmental funds for the County. The Sewer Fund is the County's major Enterprise Fund.

Reporting the County as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the County to provide programs and activities, the view of the County as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?" The statement of net position and the statement of activities answer this question. These statements include all assets, liabilities, and deferred inflows and outflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes 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, for the County as a whole, whether the financial position of the County has improved. 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, required or mandated programs and other factors.

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

- Governmental Activities – Most of the County's programs and services are reported here including general government (legislative and executive and judicial), public safety, public works, health, human services, economic development and assistance, and conservation and recreation.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The County's wastewater treatment operations are reported as business-type activities.
- Component Units – The Hocking Valley Community Hospital is reported as a component unit of the County as more fully described in Note 1 to the basic financial statements.

<u>Reporting the County's Most Significant Funds</u>

Fund Financial Statements

Fund financial statements 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, the Motor Vehicle Gas Tax Fund, the Board of Developmental Disabilities Fund, and the Emergency Medical Services Fund. The County's major enterprise fund is the Sewer Fund.

Governmental Funds – Most of the County's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance various County programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statements for the County as a whole.

The remainder of this page was intentionally left blank.

The County as a Whole

Recall that the statement of net position provides the perspective of the County as a whole. Table 1 provides a summary of the County's net position for 2023 compared to the prior year:

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022*	2023	2022	2023	2022*
Assets						
Current and Other Assets	$50,392,549	$48,841,167	$518,513	$438,139	$50,911,062	$49,279,306
Capital Assets, Net	38,176,736	37,224,115	16,221,776	16,558,228	54,398,512	53,782,343
Total Assets	88,569,285	86,065,282	16,740,289	16,996,367	105,309,574	103,061,649
Deferred Outflows of Resources						
Pension	10,659,841	3,374,937	102,936	16,344	10,762,777	3,391,281
OPEB	1,536,707	223,408	15,499	0	1,552,206	223,408
Total Deferred Outflows of Resources	12,196,548	3,598,345	118,435	16,344	12,314,983	3,614,689
Liabilities						
Current and Other Liabilities	3,740,011	4,105,328	28,032	124,520	3,768,043	4,229,848
Long-Term Liabilities:						
Due within One Year	534,775	396,126	92,585	31,300	627,360	427,426
Due in More than One Year:						
Other Amounts	1,947,798	2,616,529	4,341,524	4,432,340	6,289,322	7,048,869
Net Pension Liability	25,053,008	7,880,808	253,061	36,645	25,306,069	7,917,453
Net OPEB Liability	518,666	0	5,239	0	523,905	0
Total Liabilities	31,794,258	14,998,791	4,720,441	4,624,805	36,514,699	19,623,596
Deferred Inflows of Resources						
Property Taxes	11,024,825	11,169,976	0	0	11,024,825	11,169,976
Pension	31,426	8,618,347	317	48,871	31,743	8,667,218
OPEB	191,772	2,533,046	1,914	15,309	193,686	2,548,355
Total Deferred Inflows of Resources	11,248,023	22,321,369	2,231	64,180	11,250,254	22,385,549
Net Position						
Net Investment in Capital Assets	35,481,402	35,300,755	11,802,667	12,016,685	47,284,069	47,317,440
Restricted	26,502,747	21,696,604	0	0	26,502,747	21,696,604
Unrestricted (Deficit)	(4,260,597)	(4,653,892)	333,385	307,041	(3,927,212)	(4,346,851)
Total Net Position	$57,723,552	$52,343,467	$12,136,052	$12,323,726	$69,859,604	$64,667,193

* As restated, see Note 25 for additional information.

Total governmental activities assets increased by $2,504,003. The increase in total assets is primarily due to increases in equity in pooled cash and cash equivalents and intergovernmental receivables, which was partially offset by a decrease in property taxes receivable. Capital assets in the governmental activities increased $952,621 from 2022 to 2023, due to additions which were partially offset by current year depreciation and disposals. Total assets in the business-type activities decreased $256,078 from 2022 to 2023, primarily due to depreciation expense for capital assets, which was partially offset by asset additions and an increase in cash and cash equivalents.

Current and other liabilities for governmental activities decreased primarily due to decreases in unearned revenue, accrued wages and benefits payable, and intergovernmental payable which were partially offset by an increase in accounts payable. Current and other liabilities in business-type activities decreased primarily due to a decrease in contracts payable related to the sewer line projects at the end of 2023. Long-term liabilities in governmental activities increased mainly due to decreases in Net Pension Liability and OPEB Liability. Long-term liabilities in business-type activities increased mainly due to increases in Net Pension Liability and OPEB Liability.

Deferred outflows of resources for governmental activities increased due to increases in the deferred outflow related to pension and OPEB due to actuarial calculations. Deferred inflows of resources in governmental activities decreased due to decreases in deferred inflows related to pension and OPEB due to actuarial calculations.

The remainder of this page was intentionally left blank.

Table 2 shows the changes in net position for fiscal year 2023and 2022.

(Table 2)
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022*	2023	2022	2023	2022*
Revenues						
Program Revenues:						
Charges for Services amd Sales	$5,282,646	$5,195,412	$602,479	$522,004	$5,885,125	$5,717,416
Operating Grants, Contributions and Interes	9,048,622	11,086,110	0	0	9,048,622	11,086,110
Capital Grants, Contributions and Interest	656,760	973,979	34,001	78,374	690,761	1,052,353
Total Program Revenues	14,988,028	17,255,501	636,480	600,378	15,624,508	17,855,879
General Revenues:						
Property Taxes	11,759,231	10,475,116	0	0	11,759,231	10,475,116
Sales Taxes	7,255,185	7,480,123	0	0	7,255,185	7,480,123
Other Local Taxes	2,645,185	2,501,491	0	0	2,645,185	2,501,491
Payments in Lieu of Taxes	8,507	0	0	0	8,507	0
Grants and Entitlements	2,072,238	3,422,451	0	0	2,072,238	3,422,451
Gifts and Donations	8,888	0	0	0	8,888	0
Interest Earnings	1,380,706	105,397	0	0	1,380,706	105,397
Gain on Sale of Capital Assets	0	366,450	0	0	0	366,450
Miscellaneous	228,298	298,258	742	0	229,040	298,258
Total General Revenues	25,358,238	24,649,286	742	0	25,358,980	24,649,286
Total Revenues	40,346,266	41,904,787	637,222	600,378	40,983,488	42,505,165
Program Expenses						
General Government:						
Legislative and Executive	6,266,136	5,725,856	0	0	6,266,136	5,725,856
Judicial	4,128,362	3,119,207	0	0	4,128,362	3,119,207
Public Safety	8,524,991	7,361,877	0	0	8,524,991	7,361,877
Public Works	5,711,680	4,388,516	0	0	5,711,680	4,388,516
Health	7,927,645	6,810,350	0	0	7,927,645	6,810,350
Human Services	1,868,041	1,153,011	0	0	1,868,041	1,153,011
Economic Development and Assistance	390,955	162,546	0	0	390,955	162,546
Conservation and Recreation	79,705	424,718	0	0	79,705	424,718
Interest on Long-Term Debt	35,206	50,258	0	0	35,206	50,258
Wastewater Treatment	0	0	858,356	844,705	858,356	844,705
Total Program Expenses	34,932,721	29,196,339	858,356	844,705	35,791,077	30,041,044
Change in Net Position Before Transfers	5,413,545	12,708,448	(221,134)	(244,327)	5,192,411	12,464,121
Transfers	(33,460)	(33,574)	33,460	33,574	0	0
Change in Net Position	5,380,085	12,674,874	(187,674)	(210,753)	5,192,411	12,464,121
Net Position-Beginning of Year	52,343,467	N/A	12,323,726	12,534,479	64,667,193	N/A
Net Position-End of Year	$57,723,552	$52,343,467	$12,136,052	$12,323,726	$69,859,604	$64,667,193

* As restated, see Note 25 for additional information.

Governmental Activities

Governmental net position increased $5,380,085 from 2022 to 2023. Total governmental activities revenues decreased by $1,558,521 primarily due to decreases in operating grants due to ARPA funding received in the prior year, which was partially offset by increases in investment earnings and property taxes.

Expenses increased $5,736,382 from 2022 to 2023. These increases are primarily due to pension and OPEB expenses due to actuarial calculations.

The County receives diverse types of revenues to provide for the vast number of programs provided by the County. Operating grants and contributions provide 22% of total revenues for governmental activities. Property taxes and sales taxes provide 29% and 18% of total revenues for governmental activities, respectively.

Health, public works, public safety, legislative and executive, and judicial comprise 23%, 16%, 24%, 18%, and 12%, respectively, of total expenses for governmental activities.

The statement of activities shows the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and various unrestricted federal and state grants and entitlements.

(Table 3)
Total Cost of Program Services
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
General Government:				
Legislative and Executive	$6,266,136	$5,725,856	$3,806,953	$1,412,833
Judicial	4,128,362	3,119,207	2,560,004	1,643,709
Public Safety	8,524,991	7,361,877	6,265,694	4,766,211
Public Works	5,711,680	4,388,516	257,510	(1,766,882)
Health	7,927,645	6,810,350	5,523,656	4,499,423
Human Services	1,868,041	1,153,011	1,096,409	997,106
Economic Development and Assistance	390,955	162,546	352,528	(24,921)
Conservation and Recreation	79,705	424,718	46,733	363,101
Interest on Long-Term Debt	35,206	50,258	35,206	50,258
Totals	$34,932,721	$29,196,339	$19,944,693	$11,940,838

43% of governmental activities are supported through program revenues.

Business-Type Activities

Business-type activities include wastewater treatment.

For business-type activities, charges for services and sales increased $80,475, capital grants and contributions decreased, while miscellaneous revenue and wastewater treatment expenses increased, resulting in a decrease in net position of $637,222. Charges for services and sales accounted for 95% of total revenues of $636,480. Charges for services and sales increased due to additional customers being added during 2023. Expenses increased primarily due to additional costs for treating wastewater for added customers in 2023. The decrease in capital grants and contributions is due to no intergovernmental funding for sewer projects in 2023 as the capital project for which funding was provided was completed in the prior year.

The County's Funds

These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of $41,712,707 and expenditures and other uses of $36,613,337.

The net change in fund balance for the year was most significant in the General Fund. The General Fund experienced an increase in fund balance of $2,041,015 due to revenues exceeding expenditures and other financing uses due to an increase in property tax and sales tax revenues.

The Board of Developmental Disabilities experienced an increase in fund balance of $1,712,082 primarily due to an increase in intergovernmental and tax revenues.

The Motor Vehicle Gas Tax Fund experienced a decrease in fund balance of $78,472 primarily due to expenditures exceeding revenues.

The Emergency Medical Services Fund experienced an increase in fund balance of $182,451 due to revenues exceeding revenues.

General Fund Budgeting Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2023 the County amended its General Fund budget a number of times.

For the General Fund, budget basis actual revenue and other financing sources were $14,989,685, above final budget estimates of $11,604,481 which resulted in a $3,385,204 difference. Tax revenues and interest made up the majority of this difference.

Budget basis actual expenditures and other financing uses were $14,016,813, below final budget estimates of $16,351,583 which resulted in a $2,334,770 difference. Of this difference, legislative and executive, judicial, and public safety expenditures made up the majority of the difference. Total actual expenditures and other financing uses on the budget basis were $972,872 below revenues and other financing sources.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2023, the County had $54,398,512 (net of accumulated depreciation) invested in construction in progress, land, land improvements, buildings, machinery and equipment, vehicles, infrastructure, a wastewater treatment plant and collection system; $38,176,736 in governmental activities. Additional information regarding capital assets is shown in Note 7 to the basic financial statements. Table 4 shows 2023 and 2022 balances by governmental activities and business-type activities:

(Table 4)
Capital Assets at December 31
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	$1,277,750	$1,078,080	$29,000	$29,000	$1,306,750	$1,107,080
Construction in Progress	2,311,782	79,991	25,194	0	2,336,976	79,991
Land Improvements	271,566	295,798	0	0	271,566	295,798
Buildings	8,521,204	8,750,676	0	0	8,521,204	8,750,676
Wastewater Treatment Plant	0	0	8,032	10,840	8,032	10,840
Machinery and Equipment	4,084,752	4,069,228	0	0	4,084,752	4,069,228
Vehicles	2,454,920	1,959,138	32,462	44,300	2,487,382	2,003,438
Infrastructure	19,254,762	20,991,204	0	0	19,254,762	20,991,204
Collection System	0	0	16,127,088	16,474,088	16,127,088	16,474,088
Totals	$38,176,736	$37,224,115	$16,221,776	$16,558,228	$54,398,512	$53,782,343

Debt

At December 31, 2023 the County had $1,251,997 in governmental activities long-term loans and notes, $374,677 due within one year. At December 31, 2023, the County had $4,419,109 in business-type activity bonds and loans, $90,633 due within one year.

Table 5 summarizes bonds, financed purchase obligations, and notes/loans outstanding for the past two years:

(Table 5)
Outstanding Debt at December 31

	Governmental Activities		Business-Type Activities		Total	
	2023	2022*	2023	2022	2023	2022*
Long-Term Notes/Loans	$1,251,997	$1,592,628	$0	$0	$1,251,997	$1,592,628
Financed Purchases	0	29,538	0	0	0	29,538
OWDA Loans	0	0	4,136,309	4,135,919	4,136,309	4,135,919
Revenue Bonds	0	0	282,800	301,300	282,800	301,300
Totals	$1,251,997	$1,622,166	$4,419,109	$4,437,219	$5,671,106	$6,059,385

* As restated, see Note 25 for additional information.

All long-term notes and loans outstanding for governmental activities are general obligations of the County for which the full faith and credit of the County is pledged for repayment. For additional information regarding bonds, long-term notes and loans payable, and financed purchases, see Notes 13 and 14 to the basic financial statements.

Current Financial Related Activities

Hocking County is strong financially at the present time. However, as the preceding information shows, the County heavily depends on its property taxpayers as well as intergovernmental monies. Since the property tax revenues do not grow at the same level as inflation and because state and federal mandates continue without providing the additional revenue resources needed to continue such programs, the County will be faced with significant challenges over the next several years to contain costs and ultimately consider the possibility of having to go back to the voters for an additional real estate tax levy.

This scenario requires management to plan carefully and prudently to provide the resources to meet taxpayer needs over the next several years. In addition, the County's system of budgeting and internal controls has made significant improvements over the past several years. All of the County's financial abilities will be needed to meet the challenges of the future.

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 Christopher D. Robers, County Auditor at Hocking County, 1 East Main Street, Logan, Ohio 43138, phone at (740) 385-2127, or e-mail at auditor@hocking.oh.gov.

Hocking County
Statement of Net Position
As of December 31, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Hospital
Assets				
Equity in Pooled Cash and Equivalents	$32,903,080	$425,969	$33,329,049	$0
Cash, Cash Equivalents and Investments in Segregated Accounts	235,066	0	235,066	6,406,700
Materials and Supplies Inventory	697,754	0	697,754	507,166
Accrued Interest Receivable	58,180	0	58,180	0
Accounts Receivable	4,935	92,544	97,479	10,556,904
Intergovernmental Receivable	3,200,511	0	3,200,511	0
Sales Tax Receivable	1,841,641	0	1,841,641	0
Other Local Taxes Receivable	99,083	0	99,083	0
Property Taxes Receivable	11,352,299	0	11,352,299	0
Prepaid Items	0	0	0	1,907,453
Restricted Cash, Cash Equivalents and Investments in Segregated Accounts	0	0	0	218,052
Net Pension Asset	0	0	0	122,196
Nondepreciable Capital Assets	3,589,532	54,194	3,643,726	1,860,541
Depreciable Capital Assets, Net	34,587,204	16,167,582	50,754,786	13,874,349
Total Assets	88,569,285	16,740,289	105,309,574	35,453,361
Deferred Outflows of Resources				
Pension	10,659,841	102,936	10,762,777	11,754,072
OPEB	1,536,707	15,499	1,552,206	1,727,974
Total Deferred Outflows of Resources	12,196,548	118,435	12,314,983	13,482,046
Liabilities				
Accounts Payable	872,924	14,991	887,915	4,057,129
Accrued Wages and Benefits Payable	572,518	4,833	577,351	1,892,303
Contracts Payable	1,450,081	0	1,450,081	0
Intergovernmental Payable	237,624	1,830	239,454	0
Self-Insurance Liabilities	0	0	0	280,227
Accrued Interest Payable	3,363	6,378	9,741	0
Unearned Revenue	603,501	0	603,501	0
Long-Term Liabilities:				
Due Within One Year	534,775	92,585	627,360	1,511,191
Due in More Than One Year:				
Other Amounts Due in More Than One Year	1,947,798	4,341,524	6,289,322	5,741,838
Net Pension Liability	25,053,008	253,061	25,306,069	27,685,815
Net OPEB Liability	518,666	5,239	523,905	570,166
Total Liabilities	31,794,258	4,720,441	36,514,699	41,738,669
Deferred Inflows of Resources				
Property Taxes Not Levied to Finance Current Year Operations	11,024,825	0	11,024,825	0
Pension	31,426	317	31,743	51,202
OPEB	191,772	1,914	193,686	200,060
Total Deferred Inflows of Resources	11,248,023	2,231	11,250,254	251,262
Net Position				
Net Investment in Capital Assets	35,481,402	11,802,667	47,284,069	8,481,861
Restricted for Debt Service	74,994	0	74,994	0
Restricted for Capital Outlay	1,252,469	0	1,252,469	0
Restricted for Motor Vehicle Gas Tax	7,665,064	0	7,665,064	0
Restricted for Real Estate Management	1,877,948	0	1,877,948	0
Restricted for Board of Developmental Disabilities	8,753,825	0	8,753,825	0
Restricted for Emergency Medical Services	490,093	0	490,093	0
Restricted for Hocking County 911	1,204,307	0	1,204,307	0
Restricted for Senior Citizens	856,943	0	856,943	0
Restricted for Wireless 911	640,432	0	640,432	0
Restricted for Lodging Taxes	345,429	0	345,429	0
Restricted for Muncipal Court Special Projects	374,399	0	374,399	0
Restricted for Unclaimed Monies	197,660	0	197,660	0
Restricted for Addiction Treatment Project	201,868	0	201,868	0
Restricted for Other Purposes	2,567,316	0	2,567,316	218,052
Unrestricted (Deficit)	(4,260,597)	333,385	(3,927,212)	(1,754,437)
Total Net Position	$57,723,552	$12,136,052	$69,859,604	$6,945,476

See accompanying notes to the basic financial statements.
See independent accountant's compilation report.

Hocking County
Statement of Activities
For the Year Ended December 31, 2023

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest
Governmental Activities				
General Government:				
Legislative and Executive	$6,266,136	$1,484,781	$579,107	$395,295
Judicial	4,128,362	951,507	616,851	0
Public Safety	8,524,991	1,226,097	1,033,200	0
Public Works	5,711,680	248,736	5,205,434	0
Health	7,927,645	1,223,373	1,180,616	0
Human Services	1,868,041	103,728	406,439	261,465
Conservation and Recreation	390,955	38,427	0	0
Community and Economic Development	79,705	5,997	26,975	0
Interest on Long-Term Debt	35,206	0	0	0
Total Governmental Activities	34,932,721	5,282,646	9,048,622	656,760
Business-Type Activities				
Wastewater Treatment	858,356	602,479	0	34,001
Total Business-Type Activities	858,356	602,479	0	34,001
Total Primary Government	$35,791,077	$5,885,125	$9,048,622	$690,761
Component Unit				
Hospital	$46,602,948	$43,476,183	$2,047,051	$0
Total Component Unit	$46,602,948	$43,476,183	$2,047,051	$0

General Revenues and Transfers
Property Taxes Levied for:
General Purposes
Other Purposes
Sales Taxes Levied for:
General Purposes
Other Purposes
Other Local Taxes
Payments in Lieu of Taxes
Grants and Entitlements not Restricted to Specific Programs
Contributions and Donations not Restricted to Specific Programs
Unrestricted Investment Earnings
Other
Transfers
Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year-Restated

Net Position End of Year

See accompanying notes to the basic financial statements.
See independent accountant's compilation report.

Net (Expense) Revenue and Changes in Net Position			Component Unit
Governmental Activities	Business-Type Activities	Total	Hospital
($3,806,953)	$0	($3,806,953)	$0
(2,560,004)	0	(2,560,004)	0
(6,265,694)	0	(6,265,694)	0
(257,510)	0	(257,510)	0
(5,523,656)	0	(5,523,656)	0
(1,096,409)	0	(1,096,409)	0
(352,528)	0	(352,528)	0
(46,733)	0	(46,733)	0
(35,206)	0	(35,206)	0
(19,944,693)	0	(19,944,693)	0
0	(221,876)	(221,876)	0
0	(221,876)	(221,876)	0
(19,944,693)	(221,876)	(20,166,569)	0
			(1,079,714)
			(1,079,714)
3,932,482	0	3,932,482	0
7,826,749	0	7,826,749	0
5,926,120	0	5,926,120	0
1,329,065	0	1,329,065	0
2,645,185	0	2,645,185	0
8,507	0	8,507	0
2,072,238	0	2,072,238	0
8,888	0	8,888	0
1,380,706	0	1,380,706	360,200
228,298	742	229,040	1,100,713
(33,460)	33,460	0	0
25,324,778	34,202	25,358,980	1,460,913
5,380,085	(187,674)	5,192,411	381,199
52,343,467	12,323,726	64,667,193	6,564,277
$57,723,552	$12,136,052	$69,859,604	$6,945,476

Hocking County
Balance Sheet
Governmental Funds
As of December 31, 2023

	General	Motor Vehicle Gasoline Tax	Board of Developmental Disabilities
Assets			
Equity in Pooled Cash and Cash Equivalents	$8,083,284	$4,368,447	$8,924,721
Cash and Cash Equivalents in Segregated Accounts	11,750	0	0
Materials and Supplies Inventory	105,583	564,268	0
Accrued Interest Receivable	58,180	0	0
Accounts Receivable	453	24	4,458
Interfund Receivable	724,834	0	0
Intergovernmental Receivable	466,392	2,346,551	110,882
Sales Tax Receivable	1,534,858	0	0
Other Local Taxes Receivable	0	0	0
Property Taxes Receivable	3,863,768	0	3,873,013
Restricted Cash and Cash Equivalents	197,660	0	0
Total Assets	$15,046,762	$7,279,290	$12,913,074
Liabilities			
Accounts Payable	$276,132	$281,529	$191,777
Accrued Wages and Benefits Payable	256,208	59,866	67,586
Contracts Payable	0	1,238,775	0
Intergovernmental Payable	109,097	23,890	27,114
Interfund Payable	0	0	0
Unearned Revenue	0	0	0
Total Liabilities	641,437	1,604,060	286,477
Deferred Inflows of Resources			
Property Taxes Not Levied to Finance Current Year Operations	3,752,312	0	3,761,290
Unavailable Revenue:			
Property Taxes	111,456	0	111,723
Sales Taxes	517,652	0	0
Grants and Entitlements	337,346	1,550,917	110,882
Total Unavailable Revenue	966,454	1,550,917	222,605
Total Deferred Inflows of Resources	4,718,766	1,550,917	3,983,895
Fund Balances			
Nonspendable	803,284	564,268	0
Restricted	0	3,560,045	8,642,702
Assigned	1,474,454	0	0
Unassigned (Deficit)	7,408,821	0	0
Total Total Fund Balance	9,686,559	4,124,313	8,642,702
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$15,046,762	$7,279,290	$12,913,074

See accompanying notes to the basic financial statements.
See independent accountant's compilation report.

Emergency Medical Services	Other Governmental Funds	Total Governmental Funds
$425,613	$10,903,360	$32,705,425
195,157	28,154	235,061
27,174	729	697,754
0	0	58,180
0	0	4,935
0	0	724,834
99,807	176,879	3,200,511
0	306,783	1,841,641
0	99,083	99,083
2,826,416	789,102	11,352,299
0	0	197,660
$3,574,167	$12,304,090	$51,117,383
$7,010	$116,476	$872,924
89,742	99,116	572,518
0	211,306	1,450,081
36,417	41,106	237,624
0	724,834	724,834
0	603,501	603,501
133,169	1,796,339	4,461,482
2,744,884	766,339	11,024,825
81,532	22,763	327,474
0	103,531	621,183
99,807	99,808	2,198,760
181,339	226,102	3,147,417
2,926,223	992,441	14,172,242
27,174	729	1,395,455
487,601	10,402,598	23,092,946
0	0	1,474,454
0	(888,017)	6,520,804
514,775	9,515,310	32,483,659
$3,574,167	$12,304,090	$51,117,383

Hocking County
Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities
As of December 31, 2023

Total Governmental Fund Balances		$32,483,659
Amounts reported for governmental activities in 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.		38,176,736
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	327,474	
Sales Taxes	621,183	
Grants and Entitlements	2,198,760	
Total		3,147,417
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued Interest Payable	(3,363)	
General Obligation Notes	(240,014)	
OPWC Loans	(1,011,983)	
Compensated Absences Payable	(1,230,576)	
Total		(2,485,936)
The net pension and OPEB liabilities (assets) are not due and payable (receivable) in the current period; therefore, these liabilities (assets) and related deferred inflows/outflows are not reported in the governmental funds.		
Deferred Outflows-Pension	10,659,841	
Deferred Outflows-OPEB	1,536,707	
Net Pension Liability	(25,053,008)	
Net OPEB Liability	(518,666)	
Deferred Inflows-Pension	(31,426)	
Deferred Inflows-OPEB	(191,772)	
Total		(13,598,324)
Net Position of Governmental Activities		$57,723,552

See accompanying notes to the basic financial statements.
See independent accountant's compilation report.

Hocking County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023

	General	Motor Vehicle Gasoline Tax	Board of Developmental Disabilities
Revenues			
Property Taxes	$3,964,577	$0	$4,095,145
Sales Taxes	5,931,342	0	0
Other Local Taxes	131,579	0	0
Payments in Lieu of Taxes	2,256	0	3,029
Charges for Services	1,945,709	231,087	112,916
Licenses and Permits	2,850	0	0
Fines and Forfeitures	64,827	8,621	0
Intergovernmental	1,600,745	5,009,042	1,329,069
Interest	1,823,160	215,469	0
Rent	2,150	0	0
Contributions and Donations	8,888	0	3,000
Other	88,147	0	11,193
Total Revenues	15,566,230	5,464,219	5,554,352
Expenditures			
Current:			
General Government:			
Legislative and Executive	3,389,552	0	0
Judicial	2,883,226	0	0
Public Safety	5,523,029	0	0
Public Works	62,713	3,645,356	0
Health	35,131	0	3,829,647
Human Services	620,797	0	0
Conservation and Recreation	266,926	0	0
Community and Economic Development	41,790	0	0
Capital Outlay	196,530	1,690,881	12,623
Debt Service:			
Principal	29,538	206,454	0
Interest	2,067	0	0
Total Expenditures	13,051,299	5,542,691	3,842,270
Excess of Revenues Over (Under) Expenditures	2,514,931	(78,472)	1,712,082
Other Financing Sources (Uses)			
Transfers In	0	0	0
Transfers Out	(473,916)	0	0
Total Other Financing Sources (Uses)	(473,916)	0	0
Net Change in Fund Balances	2,041,015	(78,472)	1,712,082
Fund Balances at Beginning of Year	7,645,544	4,202,785	6,930,620
Fund Balances at End of Year	$9,686,559	$4,124,313	$8,642,702

See accompanying notes to the basic financial statements.
See independent accountant's compilation report.

Emergency Medical Services	Other Governmental Funds	Total Governmental Funds
$2,944,114	$847,987	$11,851,823
0	1,225,534	7,156,876
0	2,513,606	2,645,185
2,578	644	8,507
1,013,760	1,404,829	4,708,301
0	12,551	15,401
0	477,279	550,727
200,815	3,068,722	11,208,393
0	2,172	2,040,801
0	6,067	8,217
0	505,976	517,864
0	128,958	228,298
4,161,267	10,194,325	40,940,393
0	3,025,939	6,415,491
0	983,388	3,866,614
0	2,572,075	8,095,104
0	41,775	3,749,844
3,721,345	170,073	7,756,196
0	723,672	1,344,469
0	0	266,926
0	36,686	78,476
132,410	1,799,987	3,832,431
114,182	19,995	370,169
10,879	18,897	31,843
3,978,816	9,392,487	35,807,563
182,451	801,838	5,132,830
0	772,314	772,314
0	(331,858)	(805,774)
0	440,456	(33,460)
182,451	1,242,294	5,099,370
332,324	8,273,016	27,384,289
$514,775	$9,515,310	$32,483,659

Hocking County
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2023

Net Change in Fund Balances - Total Governmental Funds		$5,099,370
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay 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 exceed depreciation in the current period:		
Capital Asset Additions	4,257,002	
Current Year Depreciation	(3,266,386)	
Total		990,616
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.		(37,995)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Property Taxes	(92,592)	
Sales Taxes	98,309	
Grants and Entitlements	(599,844)	
Total		(594,127)
Repayment of note, loan, and financed purchase principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		370,169
Some expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Decrease in Compensated Absences	159,913	
Increase in Accrued Interest Payable	(3,363)	
Total		156,550
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pensions	1,912,853	
Total		1,912,853
Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities (assets) are reported as pension/OPEB expense (gain) in the statement of activities.		
Pensions	(3,213,228)	
OPEB	695,877	
Total		(2,517,351)
Net Change in Net Position of Governmental Activities		$5,380,085

See accompanying notes to the basic financial statements.
See independent accountant's compilation report.

Hocking County
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Property Taxes	$2,917,000	$2,994,975	$3,831,713	$836,738
Sales Taxes	4,750,000	4,750,000	5,921,470	1,171,470
Payments in Lieu of Taxes	0	2,256	2,256	0
Charges for Services	1,528,562	1,527,060	1,727,521	200,461
Licenses and Permits	21,621	21,600	2,850	(18,750)
Fines and Forfeitures	100,098	100,000	72,840	(27,160)
Intergovernmental	1,488,964	1,493,413	1,653,495	160,082
Interest	320,315	320,000	1,410,503	1,090,503
Rent	0	0	2,150	2,150
Contributions and Donations	0	8,888	8,888	0
Other	261,546	261,289	53,886	(207,403)
Total Revenues	11,388,106	11,479,481	14,687,572	3,208,091
Expenditures				
Current:				
General Government:				
Legislative and Executive	3,418,009	3,537,098	3,233,108	303,990
Judicial	2,962,597	3,248,695	3,028,333	220,362
Public Safety	6,799,851	7,188,564	5,502,851	1,685,713
Public Works	67,709	68,333	57,865	10,468
Health	135,081	135,418	100,651	34,767
Human Services	625,486	685,060	636,215	48,845
Conservation and Recreation	278,009	280,932	273,824	7,108
Community and Economic Development	87,286	87,714	39,744	47,970
Capital Outlay	0	196,530	196,530	0
Debt Service:				
Principal	0	29,538	29,538	0
Interest	0	2,067	2,067	0
Total Expenditures	14,374,028	15,459,949	13,100,726	2,359,223
Excess of Revenues Over (Under) Expenditures	(2,985,922)	(3,980,468)	1,586,846	5,567,314
Other Financing Sources (Uses)				
Transfers In	0	50,000	0	(50,000)
Advances In	0	75,000	302,113	227,113
Transfers Out	(150,000)	(511,634)	(543,596)	(31,962)
Advances Out	(100,000)	(380,000)	(372,491)	7,509
Total Other Financing Sources (Uses)	(250,000)	(766,634)	(613,974)	152,660
Net Change in Fund Balances	(3,235,922)	(4,747,102)	972,872	5,719,974
Fund Balances at Beginning of Year	5,541,183	5,541,183	5,541,183	0
Prior Year Encumbrances Appropriated	373,386	373,386	373,386	0
Fund Balances at End of Year	$2,678,647	$1,167,467	$6,887,441	$5,719,974

See accompanying notes to the basic financial statements.
See independent accountant's compilation report.

Hocking County
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)
Motor Vehicle Gasoline Tax
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Charges for Services	$105,235	$103,632	$234,625	$130,993
Fines and Forfeitures	15,232	15,000	9,028	(5,972)
Intergovernmental	5,381,987	5,300,000	4,933,605	(366,395)
Interest	10,155	10,000	195,116	185,116
Other	117,591	115,800	0	(115,800)
Total Revenues	5,630,200	5,544,432	5,372,374	(172,058)
Expenditures				
Current:				
Public Works	6,362,488	5,988,968	5,473,105	515,863
Capital Outlay	0	452,106	452,106	0
Debt Service:				
Principal	373,228	352,454	206,454	146,000
Total Expenditures	6,735,716	6,793,528	6,131,665	661,863
Excess of Revenues Under Expenditures	(1,105,516)	(1,249,096)	(759,291)	489,805
Other Financing Sources				
Transfers In	0	100,000	0	(100,000)
Total Other Financing Sources	0	100,000	0	(100,000)
Net Change in Fund Balances	(1,105,516)	(1,149,096)	(759,291)	389,805
Fund Balances at Beginning of Year	2,656,568	2,656,568	2,656,568	0
Prior Year Encumbrances Appropriated	486,564	486,564	486,564	0
Fund Balances at End of Year	$2,037,616	$1,994,036	$2,383,841	$389,805

See accompanying notes to the basic financial statements.
See independent accountant's compilation report.

Hocking County

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)

Board of Developmental Disabilities

For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Property Taxes	$3,619,000	$3,699,700	$3,957,822	$258,122
Payments in Lieu of Taxes	0	3,029	3,029	0
Charges for Services	153,057	201,142	121,142	(80,000)
Intergovernmental	607,504	799,428	1,544,541	745,113
Contributions and Donations	2,283	3,000	3,000	0
Other	176,156	231,498	6,735	(224,763)
Total Revenues	4,558,000	4,937,797	5,636,269	698,472
Expenditures				
Current:				
Health	4,029,540	4,421,225	3,892,863	528,362
Capital Outlay	0	12,623	12,623	0
Total Expenditures	4,029,540	4,433,848	3,905,486	528,362
Net Change in Fund Balances	528,460	503,949	1,730,783	1,226,834
Fund Balances at Beginning of Year	6,591,907	6,591,907	6,591,907	0
Prior Year Encumbrances Appropriated	166,353	166,353	166,353	0
Fund Balances at End of Year	$7,286,720	$7,262,209	$8,489,043	$1,226,834

See accompanying notes to the basic financial statements.
See independent accountant's compilation report.

Hocking County
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)
Emergency Medical Services
For the Year Ended December 31, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property Taxes	$2,815,000	$2,873,006	$2,845,464	($27,542)
Payments in Lieu of Taxes	0	2,578	2,578	0
Charges for Services	931,766	1,097,833	984,038	(113,795)
Intergovernmental	178,234	210,740	200,354	(10,386)
Total Revenues	3,925,000	4,184,157	4,032,434	(151,723)
Expenditures				
Current:				
General Government:				
Health	3,981,549	3,983,235	3,858,526	124,709
Capital Outlay	0	132,410	132,410	0
Debt Service:				
Principal Retirement	0	114,182	114,182	0
Interest and Fiscal Charges	0	10,879	10,879	0
Total Expenditures	3,981,549	4,240,706	4,115,997	124,709
Excess of Revenues Under Expenditures	(56,549)	(56,549)	(83,563)	(27,014)
Other Financing Sources (Uses)				
Advances In	0	0	250,000	250,000
Advances Out	0	(250,000)	(250,000)	0
Total Other Financing Sources (Uses)	0	(250,000)	0	250,000
Net Change in Fund Balances	(56,549)	(306,549)	(83,563)	222,986
Fund Balances at Beginning of Year	259,728	259,728	259,728	0
Prior Year Encumbrances Appropriated	50,038	50,038	50,038	0
Fund Balances at End of Year	$253,217	$3,217	$226,203	$222,986

See accompanying notes to the basic financial statements.
See independent accountant's compilation report.

Hocking County
Statement of Fund Net Position
Proprietary Fund
As of December 31, 2023

	Business-Type Activities
	Sewer
Assets	
Current Assets	
Equity in Pooled Cash and Cash Equivalents	$425,969
Accounts Receivable	92,544
Total Current Assets	518,513
Noncurrent Assets	
Nondepreciable Capital Assets	54,194
Depreciable Capital Assets, Net	16,167,582
Total Noncurrent Assets	16,221,776
Total Assets	16,740,289
Deferred Outflows of Resources	
Pension	102,936
OPEB	15,499
Total Deferred Outflows of Resources	118,435
Liabilities	
Current Liabilities	
Accounts Payable	14,991
Accrued Wages and Benefits Payable	4,833
Intergovernmental Payable	1,830
Accrued Interest Payable	6,378
Compensated Absences Payable - Current Portion	1,952
Revenue Bonds Payable - Current Portion	19,500
OWDA Loans Payable - Current Portion	71,133
Total Current Liabilities	120,617
Noncurrent Liabilities	
Compensated Absences Payable - Net of Current Portion	13,048
Revenue Bonds Payable - Net of Current Portion	263,300
OWDA Loans Payable - Net of Current Portion	4,065,176
Net Pension Liability	253,061
Net OPEB Liability	5,239
Total Noncurrent Liabilities	4,599,824
Total Liabilities	4,720,441
Deferred Inflows of Resources	
Pension	317
OPEB	1,914
Total Deferred Inflows of Resources	2,231
Net Position	
Net Investment in Capital Assets	11,802,667
Unrestricted	333,385
Total Net Position	$12,136,052

See accompanying notes to the basic financial statements.
See independent accountant's compilation report.

Hocking County
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2023

	Business-Type Activities
	Sewer
Operating Revenues	
Charges for Services	$602,479
Other	742
Total Operating Revenues	603,221
Operating Expenses	
Salaries and Wages	96,016
Fringe Benefits	120,866
Contractual Services	196,781
Materials and Supplies	19,942
Depreciation	387,581
Other	12,270
Total Operating Expenses	833,456
Operating Loss	(230,235)
Nonoperating Revenues (Expenses)	
Interest and Fiscal Charges	(24,900)
Total Nonoperating Revenues (Expenses)	(24,900)
Loss Before Capital Contributions and Transfers	(255,135)
Capital Contributions	34,001
Transfers	33,460
Change in Net Position	(187,674)
Net Position Beginning of Year	12,323,726
Net Position End of Year	$12,136,052

See accompanying notes to the basic financial statements.
See independent accountant's compilation report.

Hocking County
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2023

	Business-Type Activities
	Sewer
Increase in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	$592,992
Cash Payments for Employee Services and Benefits	(159,411)
Cash Payments to Suppliers for Goods and Services	(317,887)
Other Operating Revenues	742
Other Operating Expenses	(12,270)
Net Cash Provided for Operating Activities	104,166
Cash Flows from Noncapital Financing Activities	
Nonoperating Grants	34,001
Transfers to Other Funds	33,460
Net Cash Provided for Noncapital Financing Activities	67,461
Cash Flows from Capital and Related Financing Activities	
Payments for Capital Assets	(51,129)
Proceeds from Loans	87,906
Principal Paid on Debt	(106,016)
Interest and Fiscal Charges Paid on Debt	(18,522)
Net Cash Used for Noncapital Financing Activities	(87,761)
Net Change in Cash and Cash Equivalents	83,866
Cash and Cash Equivalents Beginning of Year	342,103
Cash and Cash Equivalents End of Year	$425,969
Reconciliation of Operating Loss to Net Cash Provided for Operating Activities	
Operating Loss	($230,235)
Adjustments to Reconcile Operating Loss to Net Cash Provided for Operating Activities:	
Depreciation	387,581
Changes in Assets, Liabilities, and Deferred Inflows/Outflows of Resources:	
Increase in Accounts Receivable	(9,487)
Increase in Accounts Payable	3,160
Decrease in Accrued Wages and Benefits Payable	(1,719)
Decrease in Contracts Payable	(104,324)
Increase in Intergovernmental Payable	17
Decrease in Compensated Absences Payable	(11,421)
Increase in Deferred Outflows	(102,091)
Decrease in Deferred Inflows	(61,949)
Increase in Net Pension Liability	216,416
Decrease in Net OPEB Asset	12,979
Increase in Net OPEB Liability	5,239
Net Cash Provided for Operating Activities	$104,166

See accompanying notes to the basic financial statements.
See independent accountant's compilation report.

Hocking County

Statement of Fiduciary Net Position
Custodial Funds
As of December 31, 2023

Assets	
Equity in Pooled Cash and Investments	$5,776,323
Cash and Cash Equivalents in Segregated Accounts	683,966
Intergovernmental Receivable	1,835,075
Property Taxes Receivable	41,699,074
Total Assets	49,994,438
Liabilities	
Accounts Payable	14,847
Intergovernmental Payable	3,345,079
Total Liabilities	3,359,926
Deferred Inflows of Resources	
Property Taxes Not Levied to Finance Current Year Operations	40,496,203
Total Deferred Inflows of Resources	40,496,203
Net Position	
Restricted for Individuals, Organizations, and Other Governments	6,138,309
Total Net Position	$6,138,309

See accompanying notes to the basic financial statements.
See independent accountant's compilation report.

Hocking County

Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended December 31, 2023

Additions	
Intergovernmental	$3,372,939
Amounts Received as Fiscal Agent	2,992,226
Licenses, Permits, and Fees for Other Governments	1,591,305
Fines and Forfeitures for Other Governments	883,737
Property Tax Collections for Other Governments	40,437,893
Sheriff Sale Collections for Others	815,335
Total Additions	50,093,435
Deductions	
Distributions as Fiscal Agent	2,665,194
Distributions of State Funds to Other Governments	5,465,929
Distributions to the State of Ohio	1,589,637
Licenses and Permits Distributions to Other Governments	3,711
Fines and Forfeitures Distributions to Other Governments	955,689
Property Tax Distributions to Other Governments	40,439,122
Sheriff Sale Distributions to Others	797,516
Other Distributions	85,960
Total Deductions	52,002,758
Change in Net Position	(1,909,323)
Net Position at Beginning of Year	8,047,632
Net Position at End of Year	$6,138,309

See accompanying notes to the basic financial statements.
See independent accountant's compilation report.

Note 1 – Reporting Entity

Hocking County, Ohio (the County), was organized on March 1, 1818. The County is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, Municipal Court Judge, a Probate/Juvenile Judge and a Common Pleas Court Judge. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrators of public services for the entire County.

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the County are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Hocking County, this includes the Hocking County Board of Developmental Disabilities and departments and activities that are directly operated by the elected County officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations for which the County approves the budget, the issuance of debt or levying of taxes.

Discretely Presented Component Unit

The component unit column in the basic financial statements identifies the financial data of the County's component unit, Hocking Valley Community Hospital. This component unit is reported separately from the primary government to emphasize that it is legally separate from the County. Note 23 provides significant disclosures related to this component unit.

Hocking Valley Community Hospital – Hocking Valley Community Hospital is organized as a county hospital under provisions of the general statutes of the State of Ohio. The Board of Trustees are appointed by the County Commissioners and the Probate and Common Pleas Court Judges. The Hospital began operations in 1966 and has a 25-bed acute care unit and a 10-bed geriatric unit. Hocking Valley Community Hospital operates on a fiscal year ending December 31. The County has issued debt on behalf of the Hospital using the County's general taxing authority and the Hospital pays the debt service on this debt. Because the Hospital is a county hospital as defined under the Ohio Revised Code and the County does use their taxing authority to issue debt on behalf of the Hospital, the Hospital is presented as a component unit of Hocking County. Separately issued audited financial statements can be obtained from Hocking Valley Community Hospital, 601 State Route 664 North, Logan, Ohio 43138.

The County is associated with certain organizations, three of which are defined as jointly governed organizations, and two joint ventures. These organizations are presented in Notes 16 and 17 to the basic financial statements. These organizations are:

- Athens-Hocking-Vinton Alcohol, Drug Addiction and Mental Health District
- Athens/Hocking Joint Solid Waste Management District
- Corrections Commission of Southeastern Ohio
- South Central Ohio Job and Family Services

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the districts and agency listed below, the County serves as fiscal agent, but the districts and agency are not fiscally dependent on the County. Accordingly, the activity of the following districts and agency are presented as custodial funds within the County's basic financial statements.

- Hocking County Soil and Water Conservation District
- Hocking County General Health District
- Hocking County Family and Children First Council

Note 2 – Summary of Significant Account Policies

The financial statements of Hocking County 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 accounting and financial reporting principles. Following are the more significant of the County’s accounting policies.

Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature, those that are considered business-type activities, and discretely presented component units.

The statement of net position presents the financial condition of the governmental and business-type activities and discretely presented component unit of the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County’s governmental activities, business-type activities, and the discretely presented component unit. Direct expenses are those that are specifically associated with a service, program, or department, and therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program, business-type activity, or discretely presented component unit activity is self-financing or draws from the general revenues of the County.

Fund Financial Statements

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

Fund Accounting

The County uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management segregating transactions related to certain County functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash, other financial resources, and deferred outflows of resources, together with all related liabilities, deferred inflows of resources, and residual equities or balances, and changes herein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. For financial statement presentation purposes, the various funds of the County are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the County are financed. The acquisition use and balances of the County's expendable financial resources and the related current liabilities (except those accounted for in enterprise funds) are accounted for through governmental funds. The following are the County's major governmental funds:

General Fund – This fund is used to account for all financial resources of the County except those accounted for in another fund. The General Fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

Motor Vehicle Gas Tax Fund – This fund accounts for state gasoline tax and motor vehicle registration fees for maintenance and improvement of County roads and bridges and township bridges. The primary source of revenue for this fund is intergovernmental monies.

Board of Developmental Disabilities Fund – This fund accounts for the operation of a school and the costs of administering a workshop for the developmentally disabled. Revenue sources are a county-wide property tax levy and state and federal grants.

Emergency Medical Services Fund – This fund accounts for monies received from a county-wide tax levy, grant monies and charges for services to operate the County's Emergency Medical Services.

The other governmental funds of the County account for grants and other resources whose use is restricted for a particular purpose, debt service and capital projects.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

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 following is the County's major enterprise fund:

> *Sewer Fund* – This fund accounts for the provision of wastewater treatment services to residential and commercial users within the County. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the County, these revenues are fees for wastewater treatment services provided. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund.

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 used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and therefore not available to support the County's own programs. The County only reports custodial funds, which are used to account for and maintain assets held by the County or as a fiscal agent for individuals, private organizations, and other governmental units and other funds. These assets include: property and other taxes, as well as other intergovernmental resources that have been collected and which will be distributed to other taxing districts located in Hocking County.

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the County are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements and the fund financial statements for governmental funds. Like the government-wide financial statements, the proprietary funds are accounted for using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows 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 fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows reflects how the County finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; proprietary funds and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred inflows of resources for unavailable revenues, the presentation of expenses versus expenditures, the recording of deferred inflows and outflows of resources related to net pension/OPEB liabilities (assets), and the recording of net pension/OPEB liabilities (assets).

Revenues – Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Measurable means the amount of the transaction can be determined and available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within sixty days after year end.

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, sales taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from sales taxes is recognized in the year in which the sales are made. 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 the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: sales taxes, charges for services, fines and forfeitures, state-levied locally shared taxes (including gasoline tax and motor vehicle license tax), grants, and interest. The permissive sales taxes, various State of Ohio non-reimbursable grants, local government, local government revenue assistance, gasoline tax, motor vehicle license tax, and undivided library taxes are recognized as receivables in accordance with the fiscal year of the State of Ohio that ends June 30, 2023. Therefore, six months of receivables have been recorded for these revenue types.

Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The County recorded a deferred outflow of resources as of December 31, 2023, for pensions/OPEB. The deferred outflows of resources related to the pension are explained in Note 10. The deferred outflows of resources related to OPEB are explained in Note 11. The County also reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the County, these amounts consist of intergovernmental receivables and sales tax which are not collected in the available period and pensions/OPEB. Property taxes for which there is an enforceable legal claim as of December 31, 2023, but which were levied to finance fiscal year 2024 operations, have also been recorded as deferred inflows of resources.

The difference between deferred inflows on the statement of net position and the balance sheet is due to delinquent property taxes, intergovernmental grants, and sales tax not received during the available period. These were reported as revenues on the statement of activities and not recorded as deferred inflows on the statement of net position. Deferred inflows of resources related to pension and OPEB are only reported on the Statement of Net Position. (See Notes 10 and 11, respectively)

Expenses/Expenditures

On the accrual basis, 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.

Budgetary Process

The budgetary process is prescribed by provisions of the 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 appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations 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, legally are required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the County Commissioners.

The amounts reported as the original and final budgets on the budgetary statements reflect the amounts in the original and final amended official certificate of estimated resources at the time the original and final appropriations were passed. The County Commissioners legally enacted several supplemental appropriation resolutions during the year. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represented the final appropriation amounts passed by the Commissioners during the year.

Cash and Cash Equivalents

Cash balances of the County's funds, except cash held by a trustee or fiscal agent and in segregated accounts, are pooled and invested in short-term investments in order to provide improved cash management. 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 balance sheet and statement of net position. For reporting purposes, "Equity in Pooled Cash and Cash Equivalents" is defined as cash on hand, demand deposits and investments held in the County treasury. Cash and cash equivalents that are held separately within departments of the County and not held with the County Treasurer are recorded in the financial statements as "Cash and Cash Equivalents in Segregated Accounts." For cash flow reporting purposes, the County's proprietary funds consider cash and cash equivalents to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. "Equity in Pooled Cash and Cash Equivalents" is considered to be cash and equivalents since these assets are available on demand.

During fiscal year 2023, investments were limited to STAR Ohio, Municipal Issues, Federal Home Loan Bank, Federal Farm Credit Bank, US Treasury Notes, commercial paper, money market funds, and negotiable certificates of deposit.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The County measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of $100 million or more. STAR Ohio reserves the right to limit the transaction to $250 million per day. All accounts of the participant will be combined for these purposes.

Interest is distributed to the General Fund, the Motor Vehicle Gas Tax Fund, and other governmental funds. The interest earned during 2023 amounted to $1,823,160, $215,469, and $2,172 respectively.

Inventory of Supplies

Inventories of governmental funds are stated at cost while inventories of enterprise funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when used.

Prepaid Items

Payments made for services that will benefit periods beyond year-end are recorded as prepaid items using the consumption method. An asset for prepaid amount is recorded at the time of the payment and an expense or expenditure is reported in the year in which the services are used. The County did not have significant prepaid items to report for 2023.

Interfund Assets and Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "Due from Other Funds" or "Due to Other Funds" on the balance sheet. On fund financial statements, outstanding Interfund loans and unpaid amounts for Interfund services are reported as "Interfund receivables/payables." Interfund assets and liabilities within governmental activities are eliminated on the statement of net position.

Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements. Capital assets used by the proprietary funds are reported in both the business-type activities column on the government-wide statement of net position and in the respective funds. In the case of land, buildings, and certain Enterprise Fund assets, the capital asset values initially were determined at December 31, 1995, assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. Donated capital assets are capitalized at acquisition value on the date donated. For all other assets, capital assets were recorded at original cost. The County has a comprehensive inventory management system to monitor and track capital assets and related depreciation. The County has established a capitalization policy of $1,000 as the threshold for which capital assets are to be reported with the exception of infrastructure, for which the capitalization threshold is $50,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements that extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost.

Public domain (infrastructure) general capital assets consisting of roads, bridges, and guardrails have been capitalized.

Land and construction in progress are not depreciated. Depreciation has been provided on a straight-line basis over the following estimated useful lives:

Description	Estimated Lives
Buildings	40-60 years
Land improvements	15-25 years
Machinery and equipment	5-20 years
Vehicles	5 years
Wastewater Treatment Plant	25 years
Collection System	40-50 years
Infrastructure	10-50 years

Compensated Absences

The County uses the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and by those employees for whom it is probable will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end.

County employees earn vacation and sick leave at varying rates depending on length of service and departmental policy. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service. Accumulated, unused sick leave is paid up to a maximum of 240 hours depending on the length of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the County has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the County’s union contracts. The entire compensated absences liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “Matured Compensated Absences Payable” in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For the proprietary funds, the entire amount of compensated absences is reported as a fund liability. The County did not have any matured compensated absences to report as of December 31, 2023.

Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a nonreimbursement basis, shared revenues, and entitlements, are recorded as receivables and revenues when measurable and available. Reimbursement-type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants, entitlements or shared revenues received for enterprise fund operating purposes are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Long-term notes/loans are recognized as liabilities on the fund financial statements when due.

Net Position

Net position represents the difference between assets, liabilities and deferred inflows/outflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings and the effect of deferred outflows and inflows related to the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions, or enabling legislation adopted or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Other purposes restricted net position includes various grants and other resources restricted for various purposes. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the County's restricted net position, none are restricted by enabling legislation.

Capital Contributions

Capital contributions on the proprietary fund financial statements arise from outside contributions of capital assets, from grants, or from outside contributions of resources restricted to capital acquisition and construction.

Fund Balances

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 or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the County Commissioners.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit 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 either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund transfers within governmental activities are eliminated on the statement of activities.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amount reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense (gain), 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.

Note 3 – Conversion of Operations from Budget Basis to GAAP Basis

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - (Budget Basis) for the

General fund and all major Special Revenue Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance for governmental funds (GAAP basis).
4. Certain other financing sources are recorded on a GAAP basis but are not recorded on a budget basis.
5. Advances-in and advances-out are recorded as other financing sources and uses on a budget basis as opposed to increases or decreases in Interfund receivables or payables on a GAAP basis.
6. Certain funds are reported as part of the General fund on a GAAP basis, but are not reported as part of the General fund on the Budget basis.

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis are as follows:

Net Changes in Fund Balances

	General	Motor Vehicle Gas Tax	Board of Developmental Disabilities	Emergency Medical Services
GAAP Basis	$2,041,015	($78,472)	$1,712,082	$182,451
Increases (Decreases) Due to:				
Revenue Accruals	(468,504)	(91,845)	81,917	(128,833)
Expenditure Accruals	(164,064)	1,311,930	167,487	(127,000)
Encumbrances	(420,670)	(1,900,904)	(230,703)	(10,181)
Perspective Difference:				
Activity of Funds Reclassified For GAAP Reporting Purposes	(14,905)	0	0	0
Budget Basis	$972,872	($759,291)	$1,730,783	($83,563)

Note 4 – Deposits and Investments

Policies and Procedures

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon United States Treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank and Federal Farm Credit Bank. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions provided the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts, in eligible institutions pursuant to ORC sections 135.32;
6. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in (1) or (2) above; commercial paper as described in ORC section 135.143 (6); and repurchase agreements secured by such obligations, provided these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities, and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value, within certain limitations;
9. Up to forty percent of the County's average portfolio in either of the following
    a. Commercial paper notes in entities incorporated under the laws of Ohio, or any other State, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase, and the investment in commercial paper notes of a single issuer shall not exceed the aggregated of the percent of interim monies available for investment at the time of purchase;
    b. Bankers acceptances eligible for purchases by the Federal Reserve System and which mature within 180 days after purchase.
10. Up to fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions doing business under authority granted by the U.S. or any state provided the notes are rated in the three highest categories by at least two nationally recognized standard rating services at the time of purchase and the notes mature not later than three years after purchase;
11. A current unpaid or delinquent tax line of credit, provided certain conditions are met related to a County land reutilization corporation organized under ORC Chapter 1724; and,
12. Up to two percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government. All interest and principal shall be denominated and payable in United States funds.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Bankers' acceptances must mature within 180 days. Commercial paper and corporate notes must mature within 270 days. All other investments must mature within five years from the date of settlement unless matched to a specific obligation or debt of the County. Investments must be purchased with the expectation that they will be held to maturity.

Investments may only be made through specified dealers and institutions. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

<u>Cash on Hand</u>

At year end, the County had $4,994 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".

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, $12,829,209 of the County's bank balance of $14,057,614 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the County to a successful claim by the Federal Deposit Insurance Corporation.

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

- Eligible securities pledged to the County and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of December 31, 2023, the County had the following investment and maturity:

		Weighted Average Maturity		
	Value	<1 Year	1-2 Years	3-5 Years
Negotiable Certificates of Deposit	$1,126,813	$641,687	$242,421	$242,705
Money Market Funds	19,819	19,819	0	0
STAR Ohio	13,259,798	13,259,798	0	0
US Treasury Notes	1,403,306	613,509	389,750	400,047
Federal Farm Credit Bank	2,943,432	987,853	292,531	1,663,048
Federal Home Loan Bank	4,348,570	2,480,198	354,282	1,514,090
Commercial Paper	3,395,160	3,395,160	0	0
Municipal Issues	212,130	0	212,130	0
Total Investments	$26,709,028	$21,398,024	$1,491,114	$3,819,890

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. The above chart identifies the County's recurring fair value measurements as of December 31, 2023. As discussed further in Note 2, STAR Ohio is reported at its share price. All other investments of the County are valued using quoted market prices (Level 1 inputs).

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio. The County has no specific investment policy dealing with interest rate risk.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's investment policy does not address credit risk beyond the requirements of the Ohio Revised Code. Investments in U.S. Treasury Notes, Federal Home Loan Banks and Federal Farm Credit Banks were rated AA+ by Standard & Poor's and Aaa by Moody's. The County's investments in individual marketable certificates of deposit are fully insured by the Federal Deposit Insurance Corporation. Investments in the First American Treasury Money Market Fund and STAR Ohio were rated AAAm by Standard & Poor's. Commercial paper was rated P-1 by Moody's and A-1 to A-1+ by Standard & Poor's. Investments in certain municipality issues were rated A+ by Moody's but did not have a Standard and Poor's rating.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single user. The County's investment policy allows investments in those authorized under the Ohio Revised Code. The County has invested 4% in negotiable certificates of deposit, 1% in municipality issues, 11% in Federal Farm Credit Bank, 16% in Federal Home Loan Bank, 5% in US Treasury Notes, 50% in STAR Ohio, and 13% in Commercial Paper.

Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In accordance with the investment policy, all of the County's securities are either insured and registered in the name of the County or at least registered in the name of the County.

Note 5 – Property Taxes

Property taxes include amounts levied against all real and public utility personal property located in the County. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values 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 reappraised every six years. The last reappraisal was completed in 2022. Real property taxes are payable annually or semiannually. The first payment is due February 14, with the remainder payable by July 18.

Public utility real 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. Certain public utility property currently is assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to itself its share of the taxes collected. The County records receipt of these taxes in various funds.

Accrued property taxes receivables represent delinquent taxes outstanding and real and public utility taxes that were measurable and unpaid as of December 31, 2023. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2023 operations. The receivable is therefore offset by a credit to deferred inflows of resources. On the modified accrual basis, the entire receivable is deferred inflows of resources.

The full tax rate for all County operations for the year ended December 31, 2023, was $17.45 per $1,000 of assessed value. The assessed values of real property upon which 2023 property tax receipts were based are as follows:

Real Estate	
Residential/Agricultural	$797,393,540
Commercial/Industrial	71,851,730
Public Utilities	420,360
Minerals	264,550
Tangible Personal Property	
Public Utilities	330,854,300
Total Property	$1,220,784,480

Note 6 – Permissive Sales Tax

The County Commissioners, by resolution, imposed a 1.25 percent tax on certain retail sales, made in the County. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax

Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County. Proceeds of the tax are credited entirely to the General Fund. A receivable is recognized at year-end for amounts that will be received from sales which occurred during 2023. On a full accrual basis, the full amount of the receivable is recognized as revenue. On a modified accrual basis, the amount of the receivable that will be received outside of the available period is reported as deferred inflows of resources – unavailable revenue. Sales and use tax revenue for 2023 amounted to $5,931,342.

In 1998, a 911 Sales Tax in the amount of one quarter of one percent on certain retail sales made in the County was imposed. The proceeds from this tax are credited to the Hocking County 911 Fund and are used for 911 purposes. See the accrual definitions from the previous paragraph for these sales tax revenues. The 911 sales and use tax revenue for 2022 amounted to $1,225,534.

Note 7 – Capital Assets

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

	Balance 1/1/23	Additions	Deletions	Balance 12/31/23
Governmental Activities				
Non-Depreciable Capital Assets				
Land	$1,078,080	$199,670	$0	$1,277,750
Construction In Progress	79,991	2,231,791	0	2,311,782
Total Non-Depreciable Capital Assets	1,158,071	2,431,461	0	3,589,532
Depreciable Capital Assets				
Land Improvements	499,230	9,843	0	509,073
Buildings	12,176,594	222,020	(8,190)	12,390,424
Infrastructure	47,168,636	0	0	47,168,636
Vehicles	6,425,840	897,801	(70,535)	7,253,106
Machinery and Equipment	8,379,213	695,877	(84,975)	8,990,115
Total Depreciable Capital Assets	74,649,513	1,825,541	(163,700)	76,311,354
Less Accumulated Depreciation				
Land Improvements	(203,432)	(34,075)	0	(237,507)
Buildings	(3,425,918)	(446,194)	2,892	(3,869,220)
Infrastructure	(26,177,432)	(1,736,442)	0	(27,913,874)
Vehicles	(4,466,702)	(396,616)	65,132	(4,798,186)
Machinery and Equipment	(4,309,985)	(653,059)	57,681	(4,905,363)
Total Accumulated Depreciation	(38,583,469)	(3,266,386)	125,705	(41,724,150)
Total Depreciable Capital Assets, Net	36,066,044	(1,440,845)	(37,995)	34,587,204
Governmental Activities Capital Assets, Net	$37,224,115	$990,616	($37,995)	$38,176,736

Depreciation expense was charged to governmental functions as follows:

General Government	
Legislative and Executive	$165,281
Judicial	203,636
Public Safety	301,009
Public Works	1,952,250
Health	42,413
Human Services	477,768
Conservation and Recreation	124,029
Total	$3,266,386

	Balance 1/1/23	Additions	Deletions	Balance 12/31/23
Business-Type Activities				
Non-Depreciable Capital Assets				
Land	$29,000	$0	$0	$29,000
Construction In Progress	0	25,194	0	25,194
Total Non-Depreciable Capital Assets	29,000	25,194	0	54,194
Depreciable Capital Assets				
Wastewater Treatment Plant	362,982	0	0	362,982
Vehicles	72,004	0	0	72,004
Collection System	18,164,641	25,935	0	18,190,576
Total Depreciable Capital Assets	18,599,627	25,935	0	18,625,562
Less Accumulated Depreciation				
Wastewater Treatment Plant	(352,142)	(2,808)	0	(354,950)
Vehicles	(27,704)	(11,838)	0	(39,542)
Collection System	(1,690,553)	(372,935)	0	(2,063,488)
Total Accumulated Depreciation	(2,070,399)	(387,581)	0	(2,457,980)
Total Depreciable Capital Assets, Net	16,529,228	(361,646)	0	16,167,582
Business Type Activities Capital Assets, Net	$16,558,228	($336,452)	$0	$16,221,776

The remainder of this page was intentionally left blank.

Note 8 – Intergovernmental Receivables

A summary of the principal items of intergovernmental receivables is as follows:

Fund/Type	Amount
Major Funds	
General Fund	
Local Government	$216,750
Homestead Rollback	192,846
Other	56,796
Total General Fund	466,392
Motor Vehicle Gas Tax	
License, Gasoline & Permissive Taxes	2,346,551
Total Motor Vehicle Gas Tax	2,346,551
Board of Developmental Disabilities	
Homestead Rollback	110,882
Total Board of Developmental Disabilities	110,882
Emergency Medical Services	
Homestead Rollback	99,807
Total Emergency Medical Services	99,807
Total Major Funds	3,023,632
Other Governmental Funds	
Grants and Entitlements	160,928
Homestead Rollback	15,951
Total Other Governmental Funds	176,879
Total Governmental Funds	$3,200,511
Custodial Funds	
License, Gasoline and Permissive Taxes	$873,673
Undivided Library Tax	486,509
Local Government	474,893
Total Custodial Funds	$1,835,075

Note 9 – Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; employee injuries; and natural disasters. During 2023, the County contracted with the County Risk Sharing Authority, Inc. (CORSA) for various insurance coverage, including general liability, errors and omissions, auto liability, property, excess liability, and employee dishonesty.

With the exception of medical coverage and worker's compensation, all insurance is held with CORSA. There has been no significant reduction in insurance coverage from the prior year and settled claims have not exceeded this coverage in the past three years. The County pays all elected officials' bonds by statute.

The County pays the State Bureau of Worker's Compensation System a premium based on a rate per $100 of salary. This rate is calculated based upon accident history and administrative costs. The County pays all elected officials' bonds by statute.

The County has not incurred significant reductions in insurance coverage from coverage in the prior year by major category of risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Note 10 – Defined Benefit Pension Plan

The Statewide retirement system provides both pension benefits and other postemployment benefits (OPEB).

Net Pension/OPEB Liability (Asset)

The net pension/OPEB liability (asset) reported on the statement of net position represents a liability to (asset for) employees for pensions/OPEB. 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 obligation to sacrifice resources for pensions/OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB 68/75 assumes the liability 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 system may allocate a portion of the employer contributions to provide for 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 system to amortize unfunded pension/OPEB liabilities within 30 years. If the pension/OPEB amortization period exceeds 30 years, the 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 system to provide health care to eligible benefit recipients.

The proportionate share of the plan's unfunded benefits is presented as a long-term net pension liability or net OPEB liability on the financial statements. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in due to other governments on the financial statements.

The remainder of this note includes the pension disclosures. See Note 11 for the OPEB disclosures.

Ohio Public Employees Retirement System

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.

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 OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment.

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

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

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

	State and Local
Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee*	10.0 %
Actual Contribution Rates	
Employer:	
Pension**	14.0 %
Post-Employment Health Care Benefits**	0.0
Total Employer	14.0 %
Employee	10.0 %

*Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
**These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

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

The County's contractually required contributions were $1,927,436 for 2023. Of this amount, $231,079 is reported as *due to other governments*.

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

The net pension liability for OPERS was measured as of December 31, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that measurement date. The County's proportion of the net pension liability 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:

	Traditional
Proportion of the Net Pension Liability:	
Current Measurement Date	0.0856670%
Prior Measurement Date	0.0807410%
Change in Proportionate Shre	0.0049260%
Proportionate Share of the:	
Net Pension Liability	$25,306,069
Pension Expense	4,244,583

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

	Traditional
Deferred Outflows of Resources	
Differences between expected and actual experience	$840,561
Net difference between projected and actual earnings on pension plan investments	7,213,024
Changes of assumptions	267,341
Changes in proportion and differences between County contributions and proportionate share of contributions	514,415
County contributions subsequent to the measurement date	1,927,436
Total Deferred Outflows of Resources	$10,762,777
Deferred Inflows of Resources	
Changes in proportion and differences between County contributions and proportionate share of contributions	$31,743
Total Deferred Inflows of Resources	$31,743

$1,927,436 reported as deferred outflows of resources related to pension resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Traditional
Year Ending December 31:	
2024	$1,295,874
2025	1,851,140
2026	2,123,144
2027	3,533,440
Total	$8,803,598

Actuarial Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67:

	OPERS Traditional Plan
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

Key actuarial assumptions and methods used in the prior actuarial valuation, prepared as of December 31, 2021, are presented below:

	Traditional
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees	0.5 percent, simple through 2022, then 2.05 percent, simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

For 2022 and 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all these tables.

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

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

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized below:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	22.00 %	2.62 %
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	100.00 %	

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
County's proportionate share of the net pension liability (asset)			
Traditional	$37,907,648	$25,306,069	$14,823,818

Note 11 – Postemployment Benefits

Net OPEB Liability (Asset)

See Note 10 for a description of the net OPEB liability (asset).

Ohio Public Employees Retirement System

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

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

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

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

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2023 was 4.0 percent; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was $0 for 2023.

OPEB Liabilities, OPEB Expense (Gain), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year. The County's proportion of the net OPEB liability was based on the County's share of contributions to the retirement system relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense (gain):

Proportion of the Net OPEB Liability:	
Current Measurement Date	0.0830910%
Prior Measurement Date	0.0783170%
Change in Proportionate Share	0.0047740%
Proportionate Share of the:	
Net OPEB Liability	$523,905
OPEB Gain	(722,368)

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

Deferred Outflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	$1,040,496
Changes of assumptions	511,710
Total Deferred Outflows of Resources	$1,552,206
Deferred Inflows of Resources	
Differences between expected and actual experience	$130,683
Changes of assumptions	42,107
Changes in proportion and differences between County contributions and proportionate share of contributions	20,896
Total Deferred Inflows of Resources	$193,686

$0 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 the net OPEB liability/increase of the net OPEB asset in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB for the year ended December 31, 2023 will be recognized in OPEB expense as follows:

Year Ending December 31:	
2024	$155,585
2025	375,827
2026	324,461
2027	502,647
Total	$1,358,520

Actuarial Assumptions – OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to the measurement dates of December 31, 2022. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

	December 31, 2022	December 31, 2021
Wage Inflation	2.75 percent	2.75 percent
Projected Salary Increases	2.75 to 10.75 percent including wage inflation	2.75 to 10.75 percent including wage inflation
Single Discount Rate	6.00 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	1.84 percent	1.84 percent
Health Care Cost Trend Rate	5.5 percent, initial 3.5 percent, ultimate in 2036	5.5 percent, initial 3.5 percent, ultimate in 2034
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

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

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 15.6 percent for 2022.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	2.56 %
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other investments	6.00	1.84
Total	100.00 %	

Discount Rate A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 4.05 percent (Fidelity Index's "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, the duration of the projection period through which projected health care payments are fully funded.

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

	1% Decrease (4.22%)	Discount Rate (5.22%)	1% Increase (6.22%)
County's proportionate share of the net OPEB liability (asset)	$1,783,133	$523,905	($515,164)

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB liability	$491,068	$523,905	$560,864

Note 12 – Other Employee Benefits

Deferred Compensation Plans

The County offers the Ohio Public Employees Deferred Compensation Plan and the County Commissioners Association of Ohio Deferred Compensation Plan to its employees and elected officials. The plans were established in accordance with Internal Revenue Code 457, as well as ORC Sections 145.73 and 145.74. Participation in either plan is on a voluntary payroll deduction basis. These plans permit the deferral of compensation until future years. The deferred compensation is not available to employees until termination, retirement, death, or for an unforeseeable emergency. Both plans have implemented GASB Statement No. 32 in prior years. In accordance with the pronouncement, all assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries.

Note 13 – Long-Term Debt

The County's long-term obligations at year-end consisted of the following:

	Restated Outstanding 12/31/22	Increases	Decreases	Outstanding 12/31/23	Due Within One Year
Governmental Activities					
Long-Term Notes (Direct Debt):					
2003 - 4.15% (Original Issue $277,692) Juvenile Detention Facility Note	$19,995	$0	$19,995	$0	$0
2020- 3.29% (Original Issue $569,639) Vehicle and Equipment Loan	354,196	0	114,182	240,014	118,022
2020 - (Original Issue $127,241) OPWC Loan CR21X- Paving Project	76,345	0	25,448	50,897	25,448
2017 - 0.00% (Original Issue $36,928) OPWC Loan CR 15T - County Paving	23,738	0	2,637	21,101	2,638
2018 - 0.00% (Original Issue $49,000) OPWC Loan CR 15U - County Paving	9,800	0	9,800	0	0
2020 - 0% (Original Issue $125,000) OPWC Loan CR15W- County Paving Project	75,000	0	25,000	50,000	25,000
2019 - 0% (Original Issue $100,000) OPWC Loan CR10V - County Roads	60,000	0	20,000	40,000	20,000
2019 - 0% (Original Issue $197,000) OPWC Loan CR28V - Ohio Avenue Bridge	148,554	0	18,569	129,985	18,569
2022 - 0% (Original Issue $600,000) OPWC Loan CR15Z - County Roads 9, 10, 25 & 42	600,000	0	60,000	540,000	120,000
2022 – 0% (Original Issue $225,000) OPWC Loan CR21Y – County Roads 306, 333, 361, 32, 303, 304, 20, 171	225,000	0	45,000	180,000	45,000
Total Long-Term Notes	1,592,628	0	340,631	1,251,997	374,677
Financed Purchase	29,538	0	29,538	0	0
Pension Liability	7,880,808	17,172,200	0	25,053,008	0
OPEB Liability	0	518,666	0	518,666	0
Compensated Absences	1,390,489	494,620	654,533	1,230,576	160,098
Total Governmental Long-Term Obligations	$10,893,463	$18,185,486	$1,024,702	$28,054,247	$534,775

	Outstanding 12/31/22	Increases	Decreases	Outstanding 12/31/23	Due Within One Year
Business-Type Activities					
Direct Debt					
2019 - 1.62% (Original Issue $270,096)					
OWDA 8617 - Rockbridge to Logan Design	$218,898	$0	$3,660	$215,238	$6,269
2019 - 0% (Original Issue $1,475,000)					
OWDA 8696 - Union Furnace WWS	622,214	0	9,648	612,566	14,413
2019 - 0% (Original Issue $2,346,834)					
OWDA 8231 - Water Pollution Control	193,771	0	0	193,771	5,069
2019 - 0.0% (Original Issue $3,738,158)					
OWDA 8272 - Water Pollution Control	1,863,537	87,906	45,382	1,906,061	45,382
2020 - (Original Issue $5,297,160)					
OWDA 9114 - Sanitary Sewer Improvements	1,237,499	0	28,826	1,208,673	0
1996 - 4.5% (Original Issue $333,000)					
Rockbridge Sanitary Sewer Revenue Bonds	198,400	0	9,500	188,900	10,000
1991 - 5.875% (Original Issue $227,000)					
Haydenville Sewer FmHA Revenue Bonds	102,900	0	9,000	93,900	9,500
Total Revenue Bonds and Loans	4,437,219	87,906	106,016	4,419,109	90,633
Pension Liability	36,645	216,416	0	253,061	0
OPEB Liability	0	5,239	0	5,239	0
Compensated Absences	26,421	438	11,859	15,000	1,952
Total Business-Type Long-Term Obligations	$4,500,285	$309,999	$117,875	$4,692,409	$92,585

The County has pledged future sewer customer revenues, net of specified operating expenses, to repay $207,600 and $111,400 (original issue amounts of $333,000 and $227,000) in sewer revenue bonds issued in 1996 and 1991, respectively. Proceeds from the bonds provided financing for the construction of the Rockbridge and Haydenville wastewater treatment facilities. The bonds are payable solely from sewer customer net revenues and are payable through 2037. Annual principal and interest payments on the bonds are generally expected to require approximately 46 percent of net revenues. The total principal and interest remaining to be paid on the bonds is $378,955. Principal and interest paid for the current year and total customer net revenues were $33,460 and $157,346, respectively.

The compensated absences liability will be paid from the fund, from which the employees are paid, with the most significant funds being the General Fund, Motor Vehicle Gas Tax Fund, Board of Developmental Disabilities Fund, and the Emergency Medical Services Fund. The County pays obligations related to employee compensation from the funds benefiting from their service.

During 2003, the County issued long-term notes at 4.15% in the amount of $277,692, for the purpose of assisting in the County's share of the Juvenile Detention Facilities. The notes are being paid from the debt service fund and final payment was made during 2023.

During 2020, the County obtained a loan in the amount of $569,639 for the purpose of purchasing vehicles and equipment for the EMS department. The loan was issued at an interest rate of 3.29% with a final maturity date of August 1, 2025. The loan will be repaid from the EMS Fund and the loan is secured by the equipment acquired by the loan.

During 2020, the County issued an OPWC loan in the amount of $127,241 for the purpose of paving. This loan will be repaid from the Motor Vehicle Gas Tax Fund.

During 2017, the County issued an OPWC loan in the amount of $36,928 at 0% interest for the County Paving Project. This loan is being repaid from the Motor Vehicle Gas Tax Fund.

During 2018, the County issued an OPWC loan in the amount of $49,000 at 0% interest for the County Paving Project. This loan is being repaid from the Motor Vehicle Gas Tax Fund with final payment being made during 2023.

During 2020, the County issued an OPWC loan in the amount of $125,000 for the County Paving Project. This loan will be repaid from the Motor Vehicle Gas Tax Fund.

During 2019, the County issued an OPWC loan in the amount of $100,000 at 0% interest for the County Paving Project. This loan is being repaid from the Motor Vehicle Gas Tax Fund.

During 2019, the County issued an OPWC loan in the amount of $197,000 at 0% interest for the County Paving Project. This loan is being repaid from the Motor Vehicle Gas Tax Fund. $185,692 of the loan has been drawn as of December 31, 2023 of which $129,985 is due as of December 31, 2023.

During 2022, the County issued an OPWC loan in the amount of $600,000 at 0% interest for the County Paving Project. This loan is being repaid from the Motor Vehicle Gas Tax Fund. $600,000 of this loan was obligated in 2022 and a corresponding loan receivable has been recognized for the amount due to the contractor by OPWC on behalf of the County as of December 31, 2023.

During 2022, the County issued an OPWC loan in the amount of $225,000 at 0% interest for the County Paving Project. This loan is being repaid from the Motor Vehicle Gas Tax Fund.

During 2019, the County issued OWDA loan 8617 in the amount of $270,096 for the purpose of water pollution control at the Rockbridge Sewer Facility. The 1.62% interest loan is scheduled to be repaid by 2051. There was an outstanding balance of $215,238 as of December 31, 2023 after the 2023 principal payment of $3,660 was made.

During 2020, the County issued OWDA loan 8696 in the amount of $1,475,000 for the purpose of Union Furnace Sanitary Sewer and WWTP Improvements. $9,648 was repaid from principal payments by the County during 2023 leaving a balance outstanding of $612,566 as of December 31, 2023.

During 2019, the County issued OWDA loan 8231 in the amount of $2,346,834 for the purpose of water pollution control at the Carbon Hill Sewer Facility. The 0% interest loan is split into principal forgiveness and non-principal forgiveness. During 2023, $0 in principal forgiveness disbursements were made leaving an outstanding balance of $193,771.

During 2019, the County issued OWDA loan 8272 in the amount of $3,738,158 for the purpose of water pollution control at the Murray System Collection Facility. The 0% interest loan is split into principal forgiveness and nonprincipal forgiveness. During 2023, $87,906 was drawn down on the loan and $45,382 principal payments were made by the County leaving an outstanding balance of $1,906,061 as of December 31, 2023. The non-principal forgiveness portion of the loan is scheduled to be repaid in 2065.

During 2020, the County entered into OWDA loan 9114 in the amount of $5,297,160 for the purpose of Enterprise Sanitary Sewer Improvements. The 0% interest loan is split into principal forgiveness and non-principal forgiveness. During 2023, $28,826 in principal payments were made leaving outstanding balance of $1,208,673 as of December 31, 2023. This loan is not included in the amortization schedule as the loan was not finalized as of December 31, 2023.

The County has certain direct borrowings with the Ohio Public Works Commission (OPWC). In the event of a default, (1) OPWC may apply late fees of 8 percent per year, (2) loans more than sixty days late will be turned over to the Attorney General's office for collection and, as provided by law, OPWC may require that such payment be taken from the County's share of the County undivided local government fund, and (3) the outstanding amounts shall, at OPWC's option, become immediately due and payable.

The County's revenue bonds are secured solely by the revenues of the County's sewer system. In the event of a default, the County's general revenues are not available to be attached to pay off these bonds.

The 2018 Excavator loan has provisions where in the event of default, the Lender may pursue any remedy available under the loan documents, at law or in equity.

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

	Vehicles and Equipment Loan		Sanitary Sewer Revenue Bonds	
Year	Principal	Interest	Principal	Interest
2024	$118,022	$7,039	$19,500	$14,004
2025	121,992	3,069	20,500	12,996
2026	0	0	21,600	11,934
2027	0	0	22,600	10,815
2028	0	0	23,900	9,643
2029-2033	0	0	108,200	29,155
2034-2037	0	0	66,500	7,608
Totals	$240,014	$10,108	$282,800	$96,155

Ohio Public Works Commission Loans

Year	CR15T Paving Principal	CR28V Paving Principal	CR21X Principal	CR15W Paving Principal	CR10V Paving Principal	CR15Z Paving Principal	CR21Y Paving Principal
2024	$2,638	$18,569	$25,448	$25,000	$20,000	$120,000	$45,000
2025	2,638	18,569	25,449	25,000	20,000	120,000	45,000
2026	2,638	18,569	0	0	0	120,000	45,000
2027	2,638	18,569	0	0	0	120,000	,45,000
2028	2,638	18,569	0	0	0	60,000	0
2029-2030	7,911	37,140	0	0	0	0	0
Totals	$21,101	$129,985	$50,897	$50,000	$40,000	$540,000	$180,000

Ohio Water Development Authority Loans

	8617		8696	8272	8231
Year	Principal	Interest	Principal	Principal	Principal
2024	$6,269	$3,462	$14,413	$45,382	$5,069
2025	6,371	3,360	14,413	45,382	7,258
2026	6,474	3,256	14,413	45,382	7,258
2027	6,580	3,151	14,413	45,382	7,258
2028	6,687	3,044	14,413	45,382	7,258
2029-2033	35,102	13,551	72,065	226,910	36,290
2034-2038	38,050	10,602	72,065	226,910	36,290
2039-2043	41,246	7,405	72,065	226,910	36,290
2044-2048	44,712	3,939	72,065	226,910	36,286
2049-2053	23,747	580	72,066	226,915	14,514
2054-2058	0	0	72,070	226,915	0
2059-2063	0	0	72,070	226,915	0
2064-2066	0	0	36,035	90,766	0
Totals	$215,238	$52,350	$612,566	$1,906,061	$193,771

Note 14 – Financed Purchase

In prior years, the County entered into a financed purchase for vehicles for the Sheriff’s department. The final payment on the financed purchase was made in 2023.

Note 15 – Interfund Transactions

Manuscript Debt

On February 16, 2017, the County issued $900,000 of general obligation bonds to itself in order to fund municipal courthouse renovations. The bonds carry a 3.00% interest rate and reach final maturity on December 01, 2032. The bonds were purchased from the General Fund. The following table summarizes the principal and interest payments required from the Hall of Justice Fund to the General Fund to retire the debt:

	2017 Hall of Justice Construction	
Year	Principal	Interest
2024	$58,627	$16,324
2025	60,399	14,552
2026	62,224	12,726
2027	64,105	10,845
2028	66,043	8,908
2029-2032	247,270	15,056
Totals	$558,668	$78,411

The principal balance outstanding as of December 31, 2023 is reflected as part of Interfund Receivable in the General fund and Interfund Payable in the Hall of Justice fund below.

Transfers In (Out)

	Transfers In	Transfers Out
Major Governmental Fund		
General	$0	$473,916
Nonmajor Governmental Funds		
Senior Citizens	0	200,000
Municipal Court Special Projects	0	74,951
Felony Drug Court Probation	12,250	0
School Resource Officer	81,000	0
VOCA Grant	3,805	0
Specialized Docket-Municipal Court	5,920	0
Hall of Justice Bond Retirement	74,951	56,907
General Obligation Debt Retirement	20,847	0
Hall of Justice Construction	56,907	0
Capital Projects-Scenic Hills	200,000	0
Agricultural Society Fund	316,634	0
Total Nonmajor Governmental Funds	772,314	331,858
Major Enterprise Fund		
Sewer	33,460	0
Total All Funds	$805,774	$805,774

During the year, the County provided transfers from the General Fund to the various funds to subsidize them in accordance with the funds' needs or to provide resources to make debt service payments. Transfers were made from nonmajor special revenue funds to the General Fund to reimburse the General Fund for expenses paid on those funds' behalf. All transfers were done in accordance with the Ohio Revised Code.

Interfund Receivable/Payable

As of December 31, 2023, receivables and payables that resulted from various interfund transactions were as follows. Except as noted above, the County's General Fund made advances to other funds in anticipation of intergovernmental grant revenue. These will be repaid in fiscal year 2024.

	Interfund Payables	Interfund Receivables
Major Fund		
General	$0	$724,834
Nonmajor Special Revenue Funds		
Ohio Law Enforcement Body Armor	30,000	0
PSI Writer Grant-Common Pleas	941	0
Justice Assistance Grant	9,913	0
OCJS ARPA	72,047	0
Mental Health Dep Grant	10,792	0
Improving Criminal Justice	15,000	0
High Visibility Enforcement	5,343	0
Opioid-Hope Grant	12,130	0
LE Victim Specialist Grant	10,000	0
Innovative Prosecution Solution	0	0
Total Nonmajor Special Revenue Funds	166,166	0
Nonmajor Capital Projects Fund		
Hall of Justice Construction Fund	558,668	0
Total Nonmajor Funds	724,834	0
Total Governmental Funds	$724,834	$724,834

Note 16 – Jointly Governed Organizations

Athens-Hocking-Vinton Alcohol, Drug Addiction and Mental Health District

The County is a member of the Athens-Hocking-Vinton Alcohol, Drug Addiction and Mental Health District, which is a jointly governed organization of these three counties. The purpose of the District is to provide alcohol, drug addiction and mental health services to residents of each of these three counties. Each participating county has agreed to levy a tax within their county to assist in the operation of the District, whose passage requires a majority in the total three county districts.

This entity is governed by an eighteen-member board that is responsible for its own financial matters and operates autonomously from Hocking County. The Athens County Auditor serves as fiscal agent for the activities of the Board. Nine of the board members are appointed by the Ohio Department of Alcohol and Drug Addiction Services, four members are appointed by the Ohio Department of Mental Health, and five members are appointed by the County Commissioners. The District derives its revenue from local property taxes, intergovernmental grants and reimbursements, and other miscellaneous revenue. Hocking County has no ongoing financial interest or responsibility in this District.

Athens/Hocking Joint Solid Waste Management District

The County is a member of the Athens/Hocking Joint Solid Waste Management District, which is a jointly governed organization of these two counties. The purpose of the District is to make disposal of waste in the two-county area more comprehensive in terms of recycling, incinerating, and land filling. The District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste. Although the counties contributed amounts to the District at the time of its creation, all contributions have since been returned to the respective counties and no future contributions by the counties are anticipated. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

Note 17 – Joint Ventures

Corrections Commission of Southeastern Ohio

The County is a participant with Athens, Morgan, Vinton and Perry Counties in the Corrections Commission of Southeastern Ohio (the Commission) which is a joint venture of the participating counties. The purpose of the Commission is to augment the county jail programs and facilities. The operation of the Commission allows for the humane and constitutional detention of persons who cannot be released to less restrictive alternatives. The participating Boards of County Commissioners established the Commission. The Commission is directed by the Sheriff of each participating county, the presiding Judge of the Court of Common Pleas of each participating county, and the current president of each participating Board of County Commissioners. Each county is obligated to provide financial support to this entity through per diem charges and assessments that are based on the number of beds contractually assigned to each county in proportion to the total number of beds of all participating counties. The County has an ongoing financial responsibility for this entity and, during 2023 contributed $1,362,983 toward the operating and capital costs of this facility. However, the County has no explicit equity interest in the Commission. Complete financial statements of the joint venture can be obtained from the Corrections Commission of Southeastern Ohio, 16678 Wolfe Bennett Road, Nelsonville, Ohio 45764.

South Central Ohio Job and Family Services

The County is a participant in the South-Central Ohio Job and Family Services (SCOJFS) which is a joint county department of job and family services pursuant to Chapter 329 of the Ohio Revised Code. Hocking County services previously provided through the Job and Family Services, Children Services, and Child Support Enforcement Agency departments are being provided through the SCOJFS. The SCOJFS is treated by the County as a joint venture of its member counties which include Hocking, Vinton, and Ross.

Note 18 – Contingent Liabilities

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

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County’s counsel that resolution of these matters will not have a material adverse effect on the financial condition of the County.

Note 19 – Asset Retirement Obligation

Ohio Revised Code Section 6111.44 requires the County to submit any changes to their sewage treatment system to the Ohio EPA for approval. Through this permitting process, the County would be responsible to address any public safety issues associated with their sewage treatment facilities and the permit would specify the procedures required to dispose of all or part of the sewage treatment plant. At this time, the County has not applied for, nor does it have, an approved permit from Ohio EPA to dispose of all or part of their sewage treatment plant. Due to the lack of specific legal requirements for retiring the sewage treatment plant, the County has determined that the amount of the Asset Retirement Obligation cannot be reasonable estimated at this time.

Note 20 – Fund Balances

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

Fund Balances	General	Motor Vehicle Gas Tax	Board of Developmental Disabilities	Emergency Medical Services	Other Governmental Funds	Total Governmental Funds
Nonspendable						
Materials & Supplies Inventories	$105,583	$564,268	$0	$27,174	$729	$697,754
Long Term Advance	500,041	0	0	0	0	500,041
Unclaimed Monies	197,660	0	0	0	0	197,660
Total Nonspendable	803,284	564,268	0	27,174	729	1,395,455
Restricted For						
Debt Service	0	0	0	0	57,707	57,707
Capital Projects	0	0	0	0	1,252,469	1,252,469
FEMA - Auto Gas	0	0	0	0	887,437	887,437
Addiction Treatment Project – ADM	0	0	0	0	166,868	166,868
Lodging Tax	0	0	0	0	345,429	345,429
Motor Vehicle Gas Tax	0	3,560,045	0	0	0	3,560,045
Municipal Court Special Projects	0	0	0	0	374,399	374,399
Senior Citizens	0	0	0	0	861,232	551,740
Hocking County 911	0	0	0	0	1,219,775	1,219,775
T-CAP Grant Common Please	0	0	0	0	111,309	111,309
Wireless 911	0	0	0	0	640,432	640,432
Law Library	0	0	0	0	86,528	86,528
Board of Developmental Disabilities	0	0	8,642,702	0	0	8,642,702
Emergency Medical Services	0	0	0	487,601	0	487,601
Real Estate Assessment	0	0	0	0	1,894,840	1,894,840
Other Purposes	0	0	0	0	2,504,173	2,504,173
Total Restricted	0	3,560,045	8,642,702	487,601	10,402,598	23,092,946
Assigned for						
2024 Excess Appropriations	1,053,784	0	0	0	0	1,053,784
Encumbrances	420,670	0	0	0	0	420,670
Total Assigned	1,474,454	0	0	0	0	1,474,454
Unassigned (deficit)	7,408,821	0	0	0	(888,017)	6,520,804
Total Fund Balances	$9,686,559	$4,124,313	$8,642,702	$514,775	$9,515,310	$32,483,659

Note 21 – Accountability

As of December 31, 2023, the Hall of Justin Construction, Agricultural Society, ICJR – Improving Criminal Justice, Ohio Law Enforcement Body Armor, Opioid Hope Grant, OCJS ARPA 2022, LE Victim Specialist Grant, Mental Health Deputy Grant, Ohio Housing Trust Fund Grant 2015, and Prosecutor FOJ funds had a deficit fund balances in the amount of $558,636, $204,289, $12,195, $30,000, $15,600, $43,164, $10,000, $2,305, $11,776, and $52, respectively, due to the application of GAAP.

Note 22 – Significant Commitments

Contractual Commitments

At December 31, 2023, the County had the following significant contractual commitments outstanding.

Contract – Contractor	Contract Amount	Amount Paid as of 12/31/23	Amount Outstanding At 12/31/23
Fairgrounds Electrical Project – BJ Electric	$999,999	$754,168	$245,831
Paving – Shelly & Sands	1,238,775	0	1,238,775

Encumbrances

The County had the following significant outstanding encumbrances at December 31, 2023.

General Fund	$424,540
Motor Vehicle and Gas Tax Fund	1,900,904
Board of Developmental Disabilities Fund	203,703
Emergency Medical Services Fund	10,181
American Rescue Plan Act Nonmajor Fund	148,875
Enterprise Fund	36,148

Note 23 – Component Unit Disclosures – Hocking Valley Community Hospital

23.1. Reporting Entity

Hocking Valley Community Hospital (the Hospital), located in Hocking County, Logan, Ohio, is organized as a county hospital under provisions of the general statues of the state of Ohio requiring no specific articles of incorporation. The organization is exempt from Federal income taxes. The Board of Trustees, appointed by the county commissioners and the probate and common pleas court judges, is charged with the management and operation of the Hospital, its finances, and its staff. The Hospital is considered a component unit of Hocking County, Ohio, and is included as a component unit in the basic financial statements of Hocking County.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 39, Determining Whether Certain Organizations are Component Units, the Hocking Valley Community Hospital Memorial Fund, Inc. (Foundation) is included as a discretely presented component unit in a separate column in the Hospital's financial statements to emphasize that it is legally separate from the Hospital. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the Hospital in support of its programs. Although the Hospital does not control the timing or the amounts of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests, is restricted to support the activities of the Hospital. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the Hospital, it is considered a component unit of the Hospital. The Foundation is a private nonprofit organization that reports under accounting principles generally accepted in the United States of America set forth by Financial Accounting Standards Board (FASB) standards.

23.2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements include the accounts of the Hospital and its component unit, the Foundation. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and

Analysis - for State and Local Governments, issued in June 1999. The Hospital follows the "business-type" activities reporting requirements of GASB Statement No. 34, which provides a comprehensive look at the Hospital's financial activities.

The Foundation reports under accounting principles generally accepted in the United States of America set forth by FASB standards. As such, certain presentation features for the Foundation have been conformed to the GASB presentation. There were no significant differences between the two frameworks related to the Foundation.

Use of Estimates

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

Proprietary Fund Accounting

The Hospital utilizes the propriety fund method of accounting whereby revenue and expenses are recognized on the full accrual basis. Substantially all revenue and expenses are subject to accrual.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less at the date of purchase.

Inventories

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

Investments

The Hospital records its investments at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Unrealized gains and losses on investments are included in net investment income (loss) in the statements of revenues, expenses, and changes in net position.

The Foundation records its investments at fair value in accordance with the Investments Topic of the Accounting Standards Codification. Differences between cost and fair value are recognized as unrealized gains or losses in the period in which they occur. The realized gain or loss on investments is the difference between the proceeds received and the cost of investments sold.

The Hospital and Foundation hold investments which are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

Donor Restricted Investments

Donor restricted investments consist of assets maintained by the Foundation whose use is restricted by a donor.

Statements of Revenues, Expenses, and Changes in Net Position

The Hospital recognizes as operating revenues those transactions that are major or central to the provision of health care services. Operating revenues include those revenues received for direct patient care, grants received from organizations as reimbursement for patient care, and other incidental revenue associated with patient care. Operating expenses include those costs associated with providing patient care including costs of professional services, operating the hospital facilities, administrative expenses, and depreciation and amortization. Nonoperating revenues include investment income and grants and contributions received for purposes other than capital asset acquisition. Nonoperating expenses include interest expense, investment losses, and expenses for grants to the Foundation which represent amounts paid to the Foundation for the benefit of Hocking Valley Medical Group (see Note 23.17).

Capital Assets

Purchased, constructed, or intangible right-to-use capital assets are reported at historical costs. Contributed capital assets are recorded at their estimated fair value at the time of their donation. Expenditures for capital assets must exceed $5,000 in order for them to be capitalized. Expenditures that substantially increase the useful lives of existing assets are capitalized. Routine maintenance and repairs are expensed as incurred. All capital assets other than land are depreciated or amortized (in the case of right-to-use assets) using the straight-line method of depreciation using these useful lives:

Buildings and related improvements	10 to 40 years
Fixed equipment	10 to 20 years
Moveable equipment	3 to 20 years
Land improvements	10 to 20 years
Subscription-based information technology arrangements	2 to 10 years

Amortization expense on right-to-use assets is included in depreciation and amortization in the statements of revenues, expenses, and changes in net position. The asset and accumulated depreciation/amortization are removed from the related accounts when the asset is disposed. Any gain or loss resulting from this disposal is recorded in the statements of revenues, expenses, and changes in net position.

Compensated Absences

The Hospital’s employees earn vacation time at varying rates depending on years of service. Employees may accumulate vacation time, up to 400 hours, to be carried over to the subsequent year. The Hospital’s employees also earn sick leave on an annual basis at a flat rate regardless of years of service. Upon retirement, employees aged 65 or older with a minimum of 10 years of service, and employees with 30 years of service regardless of age have sick leave balances paid out at 25% of eligible hours at their current rate of pay. The maximum payout is 240 hours. As of December 31, 2023, the liability for accrued vacation and sick leave was $814,417.

Grants and Contributions

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

Restricted Resources

When the Hospital has both restricted and unrestricted resources available to finance a particular program, it is the

Hospital's policy to use restricted resources before unrestricted resources.

Net Position

Net Investment in Capital Assets: Consists of capital assets, net of accumulated depreciation, and is reduced by the balances of any outstanding borrowings used to finance the purchase or construction of those assets.

Restricted Net Position: Results when constraints placed on the use of the net position are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provision or enabling legislation.

Unrestricted Net Position: Consists of remaining net position that does not meet the previously listed criteria.

Risk Management

The Hospital is exposed to various risks of loss related to torts; theft or, damage to, and destruction of assets; business interruptions; errors and omissions; injuries to employees; and natural disasters. Commercial insurance coverage is purchased for claims arising in such matters.

Franchise Fee

Effective July 1, 2009, the state of Ohio began assessing a franchise fee to hospitals to fund health care programs. The Hospital incurred franchise fee expenses of $1,162,492 in 2023 and recorded the amount in supplies and other expenses in the statements of revenues, expenses, and changes in net position. Additionally, the Hospital paid $612,805 of its 2023 franchise fee payments in advance, which was reflected in the statements of net position as prepaid expenses as of December 31, 2023. There was no franchise fee liability payable to the State of Ohio at December 31, 2023.

Patient Accounts Receivable and Net Patient Service Revenue

The Hospital recognizes net patient service revenues on the accrual basis of accounting in the reporting period in which services are performed based on the current gross charge structure, less actual adjustments, and estimated discounts for contractual allowances, principally for patients covered by Medicare, Medicaid, managed care, and other health plans. The Hospital is designated as a critical access facility by the Medicare program. As a result, Medicare inpatient and outpatient services are reimbursed at the approximate cost plus 1% of providing those services subject to the federal sequestration provisions. Payment for the majority of Medicaid inpatient and outpatient services is based on a prospectively determined fixed price. Gross patient service revenue is recorded in the accounting records using the established rates for the type of service provided to the patient. The Hospital recognizes an estimated contractual allowance to reduce gross patient charges to the estimated net realizable amount for services rendered based upon previously agreed-to rates with a payor. The Hospital utilizes the patient accounting system to calculate contractual allowances on a payor-by-payor basis based on the rates in effect for each primary third-party payor. Another factor that is considered and could further influence the level of the contractual reserves includes the status of accounts receivable balances as inpatient or outpatient. The Hospital's management continually reviews the contractual estimation process to consider and incorporate updates to laws and regulations and the frequent changes in managed care contractual terms that result from contract renegotiations and renewals.

Payors include federal and state agencies, including Medicare, Medicaid, managed care health plans, commercial insurance companies, employers, and patients. These third-party payors provide payments to the Hospital at amounts different from its established rates based on negotiated reimbursement agreements. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and fee schedule payments. Retroactive adjustments under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The Hospital estimates an allowance for doubtful accounts based on an evaluation of historical losses, current economic conditions, and other factors unique to the Hospital.

Charity Care

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

Of the Hospital's total operating expenses (approximately $43,255,000 during 2023), an estimated $248,000 arose from providing services to charity patients during 2023. The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Hospital's total expenses divided by gross patient service revenue. The Hospital participates in the Hospital Care Assurance Program (HCAP), which provides for additional payments to hospitals that provide a disproportionate share of uncompensated services to the indigent and uninsured. Net amounts recognized through this program totaled $546,186 for 2023 and are reported as net patient service revenue in the financial statements.

Pension and Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net pension and OPEB assets and liabilities, deferred outflows of resources and deferred inflows of resources related to the pension and OPEB, and pension and OPEB income and expense, information about the net position of the Ohio Public Employees Retirement System (OPERS) and addition to/deductions from the OPERS's net position have been determined on the same basis as they are reported by the OPERS.

Subsequent Events

The Hospital has evaluated subsequent events through May 29, 2024, the date the financial statements were available to be issued.

23.3. Change in Accounting Principle

In 2023, the Hospital implemented GASB Statement No. 96 – Subscription-Based Information Technology Arrangements (GASB 96), which requires subscription-based information technology arrangements (SBITAs) that have a maximum possible term greater than 12 months to be recorded in the statement of net position. Previously, SBITAs were not recorded in the statement of net position. The following table outlines the prior period adjustments necessary to implement this standard.

Statement of Net Position

	As previously stated, December 31, 2022	Adjustment	As restated, December 31, 2022
Net position	$4,227,334	($464,031)	$3,763,303
Intangible right-to-use assets, net	2,697,279	2,220,328	4,917,607
Current portion of SBITA liability	0	588,369	588,369
Noncurrent portion of SBITA liability	0	2,095,990	2,095,990

Statement of Revenues, Expenses, and Changes in Net Position

	As previously stated, 2022	Adjustment	As restated, 2022
Supplies and other expenses	$8,422,775	(790,908)	$7,631,867
Interest expense	158,042	221,433	379,475
Depreciation and amortization	1,801,783	529,282	2,331,065
Net decrease in 2022 change in net position		($40,193)	

Statement of Cash Flows

	As previously stated, 2022	Adjustment	As restated, 2022
Cash paid to vendors for goods and services	($15,012,659)	$790,908	($14,221,751)
Principal payments of subscription-based information technology arrangement obligations	0	(569,475)	(569,475)
Interest paid	(158,042)	(221,433)	(379,475)
Depreciation and amortization	1,801,783	529,282	2,331,065

23.4. Functional Expenses and Other – Foundation

The Foundation performs fundraising services on behalf of the Hospital. Expenses related to providing these services for the year ended December 31, 2023 were as follows:

	Fundraising
Supplies and other expenses	$35,512
Depreciation	40,884
	$76,396

Liquidity and Availability of Resources

The Foundation's financial assets available within one year of the statement of net position date for general expenditures for the year ended December 31 are as follows:

	2023
Cash and cash equivalents	$564,065
Investments	498,344
	$1,062,409

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of net position date. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments.

23.5. Deposits and Investments

Deposits

State law requires insurance or collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Hospital's deposits might not be recovered. Through December 31, 2023, Federal Deposit Insurance Corporation (FDIC) insurance for funds held in interest bearing accounts is $250,000 per depositor per category of legal ownership. Ohio Revised Code requires that deposits in excess of FDIC insured amounts are collateralized. The Hospital's investment policy does not address custodial credit risk, but it believes that the Hospital's depository bank carries sufficient collateral to cover the total amount of public funds on deposit with the bank (after FDIC coverage) and is in compliance with the requirements specified in Sections 135.18 and 135.181 of the Ohio Revised Code.

The bank balances of the Hospital's deposits at December 31, 2023 totaled $5,170,197 and were subject to the following categories of custodial credit risk:

	2023
Collateral held by the counterparty's agent but not in the name of the Hospital	$569,874
Total amount subject to custodial risk	569,874
Amount insured	4,600,323
Total bank balances	$5,170,197

Investments – The Hospital

The Hospital has adopted an investment policy that is consistent with the allowable investments provided by the Auditor of State. The policy authorizes the Hospital to invest in the following:

- United States obligations or any other obligation guaranteed as to principal and interest by the United States.
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality.
- Interim deposits in the eligible institutions applying for interim monies as provided in Ohio Revised Code Section 135.08.
- Bonds or other obligations of the state of Ohio.
- The Ohio Subdivisions Fund (Star Ohio) as provided in Ohio Revised Code Section 135.45.
- Certificates of deposit.

The Hospital's investments generally are reported at fair value, as discussed in Note 23.2. At December 31, 2023, the Hospital had the following investments, maturities and rates (per Standard & Poor's), all of which were held in the Hospital's name by custodial banks that are agents of the Hospital:

	2023		
	Carrying	Investment Maturities	
	Amount	Less than 1 Year	1-5 Years
Money market funds			
AAA	$4,335,260	$4,335,260	$0
	$4,335,260	$4,335,260	$0

Interest Rate Risk

The Hospital's investment policies limit investment portfolios to maturities of five years or less. All of the Hospital's investments at December 31, 2023 have effective maturity dates of less than five years.

Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Hospital will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Hospital's investment policy does not address custodial credit risk. For the year ended December 31, 2023, the Hospital is not exposed to custodial credit risk as it relates to its investment portfolio.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of investments in any issuer. This does not apply to obligations and agencies of the United States Treasury which are deemed to be "risk-free". The Hospital's investment policy requires that the portfolio be structured to diversify investments to reduce the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific type of security. The Hospital believes that it is not exposed to any significant credit risk on investments.

Investments – The Foundation

As of December 31, the fair values of the Foundation's investments were as follows:

	2023
Mutual funds	$237,001
Exchange traded funds	186,779
Common stock	35,998
Money market funds	1,059
Certificates of deposit	505,559
	$966,396

The Foundation's investments are reflected in the statements of net position as follows at December 31:

	2023
Investments - current assets	$498,344
Investments - noncurrent assets	250,000
Donor restricted investments - noncurrent assets	218,052
	$966,396

The Foundation's investment income for the year ended December 31 consisted of the following:

	2023
Interest and dividends, net of investment management fees	$24,127
Net unrealized/realized gains/(losses)	43,964
	$68,091

23.6. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are described as follows:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Hospital and Foundation have the ability to access.
- Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by

observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023.

- Money markets – Valued based at the subscription and redemption activity at a $1 stable net asset value (NAV). However, on a daily basis the funds are valued at their daily NAV calculated using the amortized cost of the securities held in the fund.
- Mutual funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.
- Exchange traded funds - Valued at the daily closing price as reported by the fund. Exchange traded funds held by the Foundation are funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The exchange traded funds held by the Foundation are deemed to be actively traded.
- Common stock – Valued at the closing price reported on the active market on which the individual securities are traded.

The following table sets forth by level, within the fair value hierarchy, the Hospital's assets at fair value as of December 31, 2023. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement.

	2023			
	Level 1	Level 2	Level 3	Total
Money market funds				
AAA	$0	$4,335,260	$0	$4,335,260
	$0	$4,335,260	$0	$4,335,260

The Hospital's policy is to recognize transfers between levels as of the end of the reporting period.

Foundation assets measured at fair value on a recurring basis as of December 31, 2023 are as follows:

	Level 1	Level 2	Level 3	Total
Money market	$0	$1,059	$0	$1,059
Mutual funds:				
Money market	8,391	0	0	8,391
Fixed income	109,649	0	0	109,649
Foreign large blend	38,078	0	0	38,078
Foreign large growth	8,594	0	0	8,594
Foreign small/mid blend	8,363	0	0	8,363
Foreign small/mid growth	4,707	0	0	4,707
Large growth	42,578	0	0	42,578
Mid-cap growth	16,641	0	0	16,641
Exchange traded funds:				
Fixed income	29,577	0	0	29,577
Foreign large blend	38,482	0	0	38,482
Large value growth	42,362	0	0	42,362
Large value growth	42,469	0	0	42,469
Mid-cap blend	21,143	0	0	21,143
Small blend	12,746	0	0	12,746
Common stock:				
Energy	35,998	0	0	35,998
	$459,778	$1,059	$0	460,837
Certificates of deposit				505,559
Total investments and certificates of deposit				$966,396

The remainder of this page was intentionally left blank.

23.7. Capital Assets

The Hospital's capital asset additions, transfers, retirements, and balances as of and for the year ended December 31, were as follows:

	2023				
	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Capital assets not being depreciated:					
Land	$5,120	$0	$0	$0	$5,120
Construction in process	728,352	699,696	(526,915)	0	901,133
Total non-depreciable capital assets	733,472	699,696	(526,915)	0	906,253
Depreciable capital assets:					
Land improvements	559,611	0	0	0	559,611
Buildings and improvements	18,213,010	248,183	822,060	0	19,283,253
Equipment	22,805,105	608,998	214,401	0	23,628,504
Total depreciable capital assets	41,577,726	857,181	1,036,461	0	43,471,368
Less accumulated depreciation:					
Land improvements	(488,452)	(24,900)	0	0	(513,352)
Buildings and improvements	(12,683,515)	(625,810)	0	0	(13,309,325)
Equipment	(20,145,403)	(883,253)	0	0	(21,028,656)
Total accumulated depreciation	(33,317,370)	(1,533,963)	0	0	(34,851,333)
Total depreciable capital assets, net	8,260,356	(676,782)	1,036,461	0	8,620,035
Intangible right-to-use assets:					
Leased equipment	2,958,315	238,770	(214,401)	0	2,982,684
Leased building space	466,019	568,380	(466,019)	0	568,380
SBITA assets	5,279,763	0	0	0	5,279,763
Total intangible right-to-use assets	8,704,097	807,150	(680,420)	0	8,830,827
Less accumulated amortization:					
Leased equipment	(579,482)	(292,226)	0	0	(871,708)
Leased building space	(147,573)	(193,964)	170,874	0	(170,663)
SBITA assets	(3,059,435)	(546,689)	0	0	(3,606,124)
Total accumulated amortization	(3,786,490)	(1,032,879)	170,874	0	(4,648,495)
Total intangible right-to-use assets, net	4,917,607	(225,729)	(509,546)	0	4,182,332
Total capital assets, net	$13,911,435	($202,815)	$0	$0	$13,708,620

Total depreciation and amortization expense related to the Hospital's capital assets for 2023 was $2,566,842.

The Foundation's capital asset additions, transfers, retirements, and balances as of and for the year ended December 31, were as follows:

	2023				
	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Capital assets not being depreciated:					
Land	$954,288	$0	$0	$0	$954,288
Total non-depreciable capital assets	954,288	0	0	0	954,288
Depreciable capital assets:					
Buildings and improvements	1,694,990	0	0	0	1,694,990
Equipment	12,421	0	0	0	12,421
Total depreciable capital assets	1,707,411	0	0	0	1,707,411
Less accumulated depreciation:					
Buildings and improvements	(582,124)	(40,884)	0	0	(623,008)
Equipment	(12,421)	0	0	0	(12,421)
Total accumulated depreciation	(594,545)	(40,884)	0	0	(635,429)
Total depreciable capital assets, net	1,112,866	(40,884)	0	0	1,071,982
Total capital assets, net	$2,067,154	($40,884)	$0	$0	$2,026,270

Total depreciation expense related to the Foundation's capital assets for 2023 was $40,884.

<u>Intangible Right-to-Use Assets</u>

Leased Equipment and Building Space

In 2022, the Hospital implemented the guidance in GASB Statement No. 87 – Leases (GASB 87) and recognized the value of equipment leased under long-term contracts. At December 31, 2023, the Hospital has various lease agreements in place for equipment and building space. The values of these intangible right-to-use assets are amortized straight-line over the lease terms, including renewal options the Hospital is reasonably certain to exercise. The amortization periods conclude at various times through 2029. The terms of the lease agreements are addressed in Note 23.8.

SBITA Assets

In 2023, the Hospital adopted the guidance in GASB 96 and recognized the value of SBITAs under long-term contracts in the statement of net position. As of December 31, 2023, the Hospital had various agreements in place for SBITAs. The values of the SBITA intangible right-to-use asset are amortized straight-line over the arrangement term, including renewal periods the Hospital is reasonably certain to exercise. The amortization periods conclude at various times through 2028. The terms of the SBITA agreements are addressed in Note 23.8.

23.8. Lease and SBITA Liabilities

In 2022, the Hospital implemented the guidance of GASB 87 for accounting and reporting leases that had previously been reported as operating leases. In 2023, the Hospital implemented the guidance of GASB 96 for accounting and reporting SBITAs that had previously not been reported on the statement of net position. Under these GASB statements, the Hospital recognized intangible right-to-use assets and corresponding lease and SBITA liabilities in the statements of net position.

GASB 87

Medical and Office Equipment Leases

The Hospital has a variety of leases related to medical and office equipment. Terms of these leases range between 36 and 84 months and carry monthly minimum payments from $489 to $29,965. For purposes of discounting future payments on leases, the Hospital uses the incremental borrowing rate, unless an interest rate is explicitly stated on the agreement related to corresponding leases. The discount rates as of December 31, 2023 range from 2.46% to 7.49%. The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note 23.7.

Building Leases

The Hospital leases building space from the Foundation and Hocking Valley Medical Group, Inc. for use as commercial medical space. Terms of the leases range between 24 and 120 months and carry monthly payments from $6,000 to $15,841. For purposes of discounting future payments on leases, the Hospital uses the incremental borrowing rate, unless an interest rate is explicitly stated on the agreement related to corresponding leases. The discount rates as of December 31, 2023 range from 3.78% to 5.25%. The leased building space and accumulated amortization of the right-to-use assets are outlined in Note 23.7.

Remaining payments on lease liabilities include:

	Lease Payments to Maturity					
	Equipment			Building Space		
	Principal	Interest	Total	Principal	Interest	Total
2024	$434,976	$76,655	$511,631	$250,731	$11,355	$262,086
2025	412,222	58,761	470,983	116,430	3,093	119,523
2026	377,560	42,845	420,405	35,606	394	36,000
2027	388,708	27,976	416,684	0	0	0
2028	373,677	15,229	388,906	0	0	0
Thereafter	187,637	1,903	189,540	0	0	0
Totals	$2,174,780	$223,369	$2,398,149	$402,767	$14,842	$417,609

The progressions for lease liabilities for 2023 are as follows:

December 31, 2022	Additions	Reductions	December 31, 2023	Current Portion
$2,743,439	$807,150	($973,042)	$2,577,547	$685,707

GASB 96

SBITA agreements under GASB 96 for the Hospital include its electronic health records (EHR) system and health care staff education system. The EHR SBITA arrangement requires monthly payments in the amount of $62,138 through February 2027, and the health care staff education SBITA arrangement required annual payments of $23,281 through November 2023. The discount rate is based on the implicit rate in the SBITA agreement if stated. If not stated, the Hospital's incremental borrowing rate was used. The discount rate used for the outstanding agreements was 7.5% as of December 31, 2023.

Remaining payments on SBITA liabilities include:

	Principal	Interest	Total
2024	$609,112	$135,544	$744,656
2025	656,399	89,257	745,656
2026	707,357	38,299	745,656
2027	123,121	1,155	124,276
	$2,095,989	$264,255	$2,360,244

The progressions for SBITA liabilities for 2023 are as follows:

December 31, 2022	Additions	Reductions	December 31, 2023	Current Portion
$2,684,359	$0	($588,370)	$2,095,989	$609,112

23.9. Line of Credit

The Hospital has a $1,000,000 line of credit with a bank that is collateralized by all patient accounts receivable. The line of credit is due on demand. Interest is payable at a variable rate of prime plus 1.04% (9.54% at December 31, 2023). The Hospital did not have any amounts outstanding as of December 31, 2023.

23.10. Long-Term Debt

Debt – Hospital

Information regarding the Hospital's long-term debt activity and balances as of and for the year ended December 31, is as follows:

	2023				
	Beginning Balance	Additions	Payments/ Reductions	Ending Balance	Due Within One Year
Direct borrowings:					
Note payable, OAQDA	$1,149,311	$0	($134,461)	$1,014,850	$138,562
Note payable, Merchants National Bank	789,918	0	(88,897)	701,021	32,149
Total direct borrowings	1,939,229	0	(223,358)	1,715,871	170,711
Total debt	$1,939,229	$0	($223,358)	$1,715,871	$170,711

During 2016, the Hospital signed two direct borrowing notes payable with the Ohio Air Quality Development Authority (OAQDA) totaling $1,918,748 to make energy efficient capital improvements to the Hospital. The first note, which totaled $1,000,000, bears interest at 4.25%, with interest payments through December 1, 2030, due semi-annually. Annual principal payments begin December 1, 2024, with the final payment due December 1, 2030. The second note, which totaled $918,748, bears interest at 3.05% with annual principal and interest payments beginning December 1, 2016, through December 1, 2024. At December 31, 2023 and 2022, the balance outstanding under these notes payable totaled $1,014,850 and $1,149,311, respectively.

The OAQDA notes payable contain a provision that whenever an event of default occurs, the principal and interest outstanding is due and payable immediately. The notes are not secured by any assets owned by the Hospital.

During 2022, the Hospital signed a direct borrowing note payable with Merchants National Bank totaling $818,741 to replace the roof of the Hospital building. Monthly payments of at least $5,053 began in September 2022 and can continue through September 2032. The note bears interest through September 2027 at a rate of 4.15%, after which point the interest rate will adjust to the 5 Year Treasury rate as of September 2027, plus 3.5%, except that the interest rate on the note payable at September 2027 cannot fall below 4.15% or rise above 10.0%. A balloon payment of up to $523,493 of interest and principal will be due September 2032 if the Hospital makes the minimum allowed monthly payment throughout the term of the loan. The Hospital has remitted payments in excess of the minimum payment amount each month in 2023 and intends to continue doing so in future periods in order to avoid paying a balloon payment at the loan termination date. The note is secured by capital assets owned by the Hospital.

Long-term debt payment requirements for fiscal years subsequent to December 31, 2023, are as follows:

	Notes from Direct Borrowings		
	Principal	Interest	Total
2024	$170,711	$75,197	$245,908
2025	174,326	69,603	243,929
2026	177,796	62,452	240,248
2027	184,768	54,964	239,732
2028	195,535	47,023	242,558
Thereafter	812,735	100,388	913,123
	$1,715,871	$409,627	$2,125,498

Debt – Foundation

Information regarding the Foundation's long-term debt activity and balances as of and for the year ended December 31, is as follows:

	2023				
	Beginning Balance	Additions	Payments/ Reductions	Ending Balance	Due Within One Year
Commercial loan	$896,258	$0	($32,636)	$863,622	$45,661
Total debt	$896,258	$0	($32,636)	$863,622	$45,661

During 2018, the Foundation signed a note payable with Citizens Bank of Logan, now Merchants National Bank, totaling $1,080,000 to purchase a new Medical Office Building. The note from direct borrowings has annual principal and interest payments beginning April 18, 2018, through April 18, 2038. Beginning on April 18, 2023, the interest rate is subject to change annually based on the weekly average yield of United States treasury securities. At December 31, 2023 and 2022, the interest rate was 6.27% and 3.77%, respectively. At December 31, 2023, the balance outstanding under this note payable was $863,622.

The Foundation is required to meet a minimum debt service coverage ratio. Management believes the Foundation was in compliance with this covenant as of December 31, 2023.

Long-term debt obligation payment requirements for fiscal years subsequent to December 31, 2023, are as follows:

	Principal	Interest	Total
2024	$45,661	$31,312	$76,973
2025	47,413	29,560	76,973
2026	49,231	27,742	76,973
2027	51,120	25,853	76,973
2028	53,081	23,892	76,973
Thereafter	617,116	137,471	754,587
	$863,622	$275,830	$1,139,452

23.11. Patient Accounts Receivable

The details of patient accounts receivable are set forth below:

	2023
Gross patient accounts receivable	$28,257,813
Less allowance for:	
Uncollectible accounts	(973,812)
Contractual adjustments	(16,727,097)
Net patient accounts receivable	$10,556,904

The Hospital provides services without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. The composition of net receivables from patients and third-party payors was as follows:

	2023	
	Accounts Receivable	Gross Revenue
Medicare	36%	52%
Medicaid	29%	23%
Commercial	28%	23%
Self-pay	7%	2%
	100%	100%

23.12. Estimated Amounts Due from Third-Party Payors

The Hospital has agreements with third-party payors that provide for payment to the Hospital at amounts different from its established rates. The Hospital is designated as a Critical Access Hospital (CAH) under the Medicare and Medicaid programs. CAHs receive payments on a reasonable cost basis, for inpatient and most outpatient services to eligible Medicare patients. Contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's billings at established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with major third-party payors follows:

- Medicare: On October 4, 2006, the Hospital became a Critical Access Hospital. After October 4, 2006, inpatient services and most outpatient services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology. Other outpatient services are reimbursed based on fee schedules.
- The Hospital and the Hospital's swing beds are reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization.
- Medicaid: Inpatient services rendered to Medicaid program beneficiaries are reimbursed based on prospectively determined rates per discharge. Medicaid outpatient services are reimbursed based upon the lesser of the Hospital's charge or predetermined fee schedule amounts. Capital related expenditures are subject to annual cost report settlement.
- Other Payors: The Hospital has entered into agreements with certain commercial carriers. Reimbursement for services under these agreements includes discounts from established charges and other payment methodologies.

In 2023, approximately 52% of the Hospital's total gross patient revenue was derived from Medicare patients while 23% was derived from Medicaid. The remaining revenue was derived primarily from commercial insurance payments.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and are adjusted in future periods, as final settlements are determined. Management has determined that there was $956,203 due to third party payors as of December 31, 2023. There is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Differences between the estimated amounts accrued at interim and final settlements are reported in the statement of revenues, expenses, and changes in net position in the year of settlement. The Hospital recorded a favorable adjustment of $25,604 in net patient service revenue on the statements of revenue, expenses, and changes in net position in 2023.

23.13. Net Patient Service Revenues

Net patient service revenue consists of the following:

	2023
Revenue:	
Inpatient	$20,360,716
Outpatient	97,569,830
Total patient revenue	117,930,546
Revenue deductions:	
Contractual allowances	(71,305,137)
Provision for bad debts	(3,018,043)
Charity care	(677,369)
HCAP revenue	546,186
Total deductions	(74,454,363)
Total net patient service revenue	$43,476,183

23.14. Other Liabilities

Risk Management

The Hospital is exposed to various risks of loss related to torts; theft or, damage to, and destruction of assets; business interruptions; errors and omissions; injuries to employees; and natural disasters. The Hospital has purchased commercial insurance for malpractice, general liability, and employee medical claims.

Medical Malpractice

For medical malpractice, the Hospital has professional liability insurance with a commercial carrier. Coverage is $1,000,000 per occurrence and $3,000,000 in the annual aggregate. In addition, the Hospital has umbrella coverage of $2,000,000 per occurrence. The policy also requires that certain members of the medical staff carry professional liability coverage of no less than $1,000,000 per occurrence and $3,000,000 in the annual aggregate. The Hospital's coverage is on a claims made basis. Settled claims for medical malpractice have not exceeded insurance coverage in any of the past five years. Losses from asserted and unasserted claims identified under the Hospital's incident reporting systems are accrued based on estimates that incorporate the Hospital's past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. There is no liability recorded for medical malpractice at December 31, 2023.

Employee Health Insurance

The Hospital provides health insurance to participating employees under a plan that is partially self-insured. The plan is covered by a stop-loss policy that covers specific items over $500,000. An estimate of incurred but unpaid claims has been determined as of December 31, 2023 based on historical experience. The liability for estimated self-insured employee health claims includes estimates of the ultimate costs for both reported claims and incurred but not reported claims. Activity and balances as of and for the years ended December 31, 2023 and 2022 are as follows:

	Beginning Liability	Claims Incurred	Claims Paid	Ending Liability
2022	$340,435	$3,376,822	$3,305,647	$411,610
2023	$411,610	$3,562,381	$3,693,764	$280,227

23.15. Board Designated Investments, Endowments, and Restricted Net Position

Board Designated Investments

Board designated cash and investments of $290,000 as of December 31, 2023 are designated for future capital improvements at the Hospital.

Donor-Restricted – Expendable for Various Purposes

The Foundation has funds, which have been donated for specific purposes. The funds must be used for the donor specified purpose. Donor-restricted assets that are expendable for various purposes were $38,816 as of December 31, 2023.

Donor-Restricted – Nonexpendable Endowments

The Foundation maintains several permanent funds with donor-restricted endowments that totaled $179,236 at December 31, 2023. It is the Foundation's policy to transfer from the endowment funds to available funds an amount not to exceed 75% of the total return earned by the endowment. In this way, a portion of the total return will be added back to the principal of the fund to provide growth of the fund. The transfer of available funds shall also be limited in such a manner as to not decrease the designated principal of the fund. Available funds earned that are required to maintain the principal will not be transferred.

23.16. Retirement Plans

The Hospital contributed to the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 75. Please see the Plan Statement in the OPERS 2022 Annual Comprehensive Financial Report for details.

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 OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone 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, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

<u>Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Retirement Plans</u>

In accordance with GASB Statements No. 68 and 75, employers participating in cost-sharing multiple-employer plans are required to recognize a proportionate share of the collective net pension and OPEB liabilities and assets of the plans. Although changes in the net pension liabilities and assets generally are recognized as expense in the current period, certain items are deferred and recognized as expense in future periods. Deferrals for differences between projected and actual investment returns are amortized to pension expense over five years. Deferrals for employer contributions subsequent to the measurement date are applied against the net pension/OPEB asset/liability in the following year. Other deferrals are amortized over the estimated remaining service lives of both active and inactive employees (amortization periods range from 2 to 10 years). The collective net pension asset and liability of the retirement systems (GASB 68) and the Hospital's proportionate share of the net pension asset and liability as of December 31 are as follows:

	2023
Net pension liability - all employers	$29,540,043,780
Proportion of the net pension liability - Hospital	0.093723%
	$27,685,815

	2023
Net pension asset - all employers	$235,689,691
Proportion of the net pension asset - Hospital	0.051846%
	$122,196

In relation to GASB 68, an expense of $2,261,915 is included in employee benefits expense for the year ended December 31, 2023.

The collective net OPEB asset of the retirement systems (GASB 75) and the Hospital's proportionate share of the net OPEB asset as of December 31 are as follows:

	2023
Net OPEB asset/(liability) - all employers	($630,519,175)
Proportion of the net OPEB asset/(liability) - Hospital	0.090428%
	($570,166)

In relation to GASB 75, a gain of $868,667 is included in employee benefits expense for the year ended December 31, 2023.

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

Deferred outflows of resources:	
Difference between expected and actual experience	$927,119
Net difference between projected and actual earnings on pension plan assets	7,935,860
Assumption changes	300,571
Change in proportionate share	218,922
Difference between Hospital contributions and proportionate share of contributions	926
Employer contributions subsequent to the measurement date	2,370,674
Total	$11,754,072
Deferred inflows of resources:	
Difference between expected and actual experience	$17,460
Change in proportionate share	30,245
Difference between Hospital contributions and proportionate share of contributions	3,497
Total	$51,202

At December 31, 2023, the Hospital reported deferred outflows of resources and deferred inflows of resources for OPEB from the following sources:

Deferred outflows of resources:	
Net difference between projected and actual earnings on OPEB plan assets	$1,132,370
Assumption changes	556,894
Change in proportionate share	20,110
Difference between Hospital contributions and proportionate share of contributions	
Employer contributions subsequent to the measurement date	18,600
Total	$1,727,974
Deferred inflows of resources:	
Difference between expected and actual experience	$142,222
Assumption changes	45,823
Change in proportionate share	
Difference between Hospital contributions and proportionate share of contributions	12,015
Total	$200,060

Net deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the year ending December 31 as follows:

2024	($1,239,166)
2025	(1,871,636)
2026	(2,336,398)
2027	(3,886,788)
2028	197
Thereafter	1,595
Total	($9,332,196)

Net deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense during the year ending December 31 as follows:

2024	($198,113)
2025	(411,063)
2026	(353,110)
2027	(547,028)
Total	($1,509,314)

Statutory Authority

Ohio Revised Code (ORC) Chapter 145

Benefit Formula

Pension: Benefits are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with 60 months of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2% of FAS multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. 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. The base amount of a member's pension benefit vests in upon receipt of the initial benefit payment.

OPEB: The ORC permits, but does not require, OPERS to offer post-employment health care coverage. The ORC allows a portion of the employers' contributions to be used to fund health care coverage. The health care portion of the employer contribution rate for the Traditional Pension Plan and Combined Plan is comparable, as the same coverage options are provided to participants in both plans. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the connector and may be eligible for monthly allowances deposited to a health reimbursement account to be used for reimbursement of eligible health care expenses. Coverage for non-Medicare retirees includes hospitalization, medical expenses, and prescription drugs. The OPERS determines the amount, if any, of the associated health care costs that will be absorbed by the OPERS and attempts to control costs by using managed care, case management, and other programs. Effective January 1, 2022, eligible non-Medicare retirees are part of a connector program similar to Medicare-enrolled members.

Contribution Rates

The ORC provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS may be set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, State and Local employers contributed at a rate of 14.0% of earnable salary and Public Safety and Law Enforcement employers contributed at 18.1%. These are the maximum employer contribution rates permitted by the ORC.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to healthcare for members in the Traditional Pension Plan was 0.0% during calendar years 2023. For the Combined Plan, the portion of employer contributions allocated to healthcare was 0% from January 1, 2022, to June 30, 2022, and was 2% from July 1, 2022, to December 31, 2023. 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 for Member-Directed Plan participants for 2023 was 4.0%.

Cost-of-Living Adjustments

Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual cost-of-living adjustment is provided on the member's base pension benefit at the date of retirement and is not compounded. For those members retiring under the Combined Plan, they will receive a 3% cost-of-living adjustment for the defined benefit portion of their pension benefit. Current law provides for a 3% cost-of-living adjustment for benefit recipients retiring prior to January 7, 2013. For those benefit recipients retiring subsequent to January 7, 2013, current law provides that the cost-of-living adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3%.

Measurement Date

December 31, 2022 (OPEB is rolled forward from December 31, 2021 actuarial valuation date).

Actuarial Assumptions

Valuation Date: December 31, 2022 for pension and December 31, 2021 for OPEB
Rolled Forward Measurement Date: December 31, 2022 for OPEB
Actuarial Cost Method: Individual entry age
Investment Rate of Return: 6.90% for pension and 6.00% for OPEB
Inflation: 2.75%
Projected Salary Increases: 2.75% to 10.75% for Traditional Plan and OPEB, 2.75% to 8.25% for Combined Plan
Cost-of-Living Adjustments: 3.00% Simple – for those retiring before January 7, 2013, 3.00% Simple for those retiring after January 7, 2013, through 2023, then 2.05% Simple.
Health Care Cost Trends: 5.5% initial, 3.5% ultimate in 2036

Mortality Rates

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 the previously described tables, the base year is 2010 and the 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.

Date of Last Experience Study

December 31, 2020

Investment Return Assumptions

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.

The following table displays the Board-approved asset allocation policy for defined benefit pension assets for 2022 and the long-term expected real rates of return:

Asset Class	Target Allocation	Long Term Expected Return*
Fixed income	22%	2.6%
Domestic equity	22%	4.6%
Real estate	13%	3.3%
Private equity	15%	7.5%
International equity	21%	5.5%
Risk parity	2%	4.4%
Other investments	5%	3.3%
Total	100%	

The following table displays the OPERS Board-approved asset allocation policy for health care assets for 2022 and the long-term expected real rates of return:

Asset Class	Target Allocation	Long Term Expected Return*
Fixed income	34%	2.6%
Domestic equity	26%	4.6%
Real estate	7%	4.7%
International equity	25%	5.5%
Risk parity	2%	4.4%
Other investments	6%	1.8%
Total	100%	

Discount Rate

Pension: The discount rate used to measure the total pension asset and liability was 6.9% for the Traditional Pension Plan, the Combined Plan, and the 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 was applied to all periods of projected benefit payments to determine the total pension assets and pension liabilities.

OPEB: A discount rate of 5.22% was used to measure the total OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6.0%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contribution for use with the long-term expected rate were not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.05%. The projected cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contributions rate. Based on those assumptions, the OPEB plan's fiduciary net position and future contributions were sufficient to finance health care costs through 2054. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2054, the duration of the projection period through which health care payments are fully funded.

Health Care Cost Trend Rate

A health care cost trend rate of 5.5% was used to measure the total OPEB liability on the measurement date of December 31, 2022. Retiree health care valuations use a health care cost trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.5%. 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 that the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project minimum 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 3.5% in the most recent valuation.

Sensitivity of Net Pension Liability to Changes in Discount Rate

1% Decrease (5.90%)	Current Rate (6.90%)	1% Increase (7.90%)
$41,472,828	$27,685,815	$16,217,828

Sensitivity of Net Pension Asset to Changes in Discount Rate

1% Decrease (5.90%)	Current Rate (6.90%)	1% Increase (7.90%)
$63,771	$122,196	$168,500

Sensitivity of Net OPEB Asset/(Liability) to Changes in Discount Rate

1% Decrease (4.22%)	Current Rate (5.22%)	1% Increase (6.22%)
($1,940,585)	($570,166)	$560,654

Sensitivity of Net OPEB Liability to Changes in Health Care Cost Trend Rate

1% Decrease (4.50%)	Current Rate (5.50%)	1% Increase (6.50%)
($534,429)	($570,166)	($610,389)

The amount of contributions recognized by the Hospital relating to the pensions for the year ending December 31, 2023 were approximately $2,371,000.

The amount of contributions recognized by the Hospital relating to the OPEB plan for the year ending December 31, 2023 were approximately $19,000.

23.17. Related Parties

Hocking Valley Community Hospital Memorial Fund, Inc.

The Hospital is the primary beneficiary of the Hocking Valley Community Hospital Memorial Fund, Inc. (Foundation). The Foundation is a separate not-for-profit entity organized for the purpose of soliciting funds for the benefit of the Hospital.

The Hospital entered into a 10-year non-cancelable lease with the Foundation for the Medical Arts Building that was set to expire in September 2018. The Foundation Board of Trustees made a resolution in 2016 to forgive rent owed by the Hospital and forego charging rent moving forward.

Hocking Valley Medical Group, Inc. (HVMG)

HVMG is organized as a separate not-for-profit stock professional corporation. The purpose of HVMG is to engage in the practice and to render the professional services of medicine and to further the charitable purposes of the Foundation and the Hospital. The financial activities of HVMG are not consolidated with that of the Foundation because of the absence of the criteria, control, and economic interest, that would require consolidation.

During the year ended December 31, 2023, the Hospital disbursed funds totaling $2,848,380 on behalf of the Foundation to fund operating deficits, respectively. These amounts were paid to the Foundation who, acting as fiscal agent, remitted the funds to HVMG. As of December 31, 2023, the Hospital has a receivable from HVMG of $0.

Hocking Valley Health Services

Hocking Valley Health Services (HVHS) is a not-for-profit membership corporation located in Logan, Ohio. The purpose of HVHS is to provide healthcare and physician services and to own, lease, operate and/or provide healthcare facilities for the promotion of health in the area served by the Hospital. Additionally, HVHS is to conduct strategic healthcare planning and otherwise operate exclusively for the benefit and support of the Board of Trustees of the Hospital. The Board of Trustees of HVHS is elected by HVHS' members. The Board of Trustees of the Hospital controls 50% of the voting rights of the HVHS Board. HVHS has not entered into any financial activities as of or for the year ended December 31, 2023 and the Hospital's ownership in HVHS is not material to the Hospital's financial statements as a whole. Therefore, the Hospital's financial statements exclude the activities of HVHS.

23.18. Rental Agreements

In November 2019, the Foundation entered into an agreement with the Hospital to rent property to be used as office space from November 2019 to October 2023 at $5,000 per month. This agreement was amended in 2023 and now carries rent of $6,000 per month. This agreement is subject to automatic one year extensions and includes a 3% increase to base rent each year the lease is renewed. The agreement has been extended through April 2025.

In May 2018, the Foundation entered into an agreement with Dr. Blankenbeckler to rent property to be used as office space from May 2018 to April 2023 at $3,000 per month. This agreement was amended in 2023 and now carries rent of $3,500 per month. This agreement is subject to automatic one year extensions and includes a 3% increase to base rent each year the lease is renewed. The agreement has been extended through April 2025.

During 2023, $110,000 was recognized as rental income. A schedule of the remaining minimum rental payments is below:

Year ended December 31,	
2024	$116,565
2025	29,355
	$145,920

The related cost and accumulated depreciation for the leased asset as of December 31, 2023 is as follows:

	2023
Land	$858,951
Building	916,499
Less: Accumulated Depreciation	(126,004)
	$1,649,446

23.19. Refundable Advances

The passage of the Coronavirus Aid, Relief, and Economic Security Act authorized Center for Medicare and Medicaid Services (CMS) to expand the Medicare Accelerated and Advance Payment Program to a broader group of Medicare Part A providers and Part B suppliers. As an eligible healthcare organization, the Hospital was eligible to request up to 125% of their Medicare payment amounts for a six-month period. These payments were issued in April and June 2020. Recoupment of the advance payment was to begin following a 120-day deferral period. The Continuing Appropriations Act, 2021 and Other Extensions Act, which passed on September 30, 2020, allowed providers to extend repayment for a full year before recoupment begins. In 2022, the Hospital requested and was granted by CMS to enter into an installment plan for the unrecouped portion of its Medicare Accelerated and Advance Payment Program amount. The installment plan required monthly payments of $189,063 through September 2023, and carried an interest rate of 4.0%. As of December 31, 2022, the Hospital had unrecouped Medicare Accelerated and Advanced Payments of $1,673,528 recorded as refundable advances on the statement of net position. This was recouped in full during 2023.

23.20. Contingency

Compliance Risks

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations is subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and significant repayments for patient services previously billed. Management is not aware of any material incidents of noncompliance that have not been provided for in the financial statements; however, the possible future financial effects of this matter on the Hospital, if any, are not presently

Note 24 – New Accounting Pronouncements

For fiscal year 2023, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”, Statement No. 96, “Subscription-Based Information Technology Arrangements”, and Statement No. 99, “Omnibus 2022”.

GASB Statement No. 94 provides guidance to improve accounting and financial reporting for public-private and public-public partnership arrangements (commonly referred to as P3s) and availability payment arrangements (APAs).

It has guidance for P3 arrangements, including those that are outside of the scope of the GASB's existing literature for those transactions, namely Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, and Statement No. 87, Leases. The Statement also makes certain improvements to the guidance previously included in Statement 60 and provides accounting and financial reporting guidance for APAs.

GASB Statement No. 96 provides accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs). It is based on the standards established in Statement 87, "Leases". It:

- Defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction;
- Requires governments with SBITAs to recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability (with an exception for short-term SBITAs—those with a maximum possible term of 12 months); and
- Provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA.

GASB Statement No. 99 sets out 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.

These changes were considered in the preparation of the County's 2023 financial statements; however, there was no effect on beginning net position/fund balance nor was note disclosure presentation required.

Note 25 – Restatement of Beginning Balances

During 2023, the County discovered that it previously reported an OPWC loan as a grant, therefore overstating net position and understating long-term liabilities. The County restated beginning balances to correct this error. This restatement had the following effect on beginning balances.

	Governmental Activities
Net Position, As Reported, 12/31/22	$52,568,467
Restatement	(225,000)
Net Position, As Restated, 1/1/23	$52,343,467

Hocking County
Required Supplementary Information
Schedule of the County's Proportionate Share of the Net Pension/OPEB Liability (Asset)
Ohio Public Employees Retirement System
Last Ten Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Pension - Traditional										
County's proportion of the net pension liability	0.07265900%	0.07265900%	0.07445700%	0.07407700%	0.07449300%	0.07625400%	0.07554000%	0.08199100%	0.08074100%	0.08566700%
County's proportionate share of the net pension liability	$8,565,549	$8,763,488	$12,896,891	$16,817,800	$11,686,507	$20,884,424	$14,930,994	$12,141,083	$7,917,453	$25,306,069
County's covered-employee payroll	$9,641,546	$8,926,300	$9,626,767	$10,004,975	$9,320,708	$10,553,486	$11,406,157	$11,532,043	$12,277,900	$13,235,121
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	88.84%	98.18%	133.97%	168.09%	125.38%	197.89%	130.90%	105.28%	64.49%	191.20%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%	77.25%	84.66%	74.70%	72.21%	87.21%	92.62%	75.74%
OPEB (1)										
County's proportion of the net OPEB liability (asset)	N/A	N/A	N/A	0.07211000%	0.07157000%	0.07290800%	0.07226900%	0.07904100%	0.07831700%	0.08309100%
County's proportionate share of the net OPEB liability (asset)	N/A	N/A	N/A	$7,283,355	$7,771,975	$9,505,482	$9,982,227	($1,408,179)	($2,453,009)	$523,905
County's covered-employee payroll	N/A	N/A	N/A	$10,004,975	$9,320,708	$10,553,486	$11,406,157	$11,532,043	$12,277,900	$13,235,121
County's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	72.80%	83.38%	90.07%	87.52%	-12.21%	-19.98%	3.96%
Plan fiduciary net position as a percentage of the total OPEB liability	N/A	N/A	N/A	54.05%	54.14%	46.33%	47.80%	115.57%	128.23%	94.79%

The amounts presented for each year were determined as of December 31 of the previous year, which is the County's measurement date.
(1) Information not available prior to 2018.
See accompanying notes to the required supplementary information.

Hocking County

Required Supplementary Information

Schedule of the County's Contributions

Last Ten Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Ohio Public Employees Retirement System-Traditional Plan										
Contractually required contribution - pension	$1,071,156	$1,155,212	$1,200,597	$1,211,692	$1,477,488	$1,596,862	$1,614,486	$1,718,906	$1,852,917	$1,927,436
Contractually required contribution - OPEB	178,526	192,535	200,100	93,207	0	0	0	0	0	0
Contractually required contribution - total	1,249,682	1,347,747	1,400,697	1,304,899	1,477,488	1,596,862	1,614,486	1,718,906	1,852,917	1,927,436
Contributions in relation to the contractually required contribution	1,249,682	1,347,747	1,400,697	1,304,899	1,477,488	1,596,862	1,614,486	1,718,906	1,852,917	1,927,436
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
County's covered-employee payroll	$8,926,300	$9,626,767	$10,004,975	$9,320,708	$10,553,486	$11,406,157	$11,532,043	$12,277,900	$13,235,121	$13,767,400
Contributions as a percentage of covered-employee payroll - pension	12.00%	12.00%	12.00%	13.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered-employee payroll - OPEB	2.00%	2.00%	2.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered-employee payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

Ohio Public Employees Retirement System

Pension

Changes in benefit terms

There were no significant changes in benefit terms for 2015 through 2017.

For 2018, COLAs provided up to December 31, 2018 will be based upon a simple, 3 percent COLA. COLAs provided after December 31, 2018 continue to be simple, but will be based upon the annual percentage change in the Consumer Price Index (CPI), and not greater than 3 percent.

There were no significant changes in benefit terms for 2019 or 2020.

For 2021, in October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020 then 2.15 simple to .5 percent simple through 2021 then 2.15 percent simple.

For 2022, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from .5 percent simple through 2021 then 2.15 percent simple to 3 percent simple through 2022 then 2.05 percent simple.

There were no significant changes in benefit terms for 2023.

Changes in assumptions

There were no significant changes in assumptions for 2015 through 2018.

For 2018, the employer contribution rate allocated to pensions increased from 13.00 percent to 14.00 percent.

For 2019, the investment rate of return decreased from 7.5 percent to 7.2 percent.

There were no significant changes in assumptions for 2020 or 2021.

For 2022, the investment rate of return decreased from 7.2 percent to 6.9 percent.

There were no significant changes in assumptions for 2023.

OPEB

Changes in benefit terms

There were no significant changes in benefit terms for 2018 through 2023.

Changes in assumptions

Changes in assumptions for 2018 were as follows:

- The single discount rate decreased from 4.23 percent to 3.85 percent.
- The employer contribution rate allocated to health care decreased from 1.00 percent to 0.00 percent.

For 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate increased from 3.85 percent to 3.96 percent.

- The investment rate of return decreased from 6.5 percent to 6 percent.
- The municipal bond rate increased from 3.31 percent to 3.71 percent.
- The initial health care cost trend rate increased from 7.5 percent to 10 percent.

For 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate decreased from 3.96 percent to 3.16 percent.
- The municipal bond rate decreased from 3.71 percent to 2.75 percent.

For 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate increased from 3.16 percent to 6.00 percent.
- The municipal bond rate decreased from 2.75 percent to 2.00 percent.
- The initial health care cost trend rate decreased from 10.50 percent to 8.50 percent.

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

- The wage inflation rate decreased from 3.25 percent to 2.75 percent.
- The municipal bond rate decreased from 2.00 percent to 1.84 percent.
- The initial health care cost trend rate decreased from 8.50 percent to 5.50 percent.

For 2023, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate decreased from 6.00 percent to 5.22 percent.
- The municipal bond rate increased from 1.84 percent to 4.05 percent.