



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

HENRY COUNTY, OHIO

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2021

OHIO AUDITOR OF STATE
KEITH FABER



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Board of County Commissioners
Henry County
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Napoleon, Ohio 43545

We have reviewed the *Independent Auditors' Report* of Henry County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2021 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 26, 2022

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INDEPENDENT AUDITORS' REPORT

Henry County Board of Commissioners
Napoleon, Ohio:

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Henry County, Ohio (the "County"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information of the County, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund, Public Assistance Fund, Motor Vehicle and Gas Tax Fund, County Board of DD Fund, and Local Fiscal Recovery Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government*

Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative*

Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2022 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Maumee, Ohio
June 29, 2022

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HENRY COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

The management's discussion and analysis of Henry County's (the "County") financial performance provides an overall review of the County's financial activities for the year ended December 31, 2021. 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 2021 are as follows:

- The total net position of the County increased \$23,179,574 during the year. Net position of governmental activities increased \$22,965,299 and net position of business-type activities increased \$214,275.
- General revenues accounted for \$17,290,862 or 37.44% of total governmental activities revenue. Program specific revenues accounted for \$28,897,086 or 62.56% of total governmental activities revenues.
- The County had \$23,186,074 in expenses related to governmental activities. \$28,897,086 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$17,290,862 were adequate to provide for these programs.
- The County's major governmental funds are the General fund, Public Assistance fund, Motor Vehicle and Gas Tax fund, County Board of Developmental Disabilities (DD) fund, and Local Fiscal Recovery fund. The General fund, the County's largest major fund, had revenues of \$12,620,714 and expenditures and other financing uses of \$10,608,924 in 2021. Fund balance increased \$2,011,790 or 23.78% from 2020 to 2021.
- The Public Assistance fund, a County major fund, had revenues of \$2,530,599 and expenditures of \$2,444,281. Fund balance increased \$86,318 or 14.06% from 2020 to 2021.
- The Motor Vehicle and Gas Tax fund, a County major fund, had revenues of \$6,078,094 and expenditures and other financing uses of \$7,273,242 in 2021. Fund balance decreased \$1,195,148 or 21.25% from 2020 to 2021.
- The County Board of DD fund, a County major fund, had revenues of \$6,239,954 and expenditures of \$4,183,367 in 2021. Fund balance increased \$2,056,587 or 17.85% from 2020 to 2021.
- The Local Fiscal Recovery fund, a County major fund, had revenues of \$409,008 and expenditures of \$409,008 in 2021. The Local Fiscal Recovery fund was started in 2021.
- Net position for the business-type activities, which include the Sanitary Landfill, Tower, Hahn Center and Monroe Township landfill fees enterprise funds, increased in 2021 by \$214,275 or 15.10%.

Using these Basic Financial Statements (BFS)

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

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

HENRY COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

Reporting on the County as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities answer the question, "How did we do financially during 2021?" These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the County is divided into two distinct kinds of activities:

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

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

Reporting the County's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the General fund, Public Assistance fund, Motor Vehicle and Gas Tax fund, the County Board of Developmental Disabilities (DD) fund, and Local Fiscal Recovery fund.

Governmental Funds

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

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

HENRY COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)**

The County maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds

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

Fiduciary Funds

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

Notes to the Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's net pension liability/asset and net OPEB liability/asset. The required supplementary information can be found immediately following the notes to the basic financial statements.

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HENRY COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

Government-wide Financial Analysis

The Statement of Net Position provides the perspective of the County as a whole. The table below provides a summary of the County's net position at December 31, 2021 and December 31, 2020.

	Governmental		Business-type		2021		2020	
	Activities	Activities	Activities	Activities	Total	Total	Total	Total
	2021	2021	2020	2020				
Assets:								
Current and other assets	\$ 57,936,244	\$ 864,502	\$ 52,162,124	\$ 737,752	\$ 58,800,746	\$ 52,899,876		
Capital assets, net	<u>47,609,029</u>	<u>640,668</u>	<u>38,472,792</u>	<u>656,474</u>	<u>48,249,697</u>	<u>39,129,266</u>		
Total assets	<u>105,545,273</u>	<u>1,505,170</u>	<u>90,634,916</u>	<u>1,394,226</u>	<u>107,050,443</u>	<u>92,029,142</u>		
Deferred outflows of resources	<u>2,074,167</u>	<u>53,842</u>	<u>3,647,605</u>	<u>85,001</u>	<u>2,128,009</u>	<u>3,732,606</u>		
Liabilities:								
Long-term liabilities outstanding	13,069,894	2,597,456	26,474,197	2,807,609	15,667,350	29,281,806		
Other liabilities	<u>2,930,758</u>	<u>29,904</u>	<u>837,911</u>	<u>7,861</u>	<u>2,960,662</u>	<u>845,772</u>		
Total liabilities	<u>16,000,652</u>	<u>2,627,360</u>	<u>27,312,108</u>	<u>2,815,470</u>	<u>18,628,012</u>	<u>30,127,578</u>		
Deferred inflows of resources	<u>14,551,911</u>	<u>136,528</u>	<u>12,868,835</u>	<u>82,908</u>	<u>14,688,439</u>	<u>12,951,743</u>		
Net position:								
Net investment in capital assets	46,010,566	640,668	38,468,680	656,474	46,651,234	39,125,154		
Restricted	25,302,939	-	20,921,568	-	25,302,939	20,921,568		
Unrestricted (deficit)	<u>5,753,372</u>	<u>(1,845,544)</u>	<u>(5,288,670)</u>	<u>(2,075,625)</u>	<u>3,907,828</u>	<u>(7,364,295)</u>		
Total net position (deficit)	<u>\$ 77,066,877</u>	<u>\$ (1,204,876)</u>	<u>\$ 54,101,578</u>	<u>\$ (1,419,151)</u>	<u>\$ 75,862,001</u>	<u>\$ 52,682,427</u>		

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

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

HENRY COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2021, the County's assets and deferred outflows exceeded liabilities and deferred inflows by \$75,862,001. This amounts to \$77,066,877 in governmental activities and a deficit of \$1,204,876 in business-type activities.

Capital assets reported on the government-wide statements represent the largest portion of the County's net position. At year-end, capital assets represented 45.07% of total governmental and business-type assets. Capital assets include land, buildings and improvements, machinery and equipment, vehicles and infrastructure. The net investment in capital assets at December 31, 2021 was \$46,651,234. Capital assets are used to provide services to citizens and are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the County's governmental activities net position, \$25,302,939 or 32.83%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of governmental activities unrestricted net position is \$5,753,372.

HENRY COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

The table below shows the changes in net position for governmental and business-type activities for 2021 and 2020.

	Change in Net Position					
	Governmental	Business-type	Governmental	Business-type	2021	2020
	Activities	Activities	Activities	Activities	Total	Total
	<u>2021</u>	<u>2021</u>	<u>2020</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues:						
Program revenues:						
Charges for services and sales	\$ 4,687,758	\$ 694,953	\$ 4,148,952	\$ 589,228	\$ 5,382,711	\$ 4,738,180
Operating grants and contributions	16,049,283	-	19,396,923	-	16,049,283	19,396,923
Capital grants and contributions	8,160,045	-	2,037,116	-	8,160,045	2,037,116
Total program revenues	28,897,086	694,953	25,582,991	589,228	29,592,039	26,172,219
General revenues:						
Property taxes	9,255,115	-	9,543,196	-	9,255,115	9,543,196
Sales tax	5,503,227	-	4,773,463	-	5,503,227	4,773,463
Unrestricted grants	1,380,084	-	1,954,964	-	1,380,084	1,954,964
Investment earnings	56,378	367	208,251	2,070	56,745	210,321
Miscellaneous	1,096,058	-	1,808,210	-	1,096,058	1,808,210
Total general revenues	17,290,862	367	18,288,084	2,070	17,291,229	18,290,154
Total revenues	46,187,948	695,320	43,871,075	591,298	46,883,268	44,462,373
Expenses:						
Program expenses:						
General government	3,921,464	-	6,074,297	-	3,921,464	6,074,297
Public safety	2,063,882	-	4,357,458	-	2,063,882	4,357,458
Public works	4,637,383	-	9,263,691	-	4,637,383	9,263,691
Health	389,330	-	2,051,113	-	389,330	2,051,113
Human services	7,500,876	-	10,938,183	-	7,500,876	10,938,183
Economic development	1,589,322	-	1,716,123	-	1,589,322	1,716,123
Transportation	2,032,673	-	1,079,148	-	2,032,673	1,079,148
Intergovernmental	278,189	-	3,241,178	-	278,189	3,241,178
Other	701,161	-	512,465	-	701,161	512,465
Interest and fiscal charges	71,794	-	80,419	-	71,794	80,419
Sanitary landfill	-	420,770	-	406,964	420,770	406,964
Other business-type activities:						
Tower fund	-	42,080	-	37,642	42,080	37,642
Hahn Center	-	53,846	-	70,433	53,846	70,433
Monroe Township landfill fees	-	924	-	805	924	805
Total expenses	23,186,074	517,620	39,314,075	515,844	23,703,694	39,829,919
Excess (deficiency) of revenues						
over (under) expenses	23,001,874	177,700	4,557,000	75,454	23,179,574	4,632,454
Transfers	(36,575)	36,575	-	-	-	-
Change in net position	22,965,299	214,275	4,557,000	75,454	23,179,574	4,632,454
Net position (deficit) at						
beginning of year	54,101,578	(1,419,151)	49,544,578	(1,494,605)	52,682,427	48,049,973
Net position (deficit) at end of year	\$ 77,066,877	\$ (1,204,876)	\$ 54,101,578	\$ (1,419,151)	\$ 75,862,001	\$ 52,682,427

HENRY COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

Governmental Activities

Governmental net position increased by \$22,965,299 or 42.45% in 2021 due to an increase in revenues and a large decrease in expenses.

The increase in revenues is a result of several factors. Operating grants and contributions were less in 2021 primarily due to increased funds received as a result of the COVID-19 Pandemic in 2020. Charges for services also increased considerably due to an increase in real estate assessment fees collected.

The State and federal government contributed to the County revenues of \$16,049,283 in operating grants and contributions and \$8,160,045 in capital grants and contributions. The increase in capital grants and contributions was due to ODOT constructing a bridge over the Maumee River in the County. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$6,049,529, or 37.69%, subsidized public works programs.

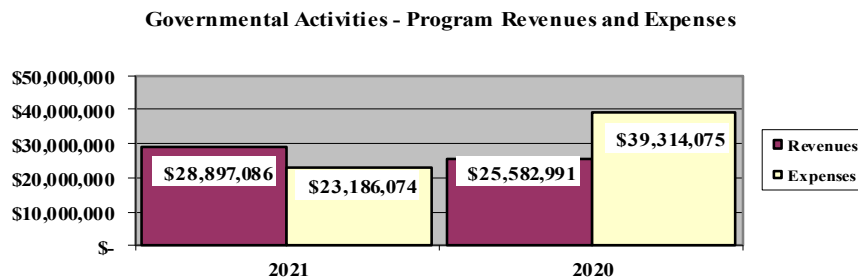
General revenues totaled \$17,290,862 and amounted to 37.44% of total revenues. These revenues primarily consist of property and sales tax revenue of \$14,758,342 or 85.35% of total general revenues in 2021. The other primary source of general revenues is grants and entitlements not restricted to specific programs of \$1,380,084.

Expenses of the governmental activities decreased \$16,128,001 or 41.02%. This decrease is primarily the result of the decrease in OPEB expense for the Ohio Public Employees Retirement System (OPERS). On an accrual basis, the County had OPEB expense of (\$6,915,139) in 2021 compared to \$882,994 in 2020. On January 15, 2020, OPERS approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation which are reported by the County at December 31, 2021. These changes along with changes in assumptions related to an increase in discount rate from 3.16% to 6.00% significantly decreased the total OPEB liability for the measurement date December 31, 2020.

Human services, which supports the operations of the County Board of DD fund and Public Assistance fund, accounts for \$7,500,876 or 32.35% of total governmental expenses of the County. These expenses were funded by \$478,879 in charges to users of services and \$6,353,653 in operating grants and contributions in 2021. General government expenses which includes legislative and executive and judicial programs, totaled \$3,921,464 or 16.91% of total governmental expenses. General government expenses were partially covered by \$2,664,723 of direct charges to users and \$439,106 in operating grants in 2021.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2021 and 2020. As can be seen in the graph below, the County is reliant upon general revenues to finance operations as program revenues are not sufficient to cover total expenses.

The graph below presents the County's governmental activities program revenue and expenses for fiscal year 2021 and 2020.



HENRY COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

The following table shows, for governmental activities, the total cost of services and the net cost of services for 2021 and 2020. That is, it identifies the cost of these services supported by general revenues (such as tax revenue and unrestricted State grants and entitlements).

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2021</u>	<u>2021</u>	<u>2020</u>	<u>2020</u>
Program expenses:				
General government	\$ 3,921,464	\$ 817,635	\$ 6,074,297	\$ 3,707,689
Public safety	2,063,882	1,539,715	4,357,458	3,229,598
Public works	4,637,383	(9,688,355)	9,263,691	(1,942,498)
Health	389,330	245,812	2,051,113	150,290
Human services	7,500,876	668,344	10,938,183	5,085,643
Economic development and assistance	1,589,322	148,463	1,716,123	154,239
Transportation	2,032,673	(315,187)	1,079,148	(267,704)
Intergovernmental	278,189	278,189	3,241,178	3,241,178
Other	701,161	522,578	512,465	292,230
Interest and fiscal charges	<u>71,794</u>	<u>71,794</u>	<u>80,419</u>	<u>80,419</u>
 Total	 <u>\$ 23,186,074</u>	 <u>\$ (5,711,012)</u>	 <u>\$ 39,314,075</u>	 <u>\$ 13,731,084</u>

The dependence upon general revenues for governmental activities is apparent, with 34.93% of expenses supported through taxes and other general revenues during 2020. During 2021, the County had a decrease in expenses and received a capital contribution of \$7,000,000 which lessens the dependence upon general revenues for the year.

Business-Type Activities

The Sanitary Landfill, Tower, Hahn Center and Monroe Township landfill fees are the County's enterprise funds. These programs had program revenues of \$694,953, general revenues of \$367, and expenses of \$517,620 for 2021. Net position increased \$214,275 or 15.10% during 2021.

Financial Analysis of the Government's Funds

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

Governmental Funds

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

HENRY COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

The County's governmental funds reported a combined fund balance of \$39,734,954, which is \$3,874,206 greater than last year's total of \$35,680,748. The following schedule indicates the fund balance and the total change in fund balance as of December 31, 2021 and December 31, 2020 for all major and nonmajor governmental funds.

	<u>Fund Balance</u> <u>December 31, 2021</u>	<u>Fund Balance</u> <u>December 31, 2020</u>	<u>Change</u>
Major funds:			
General	\$ 10,472,918	\$ 8,461,128	\$ 2,011,790
Public assistance fund	700,099	613,781	86,318
Motor vehicle and gas tax	4,428,332	5,623,480	(1,195,148)
County board of DD	13,580,636	11,524,049	2,056,587
Local fiscal recovery fund	-	-	-
Other nonmajor governmental funds	<u>10,552,969</u>	<u>9,638,310</u>	<u>914,659</u>
Total	<u>\$ 39,734,954</u>	<u>\$ 35,860,748</u>	<u>\$ 3,874,206</u>

General Fund

The General fund, the County's largest major fund, had revenues and other financing sources of \$12,620,714 and expenditures and other financing uses of \$10,608,924 in 2021. Fund balance increased \$2,011,790 or 23.78% during the year.

The table that follows assists in illustrating the revenues of the general fund during 2021 and 2020.

	<u>2021</u> <u>Amount</u>	<u>2020</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
Revenues:			
Taxes	\$ 8,040,461	\$ 7,075,612	13.64 %
Charges for services	1,776,114	1,465,468	21.20 %
Licenses and permits	1,693	1,613	4.96 %
Fines and forfeitures	104,906	80,668	30.05 %
Intergovernmental	1,345,649	1,190,298	13.05 %
Investment income	56,378	215,478	(73.84) %
Rental income	199,455	-	100.00 %
Other	<u>1,096,058</u>	<u>1,345,452</u>	(18.54) %
Total	<u>\$ 12,620,714</u>	<u>\$ 11,374,589</u>	10.96 %

Sales taxes revenue increased considerably due to additional purchases made in 2021 by residents of the County. Investment income decreased due to a decrease in interest rates. The decrease in other revenue was due to a decrease in miscellaneous receipts, CORSA reimbursements, and workers' compensation receipts. The increase in fines and forfeitures was due to a greater amount of fines collected by the municipal court in 2021.

HENRY COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

The table that follows assists in illustrating the expenditures of the general fund during 2021 and 2020.

	2021	2020	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
Expenditures:			
Current:			
General government			
Legislative and executive	\$ 2,643,145	\$ 2,670,829	(1.04) %
Judicial	1,738,757	1,626,205	6.92 %
Public safety	3,237,417	3,255,126	(0.54) %
Public works	301,272	234,071	28.71 %
Health	62,061	27,569	125.11 %
Human services	249,883	284,902	(12.29) %
Economic development and assistance	136,952	156,122	(12.28) %
Intergovernmental	278,189	323,763	(14.08) %
Other	531,475	240,922	120.60 %
Capital outlay	-	4,172	(100.00) %
Debt service:			
Principal retirement	757	60	1,161.67 %
Interest and fiscal charges	<u>188</u>	<u>19</u>	889.47 %
 Total	 <u>\$ 9,180,096</u>	 <u>\$ 8,823,760</u>	 4.04 %

The overall increase in general fund expenditures is due in part to increased other expenditures involving unanticipated emergencies. All other expenditures were comparable to prior year amounts.

Public Assistance Fund

The Public Assistance fund, a County major fund, had revenues of \$2,530,599 and expenditures of \$2,444,281 in 2021. Revenues and expenditures increased over the prior year due to more grants and additional services provided in 2021. Fund balance increased \$86,618 or 14.06% from 2020 to 2021.

Motor Vehicle and Gas Tax Fund

The Motor Vehicle and Gas Tax fund, a County major fund, had revenues of \$6,078,094 and expenditures and other financing uses of \$7,273,242 in 2021. Revenues decrease while expenditures increased over the prior year due to less gas tax revenue from the State which was to finance road improvement projects. Fund balance decreased \$1,195,148 or 21.25% from 2020 to 2021.

County Board of Developmental Disabled (DD) Fund

The County Board of DD fund, a County major fund, had revenues of \$6,239,954 and expenditures of \$4,183,367 in 2021. The decrease in revenue is due to decreased property taxes being collected in 2021. Fund balance increased \$2,056,587 or 17.85% from 2020 to 2021.

Local Fiscal Recovery Fund

The Local Fiscal Recovery fund, a County major fund, had revenues of \$409,008 and expenditures of \$409,008 in 2021. This fund was created in 2021.

HENRY COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Budgeting Highlights General Fund

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

Original budgeted revenues were \$9,711,500. Final budgeted revenues were \$11,999,475. Actual revenues of \$12,397,705 were higher than the final budget by \$398,230.

Original budgeted expenditures and other financing uses were \$9,766,769. Final budgeted expenditures and other financing uses were \$11,205,686. Actual expenditures and other financing uses of \$10,665,539 were less than final budgeted expenditures by \$540,147 due to conservative spending by the County.

Proprietary Funds

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

Sanitary Landfill Fund

The Sanitary Landfill fund had operating revenues of \$569,661 and operating expenses of \$420,770 in 2021. The sanitary landfill fund also reported \$367 in non-operating revenues during 2021. The total change in net position for 2021 was an increase of \$185,833.

Capital Assets and Debt Administration

Capital Assets

At the end of 2021, the County had \$48,249,697 (net of accumulated depreciation) invested in land, buildings and improvements, machinery and equipment, vehicles and infrastructure. Of this total, \$47,609,029 was reported in governmental activities and \$640,668 was reported in business-type activities. The following table shows December 31, 2021 balances compared to December 31, 2020.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 2,233,818	\$ 2,233,818	\$ 249,481	\$ 249,481	\$ 2,483,299	\$ 2,483,299
Building and improvements	9,492,933	9,194,769	49,364	52,190	9,542,297	9,246,959
Machinery and equipment	535,585	655,768	66,382	74,488	601,967	730,256
Vehicles	3,062,217	2,853,017	7,249	12,123	3,069,466	2,865,140
Infrastructure	<u>32,284,476</u>	<u>23,535,420</u>	<u>268,192</u>	<u>268,192</u>	<u>32,552,668</u>	<u>23,803,612</u>
Total	<u>\$ 47,609,029</u>	<u>\$ 38,472,792</u>	<u>\$ 640,668</u>	<u>\$ 656,474</u>	<u>\$ 48,249,697</u>	<u>\$ 39,129,266</u>

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

HENRY COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Debt Administration

At December 31, 2021 the County had \$3,968,952 in the Maumee River Bridge loan, a capital lease obligation, and an estimated liability for landfill/post closure. Of this total \$135,668 is due within one year and \$3,833,284 is due in greater than one year. The table below summarizes the outstanding debt at December 31, 2021 and 2020.

Outstanding Long-Term Obligations, at Year End

	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>	Business-type Activities <u>2021</u>	Business-type Activities <u>2020</u>	Total <u>2021</u>	Total <u>2020</u>
Long-term obligations:						
Maumee River Bridge loan	\$ 1,518,393	\$ 2,695,000	\$ -	\$ -	\$ 1,518,393	\$ 2,695,000
Capital lease obligation	80,070	4,112	-	-	80,070	4,112
Estimated liability for landfill closure/post closure	<u>-</u>	<u>-</u>	<u>2,370,489</u>	<u>2,383,766</u>	<u>2,370,489</u>	<u>2,383,766</u>
Total	<u>\$ 1,598,463</u>	<u>\$ 2,699,112</u>	<u>\$ 2,370,489</u>	<u>\$ 2,383,766</u>	<u>\$ 3,968,952</u>	<u>\$ 5,082,878</u>

At December 31, 2021 the County's overall legal debt margin was \$22,577,524. See Note 12 to the basic financial statements for detail on governmental activities and business-type activities long term debt.

Economic Factors and Next Year's Budgets and Rates

The County's average unemployment rate for 2021 was 5.0%, compared to the 4.9% state average and the 5.4% national average. Unemployment increased in 2021 due to the Covid-19 Pandemic.

State funding is expected to be reduced in the near future due to the Covid-19 Pandemic as well.

These economic factors were considered in preparing the County's budget for fiscal year 2022. Budgeted revenues in the general fund for 2022 is \$12,902,680. With the continuation of conservative budgeting practices, the County's financial position should remain stable in future years.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Honorable Elizabeth Fruchey, Henry County Auditor, Courthouse, 660 N. Perry Street, P.O. Box 546, Napoleon, Ohio 43545.

HENRY COUNTY, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 39,130,194	\$ 553,094	\$ 39,683,288
Cash in segregated accounts	16,622	350	16,972
Receivables:			
Sales taxes	1,370,309	-	1,370,309
Property and other taxes	8,265,560	-	8,265,560
Accounts	158,020	-	158,020
Due from other governments	6,005,492	-	6,005,492
Special assessments	638,439	-	638,439
Accrued interest	8,282	23	8,305
Loans	851,963	-	851,963
Prepayments	101,192	-	101,192
Materials and supplies inventory	115,204	85	115,289
Net OPEB asset	1,150,400	20,178	1,170,578
Net pension asset	123,178	2,161	125,339
Internal balance	1,389	(1,389)	-
Restricted assets:			
Equity in pooled cash and cash equivalents	-	290,000	290,000
Capital assets:			
Non-depreciable capital assets	2,233,818	249,481	2,483,299
Depreciable capital assets, net	45,375,211	391,187	45,766,398
Total capital assets, net	<u>47,609,029</u>	<u>640,668</u>	<u>48,249,697</u>
Total assets	<u>105,545,273</u>	<u>1,505,170</u>	<u>107,050,443</u>
Deferred outflows of resources:			
Pension	1,482,666	36,898	1,519,564
OPEB	591,501	16,944	608,445
Total deferred outflows of resources	<u>2,074,167</u>	<u>53,842</u>	<u>2,128,009</u>
Liabilities:			
Accounts payable	168,859	20,117	188,976
Accrued wages and benefits payable	341,310	6,861	348,171
Pension and postemployment benefits payable	158,289	2,827	161,116
Due to other governments	44,164	99	44,263
Accrued interest payable	4,344	-	4,344
Unearned revenue	2,213,792	-	2,213,792
Long-term liabilities:			
Due within one year	800,659	17,468	818,127
Net pension liability	9,779,317	171,527	9,950,844
Due in more than one year	2,489,918	2,408,461	4,898,379
Total liabilities	<u>16,000,652</u>	<u>2,627,360</u>	<u>18,628,012</u>
Deferred inflows of resources:			
Property taxes levied for the next year	6,760,041	-	6,760,041
Pension	4,260,304	74,724	4,335,028
OPEB	3,531,566	61,804	3,593,370
Total deferred inflows of resources	<u>14,551,911</u>	<u>136,528</u>	<u>14,688,439</u>
Net position:			
Net investment in capital assets	46,010,566	640,668	46,651,234
Restricted for:			
Capital projects	1,374,259	-	1,374,259
Public safety programs	37,067	-	37,067
Public works projects	4,083,599	-	4,083,599
Human services	14,676,461	-	14,676,461
Health programs	6,402	-	6,402
Economic development programs	1,710,512	-	1,710,512
Other purposes	3,414,639	-	3,414,639
Unrestricted (deficit)	<u>5,753,372</u>	<u>(1,845,544)</u>	<u>3,907,828</u>
Total net position (deficit)	<u>\$ 77,066,877</u>	<u>\$ (1,204,876)</u>	<u>\$ 75,862,001</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HENRY COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Current:				
General government:				
Legislative and executive	\$ 2,822,916	\$ 2,155,290	\$ 418,047	\$ -
Judicial	1,098,548	509,433	21,059	-
Public safety	2,063,882	420,246	103,921	-
Public works	4,637,383	116,164	6,049,529	8,160,045
Health	389,330	136,654	6,864	-
Human services	7,500,876	478,879	6,353,653	-
Economic development and assistance	1,589,322	-	1,440,859	-
Transportation	2,032,673	871,092	1,476,768	-
Intergovernmental	278,189	-	-	-
Other	701,161	-	178,583	-
Interest and fiscal charges	71,794	-	-	-
Total governmental activities	23,186,074	4,687,758	16,049,283	8,160,045
Business-type activities:				
Sanitary landfill	420,770	569,661	-	-
Other business-type activities:				
Tower fund	42,080	34,813	-	-
Hahn Center	53,846	89,524	-	-
Monroe Township landfill fees	924	955	-	-
Total business-type activities	517,620	694,953	-	-
Total primary government	\$ 23,703,694	\$ 5,382,711	\$ 16,049,283	\$ 8,160,045

General revenues:

Property taxes levied for:

 General purposes

 Human services - County Board of DD

 Human services - Senior Center

Sales taxes

Grants and entitlements not restricted to specific programs

Investment earnings

Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position (deficit) at beginning of year

Net position (deficit) at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Governmental Activities	Business-type Activities	Total
\$ (249,579)	\$ -	\$ (249,579)
(568,056)	-	(568,056)
(1,539,715)	-	(1,539,715)
9,688,355	-	9,688,355
(245,812)	-	(245,812)
(668,344)	-	(668,344)
(148,463)	-	(148,463)
315,187	-	315,187
(278,189)	-	(278,189)
(522,578)	-	(522,578)
(71,794)	-	(71,794)
5,711,012	-	5,711,012
-	148,891	148,891
-	(7,267)	(7,267)
-	35,678	35,678
-	31	31
-	177,333	177,333
5,711,012	177,333	5,888,345
2,963,594	-	2,963,594
5,332,732	-	5,332,732
958,789	-	958,789
5,503,227	-	5,503,227
1,380,084	-	1,380,084
56,378	367	56,745
1,096,058	-	1,096,058
17,290,862	367	17,291,229
(36,575)	36,575	-
17,254,287	36,942	17,291,229
22,965,299	214,275	23,179,574
54,101,578	(1,419,151)	52,682,427
\$ 77,066,877	\$ (1,204,876)	\$ 75,862,001

HENRY COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	<u>General</u>	<u>Public Assistance</u>	<u>Motor Vehicle and Gas Tax</u>	<u>County Board of DD</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 9,517,349	\$ 385,427	\$ 3,516,864	\$ 13,713,678
Cash in segregated accounts	-	-	-	250
Receivables:				
Sales taxes	1,370,309	-	-	-
Property and other taxes	2,958,200	-	-	4,437,301
Accounts	38,283	50	1,165	2,283
Due from other governments	549,916	1,713,049	2,619,935	165,157
Special assessments	-	-	-	-
Accrued interest	8,044	-	197	-
Loans	-	-	-	-
Due from other funds	1,231	110,368	6,483	-
Prepayments	94,797	587	-	5,808
Materials and supplies inventory	10,144	6,376	92,620	2,324
Total assets	<u>\$ 14,548,273</u>	<u>\$ 2,215,857</u>	<u>\$ 6,237,264</u>	<u>\$ 18,326,801</u>
Liabilities:				
Accounts payable	\$ 8,968	\$ -	\$ -	\$ 43,614
Accrued wages and benefits payable	132,717	47,949	32,174	51,452
Compensated absences payable	-	-	-	8,897
Due to other funds	4,828	4,179	-	12,753
Due to other governments	14,345	695	467	27,540
Pension and postemployment benefits payable	59,990	21,077	19,372	20,193
Unearned revenue	-	-	-	-
Total liabilities	<u>220,848</u>	<u>73,900</u>	<u>52,013</u>	<u>164,449</u>
Deferred inflows of resources:				
Property taxes levied for the next year	2,419,383	-	-	3,629,075
Delinquent property tax revenue not available	538,817	-	-	808,226
Special assessments revenue not available	-	-	-	-
Sales tax revenue not available	506,135	-	-	-
Unavailable grant revenue	-	1,441,858	-	9,640
Nonexchange transactions	390,172	-	1,756,919	134,775
Total deferred inflows of resources	<u>3,854,507</u>	<u>1,441,858</u>	<u>1,756,919</u>	<u>4,581,716</u>
Fund balances:				
Nonspendable	225,930	6,963	92,620	8,132
Restricted	-	693,136	4,335,712	13,572,504
Committed	-	-	-	-
Assigned	133,865	-	-	-
Unassigned	10,113,123	-	-	-
Total fund balances	<u>10,472,918</u>	<u>700,099</u>	<u>4,428,332</u>	<u>13,580,636</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,548,273</u>	<u>\$ 2,215,857</u>	<u>\$ 6,237,264</u>	<u>\$ 18,326,801</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Local Fiscal Recovery	Other Governmental Funds	Total Governmental Funds
\$ 2,213,792	\$ 9,783,084	\$ 39,130,194
-	16,372	16,622
-	-	1,370,309
-	870,059	8,265,560
-	116,239	158,020
-	957,435	6,005,492
-	638,439	638,439
-	41	8,282
-	851,963	851,963
-	10,679	128,761
-	-	101,192
-	3,740	115,204
<u>\$ 2,213,792</u>	<u>\$ 13,248,051</u>	<u>56,790,038</u>
\$ -	\$ 116,277	\$ 168,859
-	77,018	341,310
-	960	9,857
-	105,612	127,372
-	1,117	44,164
-	37,657	158,289
<u>2,213,792</u>	<u>-</u>	<u>2,213,792</u>
<u>2,213,792</u>	<u>338,641</u>	<u>3,063,643</u>
-	711,583	6,760,041
-	158,476	1,505,519
-	638,439	638,439
-	-	506,135
-	839,982	2,291,480
-	7,961	2,289,827
<u>-</u>	<u>2,356,441</u>	<u>13,991,441</u>
-	3,740	337,385
-	9,653,349	28,254,701
-	895,880	895,880
-	-	133,865
<u>-</u>	<u>-</u>	<u>10,113,123</u>
<u>-</u>	<u>10,552,969</u>	<u>39,734,954</u>
<u>\$ 2,213,792</u>	<u>\$ 13,248,051</u>	<u>\$ 56,790,038</u>

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HENRY COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2021

Total governmental fund balances		\$	39,734,954
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			47,609,029
The net pension/OPEB assets are not available to pay for current period expenditures; therefore, the assets are not reported in the governmental funds.			
Net pension asset	\$	123,178	
Net OPEB asset		1,150,400	
Total		<u>1,273,578</u>	1,273,578
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable		1,505,519	
Sales taxes receivable		506,135	
Special assessments receivable		638,439	
Intergovernmental receivable		4,581,307	
Total		<u>7,231,400</u>	7,231,400
On the statement of net position interest is accrued on outstanding loans payable, whereas in the governmental funds, interest is accrued when due.			(4,344)
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows of resources		1,482,666	
Deferred inflows of resources		(4,260,304)	
Net pension liability		(9,779,317)	
Total		<u>(12,556,955)</u>	(12,556,955)
The net OPEB asset is not due and payable in the current period, therefore, the related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows of resources		591,501	
Deferred inflows of resources		(3,531,566)	
Total		<u>(2,940,065)</u>	(2,940,065)
Long-term liabilities, including compensated absences and loans payable, are not due and payable in the current period and therefore are not reported in the funds.			
Loans payable		(1,518,393)	
Capital lease payable		(80,070)	
Compensated absences payable		(1,682,257)	
Total		<u>(3,280,720)</u>	(3,280,720)
Net position of governmental activities		<u>\$</u>	<u>77,066,877</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HENRY COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>General</u>	<u>Public Assistance</u>	<u>Motor Vehicle and Gas Tax</u>	<u>County Board of DD</u>
Revenues:				
Sales taxes	\$ 5,500,024	\$ -	\$ -	\$ -
Property and other taxes	2,540,437	-	-	4,791,545
Charges for services	1,776,114	-	-	277,184
Licenses and permits	1,693	-	-	-
Fines and forfeitures	104,906	-	13,080	-
Intergovernmental	1,345,649	2,494,934	5,857,088	686,404
Special assessments	-	-	-	-
Investment income	56,378	-	3,240	-
Rental income	199,455	-	-	-
Contributions and donations	-	-	-	315
Other	1,096,058	35,665	204,686	484,506
Total revenues	<u>12,620,714</u>	<u>2,530,599</u>	<u>6,078,094</u>	<u>6,239,954</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	2,643,145	-	-	-
Judicial	1,738,757	-	-	-
Public safety	3,237,417	-	-	-
Public works	301,272	-	6,023,242	-
Health	62,061	-	-	-
Human services	249,883	2,444,281	-	4,183,367
Economic development and assistance	136,952	-	-	-
Transportation	-	-	-	-
Intergovernmental	278,189	-	-	-
Other	531,475	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	757	-	-	-
Interest and fiscal charges	188	-	-	-
Total expenditures	<u>9,180,096</u>	<u>2,444,281</u>	<u>6,023,242</u>	<u>4,183,367</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,440,618</u>	<u>86,318</u>	<u>54,852</u>	<u>2,056,587</u>
Other financing sources (uses):				
Capital lease transaction	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(1,428,828)	-	(1,250,000)	-
Total other financing sources (uses)	<u>(1,428,828)</u>	<u>-</u>	<u>(1,250,000)</u>	<u>-</u>
Net change in fund balances	2,011,790	86,318	(1,195,148)	2,056,587
Fund balances at beginning of year	<u>8,461,128</u>	<u>613,781</u>	<u>5,623,480</u>	<u>11,524,049</u>
Fund balances at end of year	<u>\$ 10,472,918</u>	<u>\$ 700,099</u>	<u>\$ 4,428,332</u>	<u>\$ 13,580,636</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Local Fiscal Recovery	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 5,500,024
-	834,331	8,166,313
-	2,096,938	4,150,236
-	130,213	131,906
-	88,189	206,175
409,008	6,187,967	16,981,050
-	673,503	673,503
-	18,692	78,310
-	46,835	246,290
-	244,070	244,385
-	350,026	2,170,941
<u>409,008</u>	<u>10,670,764</u>	<u>38,549,133</u>
409,008	713,081	3,765,234
-	88,640	1,827,397
-	668,900	3,906,317
-	124,203	6,448,717
-	383,710	445,771
-	3,432,607	10,310,138
-	1,452,370	1,589,322
-	2,069,924	2,069,924
-	-	278,189
-	176,741	708,216
-	2,114,897	2,114,897
-	1,203,616	1,204,373
-	73,393	73,581
<u>409,008</u>	<u>12,502,082</u>	<u>34,742,076</u>
-	(1,831,318)	3,807,057
-	103,724	103,724
-	2,683,828	2,683,828
-	(41,575)	(2,720,403)
-	<u>2,745,977</u>	<u>67,149</u>
-	914,659	3,874,206
-	9,638,310	35,860,748
<u>\$ -</u>	<u>\$ 10,552,969</u>	<u>\$ 39,734,954</u>

HENRY COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Net change in fund balances - total governmental funds	\$	3,874,206
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 4,623,735	
Current year depreciation	(2,483,360)	
Total		2,140,375
Miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) are not reflected in the governmental funds, however they had the following effect in the statement of activities:		
Disposals	(4,138)	
Capital contributions	7,000,000	
Total		6,995,862
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	1,088,802	
Sales taxes	3,203	
Special assessments	437	
Intergovernmental revenues	(453,627)	
Total		638,815
Proceeds of capital leases are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.		
		(103,724)
Repayment of lease, and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		1,204,373
In the statement of activities, interest is accrued on outstanding loans, whereas in governmental funds, an interest expenditure is reported when due.		
		1,787
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		161,798
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,420,919	
OPEB	11,637	
Total		1,432,556
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(295,889)	
OPEB	6,915,140	
Total		6,619,251
Change in net position of governmental activities	\$	22,965,299

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HENRY COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales taxes	\$ 3,993,150	\$ 5,140,926	\$ 5,465,856	\$ 324,930
Property and other taxes	2,510,000	2,411,493	2,563,908	152,415
Charges for services	1,112,200	1,473,094	1,558,164	85,070
Licenses and permits	1,350	1,599	1,693	94
Fines and forfeitures	45,100	97,713	103,789	6,076
Intergovernmental	1,171,700	1,328,461	1,411,822	83,361
Investment income	200,000	188,111	51,816	(136,295)
Rental income	45,000	187,598	199,455	11,857
Other	633,000	1,170,480	1,041,202	(129,278)
Total revenues	9,711,500	11,999,475	12,397,705	398,230
Expenditures:				
Current:				
General government:				
Legislative and executive	2,699,463	2,832,691	2,731,016	101,675
Judicial	1,477,022	1,629,645	1,626,194	3,451
Public safety	3,584,111	3,475,317	3,256,245	219,072
Public works	196,782	387,668	370,881	16,787
Health	42,400	91,354	60,972	30,382
Human services	368,423	364,499	249,716	114,783
Economic development and assistance	117,350	136,784	136,105	679
Intergovernmental	302,978	301,542	278,402	23,140
Other	121,000	529,036	527,180	1,856
Total expenditures	8,909,529	9,748,536	9,236,711	511,825
Excess of revenues over expenditures	801,971	2,250,939	3,160,994	910,055
Other financing uses:				
Transfers out	(857,240)	(1,457,150)	(1,428,828)	28,322
Total other financing uses	(857,240)	(1,457,150)	(1,428,828)	28,322
Net change in fund balance	(55,269)	793,789	1,732,166	938,377
Fund balances at beginning of year	6,922,268	6,922,268	6,922,268	-
Prior year encumbrances appropriated	55,269	55,269	55,269	-
Fund balance at end of year	\$ 6,922,268	\$ 7,771,326	\$ 8,709,703	\$ 938,377

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HENRY COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 PUBLIC ASSISTANCE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 2,546,854	\$ 2,546,854	\$ 2,069,835	\$ (477,019)
Other	33,515	33,515	22,061	(11,454)
Total revenues	<u>2,580,369</u>	<u>2,580,369</u>	<u>2,091,896</u>	<u>(488,473)</u>
Expenditures:				
Current:				
Human services	2,581,700	2,580,689	2,136,779	443,910
Total expenditures	<u>2,581,700</u>	<u>2,580,689</u>	<u>2,136,779</u>	<u>443,910</u>
Net change in fund balance	(1,331)	(320)	(44,883)	(44,563)
Fund balance at beginning of year	428,979	428,979	428,979	-
Prior year encumbrances appropriated	1,331	1,331	1,331	-
Fund balance at end of year	<u>\$ 428,979</u>	<u>\$ 429,990</u>	<u>\$ 385,427</u>	<u>\$ (44,563)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HENRY COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MOTOR VEHICLE AND GAS TAX FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 15,000	\$ 16,602	\$ 17,271	\$ 669
Intergovernmental	5,600,000	5,547,901	5,923,661	375,760
Investment income	25,000	24,032	3,613	(20,419)
Other	360,000	532,248	204,516	(327,732)
Total revenues	<u>6,000,000</u>	<u>6,120,783</u>	<u>6,149,061</u>	<u>28,278</u>
Expenditures:				
Current:				
Public works	6,000,000	6,683,000	5,928,173	754,827
Total expenditures	<u>6,000,000</u>	<u>6,683,000</u>	<u>5,928,173</u>	<u>754,827</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(562,217)</u>	<u>220,888</u>	<u>783,105</u>
Other financing uses:				
Transfers (out)	-	(1,250,000)	(1,250,000)	-
Total other financing uses	<u>-</u>	<u>(1,250,000)</u>	<u>(1,250,000)</u>	<u>-</u>
Net change in fund balance	-	(1,812,217)	(1,029,112)	783,105
Fund balance at beginning of year	<u>4,545,976</u>	<u>4,545,976</u>	<u>4,545,976</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,545,976</u>	<u>\$ 2,733,759</u>	<u>\$ 3,516,864</u>	<u>\$ 783,105</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HENRY COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 COUNTY BOARD OF DD FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other taxes	\$ 3,925,000	4,912,325	\$ 4,891,106	\$ (21,219)
Charges for services	250,000	276,569	275,374	(1,195)
Intergovernmental	612,000	669,961	666,005	(3,956)
Contributions and donations	5,000	5,022	315	(4,707)
Other	85,000	538,707	483,690	(55,017)
Total revenues	<u>4,877,000</u>	<u>6,402,584</u>	<u>6,316,490</u>	<u>(86,094)</u>
Expenditures:				
Current:				
Human services	<u>5,491,000</u>	<u>5,510,950</u>	<u>4,236,121</u>	<u>1,274,829</u>
Total expenditures	<u>5,491,000</u>	<u>5,510,950</u>	<u>4,236,121</u>	<u>1,274,829</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(614,000)</u>	<u>891,634</u>	<u>2,080,369</u>	<u>1,188,735</u>
Other financing sources (uses):				
Transfer in	140,000	595,000	525,000	(70,000)
Transfer (out)	-	(570,000)	(525,000)	45,000
Total other financing sources (uses)	<u>140,000</u>	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>
Net change in fund balance	(474,000)	916,634	2,080,369	1,163,735
Fund balance at beginning of year	11,517,166	11,517,166	11,517,166	-
Prior year encumbrances appropriated	7,000	7,000	7,000	-
Fund balance at end of year	<u>\$ 11,050,166</u>	<u>\$ 12,440,800</u>	<u>\$ 13,604,535</u>	<u>\$ 1,163,735</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HENRY COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 LOCAL FISCAL RECOVERY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ 2,622,800	\$ 2,622,800	\$ -
Total revenues	-	2,622,800	2,622,800	-
Expenditures:				
Current:				
General government:				
Legislative and executive	-	500,000	416,234	83,766
Total expenditures	-	500,000	416,234	83,766
Net change in fund balance	-	2,122,800	2,206,566	83,766
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 2,122,800</u>	<u>\$ 2,206,566</u>	<u>\$ 83,766</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HENRY COUNTY, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds		
	Sanitary Landfill	Other Enterprise Funds	Total
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 337,749	\$ 215,345	\$ 553,094
Cash in segregated accounts	350	-	350
Receivables:			
Accrued interest	23	-	23
Materials and supplies inventory	85	-	85
Restricted assets:			
Equity in pooled cash and cash equivalents	290,000	-	290,000
Total current assets	628,207	215,345	843,552
Noncurrent assets:			
Net pension asset	2,161	-	2,161
Net OPEB asset	20,178	-	20,178
Capital assets:			
Non-depreciable capital assets	249,481	-	249,481
Depreciable capital assets, net	391,187	-	391,187
Total capital assets, net	640,668	-	640,668
Total noncurrent assets	663,007	-	663,007
Total assets	1,291,214	215,345	1,506,559
Deferred outflows of resources:			
Pension	36,898	-	36,898
OPEB	16,944	-	16,944
Total deferred outflows of resources	53,842	-	53,842
Liabilities:			
Current liabilities:			
Accounts payable	20,117	-	20,117
Accrued wages and benefits payable	6,861	-	6,861
Due to other funds	1,389	-	1,389
Compensated absences payable	17,468	-	17,468
Due to other governments	99	-	99
Pension and postemployment benefits payable	2,827	-	2,827
Total current liabilities	48,761	-	48,761
Long-term liabilities:			
Compensated absences payable	37,972	-	37,972
Net pension liability	171,527	-	171,527
Estimated accrued liability for landfill closure and post closure costs	2,370,489	-	2,370,489
Total long-term liabilities	2,579,988	-	2,579,988
Total liabilities	2,628,749	-	2,628,749
Deferred inflows of resources:			
Pension	74,724	-	74,724
OPEB	61,804	-	61,804
Total deferred inflows of resources	136,528	-	136,528
Net position:			
Investment in capital assets	640,668	-	640,668
Unrestricted (deficit)	(2,060,889)	215,345	(1,845,544)
Total net position (deficit)	\$ (1,420,221)	\$ 215,345	\$ (1,204,876)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HENRY COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds		
	Sanitary Landfill	Other Enterprise Funds	Total
Operating revenues:			
Charges for services	\$ 569,661	\$ 125,292	\$ 694,953
Total operating revenues	<u>569,661</u>	<u>125,292</u>	<u>694,953</u>
Operating expenses:			
Personal services	93,537	-	93,537
Contract services	218,421	60,435	278,856
Materials and supplies	8,723	1,653	10,376
Depreciation	15,806	-	15,806
Landfill closure and post-closure costs	73,828	-	73,828
Utilities	10,455	31,908	42,363
Other	-	2,854	2,854
Total operating expenses	<u>420,770</u>	<u>96,850</u>	<u>517,620</u>
Operating income	<u>148,891</u>	<u>28,442</u>	<u>177,333</u>
Nonoperating revenues:			
Interest income	367	-	367
Total nonoperating revenues	<u>367</u>	<u>-</u>	<u>367</u>
Income before transfers	149,258	28,442	177,700
Transfer in	<u>36,575</u>	<u>-</u>	<u>36,575</u>
Change in net position	185,833	28,442	214,275
Net position (deficit) at beginning of year	<u>(1,606,054)</u>	<u>186,903</u>	<u>(1,419,151)</u>
Net position (deficit) at end of year	<u>\$ (1,420,221)</u>	<u>\$ 215,345</u>	<u>\$ (1,204,876)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HENRY COUNTY, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds		
	Sanitary Landfill	Other Enterprise Funds	Total
Cash flows from operating activities:			
Cash received from charges for services	\$ 569,661	\$ 125,292	\$ 694,953
Cash payments for personal services	(224,574)	-	(224,574)
Cash payments for contractual services	(205,509)	(60,435)	(265,944)
Cash payments for materials and supplies	(8,808)	(1,653)	(10,461)
Cash payments for utilities	(9,377)	(31,908)	(41,285)
Cash payments for other expenses	(79,589)	(2,854)	(82,443)
Net cash provided by operating activities	<u>41,804</u>	<u>28,442</u>	<u>70,246</u>
Cash flows from noncapital financing activities:			
Cash received from transfers in	<u>36,575</u>	-	<u>36,575</u>
Net cash provided by noncapital financing activities	<u>36,575</u>	-	<u>36,575</u>
Cash flows from investing activities:			
Interest received	<u>435</u>	-	<u>435</u>
Net cash provided by investing activities	<u>435</u>	-	<u>435</u>
Net change in cash and cash equivalents	78,814	28,442	107,256
Cash and cash equivalents at beginning of year	549,285	186,903	736,188
Cash and cash equivalents at end of year	<u>\$ 628,099</u>	<u>\$ 215,345</u>	<u>\$ 843,444</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 148,891	\$ 28,442	\$ 177,333
Adjustments:			
Depreciation	15,806	-	15,806
Changes in assets, liabilities and deferred inflows/outflows of resources:			
Materials and supplies inventory	(85)	-	(85)
Net pension asset	(688)	-	(688)
Net OPEB asset	(20,178)	-	(20,178)
Deferred outflows - pension	14,355	-	14,355
Deferred outflows - OPEB	16,804	-	16,804
Accounts payable	20,117	-	20,117
Accrued wages and benefits	1,495	-	1,495
Due to other governments	21	-	21
Due to other funds	1,389	-	1,389
Pension and postemployment benefits payable	410	-	410
Landfill closure and postclosure care liability	(13,277)	-	(13,277)
Compensated absences payable	2,865	-	2,865
Net pension liability	(48,354)	-	(48,354)
Net OPEB liability	(151,387)	-	(151,387)
Deferred inflows - pension	18,553	-	18,553
Deferred inflows - OPEB	35,067	-	35,067
Net cash provided by operating activities	<u>\$ 41,804</u>	<u>\$ 28,442</u>	<u>\$ 70,246</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HENRY COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2021

	<u>Custodial</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 3,781,596
Cash in segregated accounts	422,477
Receivables:	
Property and other taxes	54,082,864
Accrued interest	12
Due from other governments	1,926,864
Special assessments	<u>52,379</u>
Total assets	<u>60,266,192</u>
Liabilities:	
Due to other governments	<u>1,339,738</u>
Total liabilities	<u>1,339,738</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	<u>44,232,019</u>
Total deferred inflows of resources	<u>44,232,019</u>
Net position:	
Restricted for individuals, organizations and other governments	<u>14,694,435</u>
Total net position	<u>\$ 14,694,435</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HENRY COUNTY, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Custodial</u>
Additions:	
Intergovernmental	\$ 5,350,132
Amounts received as fiscal agent	3,315,741
Licenses, permits and fees for other governments	3,576,505
Fines and forfeitures for other governments	2,124,206
Property tax collection for other governments	43,673,452
Earnings on investments	281
Payment in lieu of taxes	3,250
Other custodial fund collections	<u>21,535</u>
Total additions	<u>58,065,102</u>
Deductions:	
Distributions of state funds to other governments	4,515,525
Distributions as fiscal agent	3,459,319
Licenses, permits and fees distributions to other governments	3,576,076
Fines and forfeitures distributions to other governments	1,890,017
Property tax distributions to other governments	37,339,955
Payment in lieu of taxes	3,250
Other custodial fund disbursements	<u>21,535</u>
Total deductions	<u>50,805,677</u>
Net change in fiduciary net position	7,259,425
Net position beginning of year	<u>7,435,010</u>
Net position end of year	<u><u>\$ 14,694,435</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 - DESCRIPTION OF THE COUNTY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

The County’s reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB statement No. 39 “Determining Whether Certain Organizations are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity Omnibus”. The basic financial statements include all funds, agencies, boards, commissions, and component units for which the County and the County Commissioners are "accountable". Accountability as defined in GASB Statements No. 14 and No. 39 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's basic financial statements to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of the PCU's Board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County.

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

POTENTIAL COMPONENT UNITS REPORTED AS CUSTODIAL FUNDS

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

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

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

JOINTLY GOVERNED ORGANIZATIONS

Maumee Valley Planning Organization

The Maumee Valley Planning Organization (MVPO) is a jointly governed organization among Henry, Defiance, Fulton, Paulding, and Williams Counties. The MVPO is an organization established to improve the social and economic conditions of the region through development and conservation. The MVPO is governed by a fifteen member executive council composed of the three county commissioners, the mayor of the largest municipality, three mayors selected by the committee of mayors that represent the incorporated cities and villages, the township trustee association president, the regional planning commission chairman, and two members at large to represent business, industry, labor, agricultural, low income, minority groups, education, and consumer protection activities. The County provides resources to the executive council based on a membership fee and services provided to the County. The MVPO exercises total control over the operation of MVPO including budgeting, contracting, and designating management. The County has no ongoing financial interest or responsibility for the MVPO. In 2021, Henry County contributed \$228,575 for the MVPO's operations. Information can be obtained from the Fulton County Auditor, 152 South Fulton Avenue, Suite 165, Wauseon, Ohio 43567.

Corrections Commission of Northwest Ohio

The Corrections Commission of Northwest Ohio (CCNO) is a jointly governed organization among Henry, Defiance, Fulton, Lucas and Williams Counties and the County of Toledo. The CCNO was established to provide jail space for convicted criminals in the five counties and the County of Toledo and to provide a correctional center for the inmates. The CCNO was created in 1986 and occupancy started in 1991. The commission team consists of eighteen members; one judge, one chief law enforcement officer and one county commissioner or administrative official from each entity. The commission team exercises total control over the operation of the CCNO including budgeting, contracting, and designating management. The County has no ongoing financial interest or responsibility for the CCNO. In 2021, Henry County contributed \$669,884 for the CCNO's operations. Information can be obtained from the Corrections Commission of Northwest Ohio, 3151 County Road 2425, Stryker, Ohio 43557.

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

The Four County Board of Alcohol, Drug Addiction, and Mental Health Services (ADAMHS) is a jointly governed organization among Henry, Defiance, Fulton, and Williams Counties to provide alcohol, drug addiction, and mental health services to individuals in the four counties. The Governing Board of ADAMHS consists of eighteen members; four members appointed by the Ohio Director of Alcohol and Drug Addiction Services, four members appointed by the Ohio Director of Mental Health Services, Defiance and Fulton County Commissioners appointing three members each and Henry and Williams County Commissioners appointing two members each. The Governing Board exercises total control over the operation of the ADAMHS including budgeting, contracting, and designating management. The County has no ongoing financial interest or responsibility for the ADAMHS. In 2021, Henry County contributed \$882,872 for the ADAMHS operations. Information can be obtained from the County Auditor, 500 Second Street, Suite 301, Defiance, Ohio 43512.

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

Quadco Rehabilitation Center, Administrative Board

The Quadco Rehabilitation Center (Quadco) is a jointly governed organization among Henry, Defiance, Fulton, and Williams Counties. Quadco Rehabilitation Center is a nonprofit corporation which provides services and facilities for training physically and mentally disabled persons. Quadco is responsible for contracting with various agencies to obtain funding to operate the organization. Quadco is governed by an eight-member Board composed of two appointees made by each of the four County Boards Developmental Disabilities (County Boards of DD). This Board, in conjunction with the County Boards of DD, assesses the needs of adult mentally challenged and developmentally disabled residents of each county and sets priorities based on available funds. The County provides resources to the Board based on units of service provided to the County. Quadco exercises total control over the operation of Quadco including budgeting, contracting, and designating management. The County has no ongoing financial interest or responsibility for Quadco. In 2021, Henry County contributed \$3,379 for Quadco's operations. Information can be obtained from Quadco Rehabilitation Center, 427 North Defiance Street, Stryker, Ohio 43557.

Northwest Ohio Juvenile Detention, Training, and Rehabilitation Center

The Northwest Ohio Juvenile Detention, Training, and Rehabilitation Center (Center) is a jointly governed organization among Henry, Defiance, Fulton and Williams Counties. The Center's Board of Trustees consists of thirteen members; three from each county and one at-large member. The Board of Trustees exercises total control over the operation of the Center including budgeting, contracting, and designating management. The County has no ongoing financial interest or responsibility for the Center. In 2021, Henry County contributed \$226,523 for the Center's operations. Information can be obtained from the Fulton County Auditor, 152 South Fulton Avenue, Suite 165, Wauseon, Ohio 43567.

Henry County Community Improvement Corporation

The Community Improvement Corporation of Henry County (CIC) is a jointly governed organization among Henry County, the County of Napoleon, and the respective villages and townships of Henry County. The purpose of the CIC is to promote and encourage the establishment and growth of industrial, commercial, distribution, and research facilities within member subdivisions. The CIC is governed by a Board of Trustees consisting of fifteen self-appointed members. Not less than two-fifths of the members are to be composed of elected officials. Five of these trustees include: a member of the Board of County Commissioners of Henry County, the Auditor of Henry County, the Mayor or his/her designated elected official of the County of Napoleon, another Mayor or his/her designated elected official from any Village in the County and the President of the Henry County Trustees or his/her designated elected official. The remaining members represent private residents of Henry County or employees of Henry County businesses or firms. The County provides resources to the Board of trustees based on a membership fee. The CIC exercises total control over the operation of CIC including budgeting, contracting, and designating management. The County has no ongoing financial interest or responsibility for the CIC. In 2021, Henry County contributed \$12,813 for the CIC's operations. Information can be obtained from the Henry County CIC, 104 E. Washington Street, Suite 301, Napoleon, Ohio 43545.

RELATED ORGANIZATIONS

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

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

B. Basis of Presentation and Measurement Focus

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the County's proprietary funds are charges for sales and services. Operating expenses for the proprietary funds include personnel and other expenses related to the operations of the proprietary activity. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

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

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

C. Fund Accounting

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

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, deferred outflows and liabilities and deferred inflows is reported as fund balance. The following are the County's major governmental funds:

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

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

Motor Vehicle and Gas Tax Fund - This fund accounts for revenues derived from motor vehicle licenses and gasoline taxes. Expenditures are restricted by State law to County road and bridge repair and maintenance programs.

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

Local Fiscal Recovery Fund - This fund is used to account for grant money received under the American Rescue Plan Act (ARPA) that is restricted for use on items related to ARPA programs.

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

PROPRIETARY FUNDS

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

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

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

The County has presented the following major enterprise fund:

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

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The County's fiduciary funds are custodial funds, which are used to account for amounts held as fiscal agent for other entities, and for various taxes, State-shared revenues and fines and forfeitures collected on behalf of and distributed to other local governments. Custodial fund transactions typically involve only the receipt, temporary investment and distribution of these resources.

D. Basis of Accounting

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

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

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

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

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

Deferred Inflows of Resources and Deferred Outflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the County, see Notes 14 and 15 for deferred outflows of resources related the County's net pension liability/asset and net OPEB asset, respectively.

Property taxes for which there is an enforceable legal claim as of December 31, 2021, but which were levied to finance year 2022 operations, have been recorded as deferred inflows. Special assessments not received within the available period, sales tax revenue, lease revenue not available, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2021, are recorded as deferred inflows in the governmental funds.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred inflows.

For the County, see Notes 14 and 15 for deferred inflows of resources related to the County's net pension liability/asset and net OPEB asset, respectively. These deferred inflows of resources are only reported on the government-wide and proprietary statement of net position.

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

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

E. Budgetary Process

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

1. Following submission of requests by various offices and departments, the Board of County Commissioners holds budget hearings during the fall with respective officeholders and department heads.
2. Shortly after the beginning of the year, the Board of County Commissioners passes an appropriation resolution which legally authorizes the expenditure of funds for respective officeholders and department heads.
3. The County is accorded discretion in its method of appropriating federal funds. Appropriations are provided in the amounts of approved grants by the Board of County Commissioners.
4. The revised budget figures reflected in the budgetary statements include the prior year appropriations carried over for liquidations against prior year encumbrances and any amendments to the original appropriation resolution.
5. The Board of County Commissioners appropriate at the fund, department and line item. For funds which are directly appropriated by the Board of County Commissioners, the transfer of appropriations at the fund, department and line item requires a resolution signed by at least two Commissioners.
6. Supplemental appropriations are made when needed, subject to approval by at least two Commissioners. Supplemental appropriations were made during 2021.

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

7. Unencumbered appropriations lapse at year end. Contracts and purchase-type encumbrances outstanding at year end carry their appropriations with them into the next year. Contracts and purchase-type encumbrances outstanding at year end are recorded as expenditures on the budget basis of accounting.
8. The budgetary procedures described herein apply to all funds except the custodial funds.

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

F. Cash and Cash Equivalents

To improve cash management, cash received by the County other than cash in segregated accounts is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the County's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" (both unrestricted and restricted) on the financial statements.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during 2021 amounted to \$56,378 which includes \$40,125 assigned from other County funds.

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

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

G. Inventories of Materials and Supplies

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

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The County maintains a capitalization threshold of \$5,000. The County's infrastructure consists of roads, bridges and culverts. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

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

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Buildings and improvements	15 - 50 years	20 - 40 years
Machinery and equipment	5 - 25 years	10 - 25 years
Vehicles	4 - 20 years	10 years
Infrastructure	20 - 100 years	20 years

I. Compensated Absences

Compensated absences of the County consist of vacation leave and sick leave to the extent that payment to the employee for these absences is attributable to services already rendered and is not contingent on a specific event that is outside the control of the County and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at December 31, 2021, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. Sick leave benefits are accrued using the "vesting" method.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at December 31, 2021 and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments.

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the accounts "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

K. Accrued Liabilities and Long-term Obligations

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

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

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

L. Interfund Transactions

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

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues. Transfers represent movement of resources from a fund receiving revenue to a fund through which those resources will be expended and are recorded as other financing sources (uses) in governmental funds and as transfers in proprietary funds. Interfund transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the County are treated similarly when involving other funds of the County.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund loans receivable/interfund loans payable" for the current portion of interfund loans or advances to/from other funds for the non-current portion of interfund loans. The County had no interfund loans receivable/payable or advances to/from other funds outstanding at December 31, 2021.

All other outstanding balances between funds are reported as "due to/from other funds". These amounts are eliminated in the statement of net position.

M. Fund Balance

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Board of Commissioners.

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

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

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

N. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes consist primarily of monies restricted for real estate assessments.

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

O. Restricted Assets

Restricted assets in the business-type activities and on the enterprise fund financial statements represent cash and cash equivalents required to be set aside by State and federal laws and regulations to finance closure and postclosure care costs of the County's landfill.

P. Estimates

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

Q. Pensions/Other Postemployment Benefits (OPEB)

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

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2021, the County has implemented GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period."

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the County.

For 2021, the County has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance" to GASB Statement Nos. 91, 92 and 93, which were originally due to be implemented in 2021 and to GASB Statement No. 87, which was originally due to be implemented in 2020. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following pronouncements are postponed by one year and the County has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The following pronouncements are postponed by eighteen months and the County has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

B. Deficit Fund Balance

Fund balances at December 31, 2021 included the following individual fund deficit:

<u>Major Enterprise Fund</u>	<u>Deficit</u>
Sanitary landfill	\$ 1,420,221

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in items (1) or (2) above or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper for a period not to exceed 270 days and in an amount not to exceed 40 percent of the County's total average portfolio; and,
10. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed 40 percent of the County's total average portfolio.

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

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

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

At year end, the County had \$3,450 in undeposited cash on hand, of which \$1,050 is included on the financial statements as “cash in segregated accounts” and \$2,400 is included on the financial statements of the County as part of “equity in pooled cash and cash equivalents”.

B. Cash in Segregated Accounts

At year end, the County had \$439,449 cash and cash equivalents deposited separate from the County’s internal investment pool. This amount is included in the amount of “deposits with financial institutions” below.

C. Restricted Assets

The County had \$290,000 in restricted assets associated with the County landfill. This amount is included in the amount of “deposits with financial institutions” below.

D. Deposits with Financial Institutions

At December 31, 2021, the carrying amount of all County deposits, including \$22,000,000 in nonnegotiable certificates of deposit, was \$44,190,883 and the bank balance of all County deposits was \$44,218,068. Of the bank balance, \$740,000 was covered by the FDIC and \$43,478,068 was covered by the Ohio Pooled Collateral System.

Custodial credit risk is the risk that, in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the County and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the County to a successful claim by the FDIC.

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2021:

Cash and investments per note

Carrying amount of deposits	\$ 44,190,883
Cash on hand	3,450
Total	<u>\$ 44,194,333</u>

Cash and investments per statement of net position

Governmental activities	\$ 39,146,816
Business-type activities	843,444
Custodial funds	4,204,073
Total	<u>\$ 44,194,333</u>

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund transfers for the year ended December 31, 2021, consisted of the following, as reported on the fund financial statements:

<u>Transfers to nonmajor governmental funds from:</u>	
General fund	\$ 1,428,828
Motor vehicle and gas tax fund	1,250,000
Nonmajor governmental fund	5,000
<u>Transfers to Landfill fund from:</u>	
Nonmajor governmental fund	<u>36,575</u>
Total	<u>\$ 2,720,403</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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

Transfers between governmental funds are eliminated for reporting on the statement of activities.

- B. Due from/to other funds consisted of the following at December 31, 2021, as reported on the fund financial statements:

<u>General</u>	<u>Public Assistance</u>	<u>Motor Vehicle and Gasoline Tax</u>	<u>Other Governmental</u>	<u>Total Due to Other Funds</u>	
General	\$ -	\$ -	\$ 4,828	\$ -	\$ 4,828
Public Assistance	-	-	-	4,179	4,179
County Board of DD	1,231	11,522	-	-	12,753
Other governmental	-	98,846	266	6,500	105,612
Landfill	-	-	1,389	-	1,389
	<u>-</u>	<u>-</u>	<u>1,389</u>	<u>-</u>	<u>1,389</u>
Total due from other funds	<u>\$ 1,231</u>	<u>\$ 110,368</u>	<u>\$ 6,483</u>	<u>\$ 10,679</u>	<u>\$ 128,761</u>

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

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 6 - PROPERTY TAXES

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2021 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through custodial funds. Property taxes receivable represents real property taxes, public utility taxes, other outstanding delinquencies which are measurable as of December 31, 2021 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred inflows since the current taxes were not levied to finance 2021 operations and the collection of delinquent taxes has been offset by deferred inflows since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred inflow.

The full tax rate for all County operations for the year ended December 31, 2021, was \$13.45 per \$1,000 of assessed value which includes \$1.20 for the County Health District which is included as a custodial fund of the County. The assessed values of real and tangible personal property upon which 2021 property tax receipts were based are as follows:

Real property

Residential/agricultural	\$ 615,428,280
Commercial/industrial/mineral	72,908,000
Public utility	<u>274,764,680</u>
Total assessed value	<u>\$ 963,100,960</u>

NOTE 7 - PERMISSIVE SALES AND USE TAX

In a prior year, the voters approved a .5% tax on sales with collection beginning on April 1, 2007. In 1987, the County Commissioners by resolution imposed a 1% percent tax on all retail sales (except sales of motor vehicles) made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Office of Budget and Management the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of the month of collection.

Proceeds of the tax are credited to the general fund. A receivable is recognized at year end for amounts that will be received from sales which occurred during 2021 and amounts that are measurable and available at year end are accrued as revenue. Amounts received outside the available period are recorded as deferred inflows on the fund financial statements and as revenue on the government-wide financial statements. Sales and use tax for 2021 amounted to \$5,500,024 as reported on the fund financial statements.

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 8 - RECEIVABLES

Receivables at December 31, 2021, consisted of taxes, accrued interest, loans, accounts (billings for user charged services), special assessments, and intergovernmental receivables arising from grants, entitlements and shared revenue. All intergovernmental receivables have been classified as “due from other governments” on the financial statements. All interfund transactions related to charges for goods and services rendered have been classified as “due from other funds” on the fund financial statements which are eliminated on the government-wide statements (See Note 5.B.). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

A summary of the items of receivables as reported on the statement of net position follows:

Governmental activities:	<u>Amount</u>
Sales taxes	\$ 1,370,309
Property and other taxes	8,265,560
Accounts	158,020
Due from other governments	6,005,492
Special assessments	638,439
Accrued interest	8,282
Loans	851,963
Business-type activities:	
Accrued interest	23

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

NOTE 9 - LOANS RECEIVABLE

The County maintains revolving loan programs for local businesses to encourage business development in the County and housing rehabilitation to bring homes into conformance with local and state codes. The loans are reported in the nonmajor governmental funds as “loans receivable”. A summary of the County’s loan activity for 2021 is as follows:

	<u>Balance</u> <u>12/31/2020</u>	<u>Issued</u>	<u>Payments/ Reductions</u>	<u>Balance</u> <u>12/31/2021</u>
CDBG Economic Development	\$ 662,495	\$ -	\$ (115,269)	\$ 547,226
CDBG Housing	<u>319,336</u>	<u>28,954</u>	<u>(43,553)</u>	<u>304,737</u>
Total revolving loans	<u>\$ 981,831</u>	<u>\$ 28,954</u>	<u>\$ (158,822)</u>	<u>\$ 851,963</u>

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, was as follows:

	Balance 12/31/2020	Additions	Disposals	Balance 12/31/2021
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 2,233,818	\$ -	\$ -	\$ 2,233,818
Total capital assets, not being depreciated	<u>2,233,818</u>	<u>-</u>	<u>-</u>	<u>2,233,818</u>
<i>Capital assets, being depreciated:</i>				
Building and improvements	25,417,536	827,371	-	26,244,907
Equipment	2,006,826	34,587	(42,185)	1,999,228
Vehicles	6,466,507	562,755	(7,250)	7,022,012
Infrastructure	<u>52,631,480</u>	<u>10,199,022</u>	<u>-</u>	<u>62,830,502</u>
Total capital assets, being depreciated	<u>86,522,349</u>	<u>11,623,735</u>	<u>(49,435)</u>	<u>98,096,649</u>
<i>Less: accumulated depreciation:</i>				
Building and improvements	(16,222,767)	(529,207)	-	(16,751,974)
Equipment	(1,351,058)	(121,620)	9,035	(1,463,643)
Vehicles	(3,613,490)	(382,567)	36,262	(3,959,795)
Infrastructure	<u>(29,096,060)</u>	<u>(1,449,966)</u>	<u>-</u>	<u>(30,546,026)</u>
Total accumulated depreciation	<u>(50,283,375)</u>	<u>(2,483,360)</u>	<u>45,297</u>	<u>(52,721,438)</u>
Total capital assets being depreciated, net	<u>36,238,974</u>	<u>9,140,375</u>	<u>(4,138)</u>	<u>45,375,211</u>
Governmental activities capital assets, net	<u>\$ 38,472,792</u>	<u>\$ 9,140,375</u>	<u>\$ (4,138)</u>	<u>\$ 47,609,029</u>

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

Governmental activities:	
General government:	
Legislative and executive	\$ 410,633
Judicial	18,793
Public safety	119,841
Public works	1,710,666
Health	7,028
Human services	<u>216,399</u>
Total depreciation expense - governmental activities	<u>\$ 2,483,360</u>

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 10 - CAPITAL ASSETS - (Continued)

	Balance 12/31/2020	Additions	Deductions	Balance 12/31/2021
Business-type activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 249,481	\$ -	\$ -	\$ 249,481
Total capital assets, not being depreciated	249,481	-	-	249,481
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	153,801	-	-	153,801
Machinery and equipment	215,115	-	-	215,115
Vehicles	410,871	-	-	410,871
Infrastructure	466,421	-	-	466,421
Total capital assets, being depreciated	1,246,208	-	-	1,246,208
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(101,611)	(2,826)	-	(104,437)
Machinery and equipment	(140,627)	(8,106)	-	(148,733)
Vehicles	(398,748)	(4,874)	-	(403,622)
Infrastructure	(198,229)	-	-	(198,229)
Total accumulated depreciation	(839,215)	(15,806)	-	(855,021)
Total capital assets, being depreciated net	406,993	(15,806)	-	391,187
Business-type activities capital assets, net	\$ 656,474	\$ (15,806)	\$ -	\$ 640,668

NOTE 11 - COMPENSATED ABSENCES

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

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

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

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 11 - COMPENSATED ABSENCES - (Continued)

At December 31, 2021 vested benefits for vacation leave for governmental activities employees totaled \$655,134 and vested benefits for sick leave totaled \$1,036,980. These amounts represent the total vested benefits and are reported in the government-wide financial statements. For business-type activities, vested benefits for vacation leave totaled \$17,468 and vested benefits for sick leave totaled \$37,972. These amounts represent the total portion of the vested benefits and are reported as a liability of the fund from which the employee is paid.

NOTE 12 - LONG-TERM OBLIGATIONS

A. Governmental Activities Long-Term Obligations

During 2021, the following changes occurred in the County's governmental long-term obligations.

	Balance			Balance	Amount
	<u>12/31/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2021</u>	<u>Due in</u>
					<u>One Year</u>
Governmental activities:					
Compensated absences	\$ 1,844,055	\$ 615,815	\$ (767,756)	\$ 1,692,114	\$ 664,991
Net Pension Liability	12,988,519	-	(3,209,202)	9,779,317	-
Net OPEB Liability	8,942,511	-	(8,942,511)	-	-
Capital Lease Obligation	4,112	103,724	(27,766)	80,070	25,668
Direct borrowing:					
Maumee River Bridge Loan	<u>2,695,000</u>	<u>-</u>	<u>(1,176,607)</u>	<u>1,518,393</u>	<u>110,000</u>
Total other obligations	<u>26,474,197</u>	<u>719,539</u>	<u>(14,123,842)</u>	<u>13,069,894</u>	<u>800,659</u>
Total governmental activities long-term obligations	<u>\$ 26,474,197</u>	<u>\$ 719,539</u>	<u>\$ (14,123,842)</u>	<u>\$ 13,069,894</u>	<u>\$ 800,659</u>

Compensated absences

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

Net Pension Liability/Asset and Net OPEB Liability/Asset

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

Capital Lease Obligation

During 2020, the Clerk of Courts entered into a lease agreement with Perry Pro Tech for the acquisition of a copier. During 2021, the Solid Waste department entered into a lease with Deer Credit, Inc. for an excavator and related accessories. Lease payments in 2021 consisted of principal retirement of \$757 paid from the General fund and \$27,009 out of the South Waste Management fund (a nonmajor governmental fund).

Maumee River Bridge Loan

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

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Future debt service requirements

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

Year Ending December 31,	<u>Maumee River Bridge Loan</u>		<u>Capital Lease Obligation</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 110,000	\$ 41,452	\$ 25,668	\$ 2,286
2023	115,000	38,449	26,401	1,553
2024	115,000	35,310	27,156	798
2025	120,000	32,170	845	21
2026	125,000	28,894	-	-
2027 - 2031	680,000	91,372	-	-
2032 - 2033	253,393	9,741	-	-
Total	<u>\$ 1,518,393</u>	<u>\$ 277,388</u>	<u>\$ 80,070</u>	<u>\$ 4,658</u>

B. Business-Type Long-Term Obligations

During 2021, the following changes occurred in the County's business-type long-term obligations.

	<u>Balance</u> <u>12/31/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2021</u>	<u>Due in</u> <u>One Year</u>
Business-type activities:					
Net pension liability	\$ 219,881	\$ -	\$ (48,354)	\$ 171,527	\$ -
Net OPEB liability	151,387	-	(151,387)	-	-
Landfill closure and postclosure care liability	2,383,766	66,312	(79,589)	2,370,489	-
Compensated absences	52,575	16,152	(13,287)	55,440	17,468
Total	<u>\$ 2,807,609</u>	<u>\$ 82,464</u>	<u>\$ (292,617)</u>	<u>\$ 2,597,456</u>	<u>\$ 17,468</u>

Net Pension Liability/Asset and Net OPEB Liability/Asset

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

Landfill closure and postclosure care liability

See Note 21 for information on this liability.

Compensated absences

Compensated absences will be paid from the sanitary landfill fund.

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

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The assessed valuation used in determining the County's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the County's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. Based on this calculation, the County's voted legal debt margin was \$22,577,524 at December 31, 2021 and the unvoted legal debt margin was \$9,631,010 at December 31, 2021.

NOTE 13 - RISK MANAGEMENT

A. Property and Liability Insurance

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

During 2021, the County contracted with the County Risk Sharing Authority, Inc. (CORSA) for liability, property, automotive, and crime insurance. The CORSA program has a \$2,500 deductible. Coverage provided by CORSA is as follows:

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

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

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - RISK MANAGEMENT - (Continued)

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Asset and Net OPEB Asset

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

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

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

GASB 68/75 assumes the liability/asset is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability/asset on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in pension and postemployment benefits payable on both the accrual and modified accrual bases of accounting.

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

HENRY COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

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

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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. 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), 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.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	State and Local	Public Safety	Law Enforcement
2021 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
2021 Actual Contribution Rates			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0 %	0.0 %	0.0 %
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

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

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

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

**** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

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

The County's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$1,445,841 for 2021. Of this amount, \$180,161 is reported as pension and postemployment benefits payable.

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The net pension liability and net pension asset for OPERS was measured as of December 31, 2020, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability or asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
Proportion of the net pension liability/asset prior measurement date	0.078994%	0.048859%	0.072267%	
Proportion of the net pension liability/asset current measurement date	<u>0.079808%</u>	<u>0.047856%</u>	<u>0.058756%</u>	
Change in proportionate share	<u>0.000814%</u>	<u>-0.001003%</u>	<u>-0.013511%</u>	
Proportionate share of the net pension liability	\$ 9,950,844	\$ -	\$ -	\$ 9,950,844
Proportionate share of the net pension asset	-	(116,320)	(9,019)	(125,339)
Pension expense	308,403	2,742	(6,468)	304,677

At December 31, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
Deferred outflows of resources				
Differences between expected and actual experience	\$ -	\$ -	\$ 6,200	\$ 6,200
Changes of assumptions	-	7,268	259	7,527
Changes in employer's proportionate percentage/difference between employer contributions	59,996	-	-	59,996
Contributions subsequent to the measurement date	1,392,491	23,748	29,602	1,445,841
Total deferred outflows of resources	<u>\$ 1,452,487</u>	<u>\$ 31,016</u>	<u>\$ 36,061</u>	<u>\$ 1,519,564</u>

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
Deferred inflows of resources				
Differences between expected and actual experience	\$ 416,252	\$ 21,941	\$ -	\$ 438,193
Net difference between projected and actual earnings on pension plan investments	3,878,548	17,300	987	3,896,835
Total deferred inflows of resources	<u>\$ 4,294,800</u>	<u>\$ 39,241</u>	<u>\$ 987</u>	<u>\$ 4,335,028</u>

\$1,445,841 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2022.

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
Year Ending December 31:				
2022	\$ (1,580,951)	\$ (8,328)	\$ 689	\$ (1,588,590)
2023	(543,850)	(5,291)	836	(548,305)
2024	(1,581,028)	(9,277)	609	(1,589,696)
2025	(528,975)	(4,316)	748	(532,543)
2026	-	(1,844)	782	(1,062)
Thereafter	-	(2,917)	1,808	(1,109)
Total	<u>\$ (4,234,804)</u>	<u>\$ (31,973)</u>	<u>\$ 5,472</u>	<u>\$ (4,261,305)</u>

Actuarial Assumptions - OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020, are presented below.

Wage inflation	3.25%
Future salary increases, including inflation COLA or ad hoc COLA	3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 0.50%, simple through 2021, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.40% simple through 2020 then 2.15% simple to 0.50% simple through 2021 then 2.15% simple.

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

The most recent experience study was completed for the five-year period ended December 31, 2015.

During 2020, 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 11.70% for 2020.

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 arithmetic real rates of return were provided by the Board's investment consultant.

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

For each major asset class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2020, 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	25.00 %	1.32 %
Domestic equities	21.00	5.64
Real estate	10.00	5.39
Private equity	12.00	10.42
International equities	23.00	7.36
Other investments	9.00	4.75
Total	<u>100.00 %</u>	<u>5.43 %</u>

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2020 was 7.20%. 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 proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 18,981,286	\$ 9,950,844	\$ 2,442,045
Combined Plan	(80,994)	(116,320)	(172,647)
Member-Directed Plan	(7,916)	(9,019)	(9,895)

NOTE 15 - DEFINED BENEFIT OPEB PLANS

Net OPEB Asset

See Note 14 for a description of the net OPEB liability/asset.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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. 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.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

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 will discontinue 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, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become 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 will 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.

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, 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 2021 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$11,841 for 2021. Of this amount, \$1,476 is reported as pension and postemployment benefits payable.

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

The net OPEB liability/asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The County's proportion of the net OPEB liability was based on the County's share of contributions to the retirement plan relative to the contributions of all participating entities.

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

	OPERS
Proportion of the net OPEB liability	
prior measurement date	0.077827%
Proportion of the net OPEB liability/asset	
current measurement date	<u>0.078032%</u>
Change in proportionate share	<u><u>0.000205%</u></u>
Proportionate share of the net OPEB asset	(1,170,578)
OPEB expense	(7,034,629)

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

At December 31, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred outflows of resources	
Changes of assumptions	575,471
Changes in employer's proportionate percentage/ difference between employer contributions	21,133
Contributions subsequent to the measurement date	11,841
Total deferred outflows of resources	\$ 608,445

	OPERS
Deferred inflows of resources	
Differences between expected and actual experience	\$ 1,056,441
Net difference between projected and actual earnings on OPEB plan investments	623,463
Changes of assumptions	1,896,686
Changes in employer's proportionate percentage/ difference between employer contributions	16,780
Total deferred inflows of resources	\$ 3,593,370

\$11,841 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 asset in the year ending December 31, 2022.

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	OPERS
Year Ending December 31:	
2022	\$ (1,557,262)
2023	(1,095,113)
2024	(270,930)
2025	(73,461)
Total	\$ (2,996,766)

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, 2019, rolled forward to the measurement date of December 31, 2020.

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

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	6.00%
Prior Measurement date	3.16%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	2.00%
Prior Measurement date	2.75%
Health Care Cost Trend Rate	
Current measurement date	8.50% initial, 3.50% ultimate in 2035
Prior Measurement date	10.50%, initial 3.50%, ultimate in 2030
Actuarial Cost Method	Individual Entry Age Normal

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2020, 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 contribution 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 10.50% for 2020.

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 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.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020, 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 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
Total	<u>100.00 %</u>	<u>4.43 %</u>

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

Change in Benefit Terms - On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation which are reported by the County at December 31, 2021. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

Sensitivity of the County's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB asset calculated using the single discount rate of 6.00%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net OPEB asset	\$ 291,071	\$ 1,170,578	\$ 1,893,604

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

Retiree health care valuations use a health care cost-trend assumption 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 2021 is 8.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, 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% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB asset	\$ 1,199,107	\$ 1,170,578	\$ 1,138,659

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund, County Board of DD fund, motor vehicle and gas tax fund, public assistance fund and senior center fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

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

Net Change in Fund Balance

	<u>General Fund</u>	<u>Public Assistance</u>	<u>Motor Vehicle and Gas Tax</u>	<u>County Board of DD</u>	<u>Local Fiscal Recovery</u>
Budget basis	\$ 1,732,166	\$ (44,883)	\$ (1,029,112)	\$ 2,080,369	\$ 2,206,566
Net adjustment for revenue accruals	(46,126)	438,703	(70,967)	(76,536)	(2,213,792)
Net adjustment for expenditure accruals	(8,069)	(307,502)	(95,069)	27,754	-
Adjustment for encumbrances	134,884	-	-	25,000	7,226
Funds budgeted elsewhere	<u>198,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
GAAP basis	<u>\$ 2,011,790</u>	<u>\$ 86,318</u>	<u>\$ (1,195,148)</u>	<u>\$ 2,056,587</u>	<u>\$ -</u>

HENRY COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING – (Continued)

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the unclaimed funds fund, certificate of title administration fund, Medicaid local sales tax transition fund, recorder equipment/computer fund, Colonial Medical reimbursement, and payroll fund.

NOTE 17 - CONTINGENCIES

A. Grants

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

B. Litigation

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

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 18 - FUND BALANCE

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

Fund balance	General	Public Assistance	Motor Vehicle and Gas Tax	County Board of DD	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepayments	\$ 94,797	\$ 587	\$ -	\$ 5,808	\$ -	\$ 101,192
Materials and supplies inventory	10,144	6,376	92,620	2,324	3,740	115,204
Unclaimed monies	<u>120,989</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,989</u>
Total nonspendable	<u>225,930</u>	<u>6,963</u>	<u>92,620</u>	<u>8,132</u>	<u>3,740</u>	<u>337,385</u>
Restricted:						
Capital improvements	-	-	-	-	726,961	726,961
Legislative and executive	-	-	-	-	2,809,332	2,809,332
Judicial	-	-	-	-	491,489	491,489
Public safety	-	-	-	-	682,932	682,932
Public works	-	-	4,335,712	-	7,229	4,342,941
Human services	-	693,136	-	13,572,504	2,411,110	16,676,750
Health	-	-	-	-	129,503	129,503
Economic development	-	-	-	-	1,710,512	1,710,512
Transportation	-	-	-	-	476,011	476,011
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>208,270</u>	<u>208,270</u>
Total restricted	<u>-</u>	<u>693,136</u>	<u>4,335,712</u>	<u>13,572,504</u>	<u>9,653,349</u>	<u>28,254,701</u>
Committed:						
Capital improvements	-	-	-	-	650,107	650,107
Legislative and executive	-	-	-	-	59,640	59,640
Public safety	-	-	-	-	41,871	41,871
Public works	-	-	-	-	108,262	108,262
Transportation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,000</u>	<u>36,000</u>
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>895,880</u>	<u>895,880</u>
Assigned:						
Legislative and executive	16,358	-	-	-	-	16,358
Judicial	13,517	-	-	-	-	13,517
Public safety	18,196	-	-	-	-	18,196
Public works	72,754	-	-	-	-	72,754
Intergovernmental	213	-	-	-	-	213
Other	<u>12,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,827</u>
Total assigned	<u>133,865</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,865</u>
Unassigned	<u>10,113,123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,113,123</u>
Total fund balances	<u>\$ 10,472,918</u>	<u>\$ 700,099</u>	<u>\$ 4,428,332</u>	<u>\$ 13,580,636</u>	<u>\$ 10,552,969</u>	<u>\$ 39,734,954</u>

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 19 - PUBLIC ENTITY RISK POOL

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

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

CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County does not have an equity interest in CORSA. The County's payment for insurance to CORSA in 2021 was \$69,960.

NOTE 20 - CONDUIT DEBT OBLIGATIONS

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

At December 31, 2021, health care facility revenue bonds outstanding aggregated \$2,630,000.

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

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

HENRY COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 21 - CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require that the County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs has a balance of \$2,370,489 as of December 31, 2021, which is based on approximately 100% usage (filled) of the landfill. The landfill was closed during 2013. The estimated total current cost for landfill closure and postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2021. However, the actual costs of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The County is required by State and federal laws and regulations to make annual contributions to finance closure and postclosure care. The County is in compliance with these requirements, and at December 31, 2021, cash and cash equivalents of \$290,000 are held for these purposes. These cash and cash equivalents are held and managed by the County and are presented on the County's financial statements as "restricted assets: equity in pooled cash and cash equivalents". It is anticipated that future inflation costs will be financed in part from interest. The remaining portion of anticipated future inflation costs (including inadequate interest, if any) and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by taxpayers.

NOTE 22 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 133,865
County Board of DD	25,000
Local Fiscal Recovery	7,226
Nonmajor governmental	<u>17,217</u>
Total	<u>\$ 183,308</u>

NOTE 23 - TAX ABATEMENTS

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

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

The total taxes abated by the two types of agreements for the County in 2021 was \$510,694.

HENRY COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 24 - COVID-19

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

REQUIRED SUPPLEMENTARY INFORMATION

HENRY COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Traditional Plan:</i>				
County's proportion of the net pension liability *	0.079808%	0.078994%	0.079286%	0.080651%
County's proportionate share of the net pension liability	\$ 9,950,844	\$ 13,208,400	\$ 18,001,282	\$ 10,194,294
County's covered payroll	\$ 9,015,229	\$ 9,097,807	\$ 7,569,979	\$ 8,864,162
County's proportionate share of the net pension liability as a percentage of its covered payroll	110.38%	145.18%	237.80%	115.01%
Plan fiduciary net position as a percentage of the total pension liability	86.88%	82.17%	74.70%	84.66%
<i>Combined Plan:</i>				
County's proportion of the net pension asset *	0.047856%	0.048859%	0.056803%	0.052642%
County's proportionate share of the net pension asset	\$ 116,320	\$ 86,188	\$ 52,657	\$ 57,740
County's covered payroll	\$ 178,414	\$ 180,300	\$ 195,743	\$ 178,238
County's proportionate share of the net pension asset as a percentage of its covered payroll	65.20%	47.80%	26.90%	32.39%
Plan fiduciary net position as a percentage of the total pension asset	157.67%	145.28%	126.64%	137.28%
<i>Member Directed Plan:</i>				
County's proportion of the net pension asset *	0.058756%	0.072267%	0.083373%	0.066197%
County's proportionate share of the net pension asset	\$ 9,019	\$ 2,311	\$ 1,575	\$ 1,861
County's covered payroll	\$ 309,360	\$ 369,570	\$ 383,990	\$ 299,940
County's proportionate share of the net pension asset as a percentage of its covered payroll	2.92%	0.63%	0.41%	0.62%
Plan fiduciary net position as a percentage of the total pension asset	188.21%	118.84%	113.42%	124.46%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2017	2016	2015	2014
	0.087561%	0.093118%	0.094444%	0.094444%
\$	16,438,222	\$ 13,347,030	\$ 9,276,889	\$ 9,067,355
\$	9,646,683	\$ 9,042,375	\$ 9,564,533	\$ 11,231,962
	170.40%	147.61%	96.99%	80.73%
	77.25%	81.08%	86.45%	86.36%
	0.053086%	0.053680%	0.044935%	0.044935%
\$	24,426	\$ 21,590	\$ 14,090	\$ 3,840
\$	206,642	\$ 158,975	\$ 164,258	\$ 167,600
	11.82%	13.58%	8.58%	2.29%
	116.55%	116.90%	114.83%	104.56%
	0.047667%	0.039040%	n/a	n/a
\$	165	\$ 149	n/a	n/a
\$	247,453	\$ 214,425	n/a	n/a
	0.07%	0.07%	n/a	n/a
	103.40%	103.91%	n/a	n/a

HENRY COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 1,392,491	\$ 1,262,132	\$ 1,273,693	\$ 1,059,797
Contributions in relation to the contractually required contribution	<u>(1,392,491)</u>	<u>(1,262,132)</u>	<u>(1,273,693)</u>	<u>(1,059,797)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 9,946,364	\$ 9,015,229	\$ 9,097,807	\$ 7,569,979
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 23,748	\$ 24,978	\$ 25,242	\$ 27,404
Contributions in relation to the contractually required contribution	<u>(23,748)</u>	<u>(24,978)</u>	<u>(25,242)</u>	<u>(27,404)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 169,629	\$ 178,414	\$ 180,300	\$ 195,743
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 29,602	\$ 30,936	\$ 36,957	\$ 38,399
Contributions in relation to the contractually required contribution	<u>(29,602)</u>	<u>(30,936)</u>	<u>(36,957)</u>	<u>(38,399)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 296,020	\$ 309,360	\$ 369,570	\$ 383,990
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 1,152,341	\$ 1,157,602	\$ 1,085,085	\$ 1,147,744	\$ 1,460,155	\$ 1,135,250
<u>(1,152,341)</u>	<u>(1,157,602)</u>	<u>(1,085,085)</u>	<u>(1,147,744)</u>	<u>(1,460,155)</u>	<u>(1,135,250)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,864,162	\$ 9,646,683	\$ 9,042,375	\$ 9,564,533	\$ 11,231,962	\$ 11,352,500
13.00%	12.00%	12.00%	12.00%	13.00%	10.00%
\$ 23,171	\$ 24,797	\$ 19,077	\$ 19,711	\$ 21,788	\$ 19,195
<u>(23,171)</u>	<u>(24,797)</u>	<u>(19,077)</u>	<u>(19,711)</u>	<u>(21,788)</u>	<u>(19,195)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 178,238	\$ 206,642	\$ 158,975	\$ 164,258	\$ 167,600	\$ 241,447
13.00%	12.00%	12.00%	12.00%	13.00%	7.95%
\$ 29,994	\$ 23,508	\$ 26,091			
<u>(29,994)</u>	<u>(23,508)</u>	<u>(26,091)</u>			
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
\$ 299,940	\$ 195,900	\$ 217,425			
10.00%	12.00%	12.00%			

HENRY COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's proportion of the net OPEB liability/asset *	0.078032%	0.077827%	0.078772%	0.079230%	0.084708%
County's proportionate share of the net OPEB liability/(asset)	\$ (1,170,578)	\$ 9,093,898	\$ 8,513,691	\$ 6,932,153	\$ 7,073,049
County's covered payroll	\$ 9,503,003	\$ 9,647,677	\$ 8,149,712	\$ 9,342,340	\$ 10,049,225
County's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	12.32%	94.26%	104.47%	74.20%	70.38%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	115.57%	47.80%	46.33%	54.14%	54.05%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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HENRY COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 11,841	\$ 12,375	\$ 14,782	\$ 15,359
Contributions in relation to the contractually required contribution	<u>(11,841)</u>	<u>(12,375)</u>	<u>(14,782)</u>	<u>(15,359)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 10,412,013	\$ 9,503,003	\$ 9,647,677	\$ 8,149,712
Contributions as a percentage of covered payroll	0.11%	0.13%	0.15%	0.19%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 121,143	\$ 250,097	\$ 178,597	\$ 230,173	\$ 111,692	\$ 455,831
<u>(121,143)</u>	<u>(250,097)</u>	<u>(178,597)</u>	<u>(230,173)</u>	<u>(111,692)</u>	<u>(455,831)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,342,340	\$ 10,049,225	\$ 9,418,775	\$ 9,728,791	\$ 11,399,562	\$ 11,593,947
1.30%	2.49%	1.90%	2.37%	0.98%	3.93%

HENRY COUNTY, OHIO

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021**

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014-2021.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

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

Changes in assumptions :

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

HENRY COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM/CLUSTER TITLE	FEDERAL ALN NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER/ ADDITIONAL AWARD IDENTIFICATION	PASSED THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE				
PASSED THROUGH THE OHIO DEPARTMENT OF JOB AND FAMILY SERVICES				
<i>Supplemental Nutrition Assistance Program Cluster:</i>				
<i>State Administrative Matching Grants for the Supplemental Nutrition Assistance Program</i>				
FAET Operating, FAET 100%, and Food Assistance	10.561	G-2021-11-5939	-	64,600
COVID-19 - Stimulus Good Assistance	10.561	G-2021-11-5939	-	6,730
FAET Operating, FAET 100%, and Food Assistance	10.561	G-2223-11-6939	-	65,931
American Rescue Plan Act - Food Assistance	10.561	G-2223-11-6939	-	7,554
Total Supplemental Nutrition Assistance Program Cluster			-	144,815
Total U.S. Department of Agriculture			-	144,815
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
PASSED THROUGH THE OHIO DEVELOPMENT SERVICES AGENCY				
OFFICE OF COMMUNITY DEVELOPMENT				
FY 20 Economic Development Program	14.228	B-F-20-1BF-1	-	133,300
FY 18 Community Impact and Preservation Program	14.228	B-C-18-1BF-1	-	2,029
FY 20 Community Impact and Preservation Program	12.228	B-C-20-1BF-1	-	191,165
FY 20 Economic Development Program	14.228	B-E-20-1BF-1	-	10,000
FY 18 CDBG Residential Public Infrastructure Grant	14.228	B-W-18-1BF-1	-	562,500
Total ALN # 14.228 - State Administered CDBG			-	898,994
HOME Investment Partnership Program: FY18 CHIP HOME Grant	14.239	B-C-18-1BF-2	-	205,072
HOME Investment Partnership Program: FY20 CHIP HOME Grant	14.239	B-C-20-1BF-2	-	318,786
Total ALN # 14.239 - Home Investment Partnership Program			-	523,858
Total U.S. Department of Housing and Urban Development			-	1,422,852
U.S. DEPARTMENT OF LABOR				
PASSED THROUGH THE OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES				
VIA AREA 7 WORKFORCE INVESTMENT BOARD				
<i>Workforce Investment and Opportunity Act (WIOA) Cluster:</i>				
WIA Adult Program (FY2021)	17.258	2020/21-7135-1	-	18,990
WIA Adult Program (FY2022)	17.258	2020/21-7135-1	-	26,220
Total ALN #17.258			-	45,210
WIA Youth Activities (FY2021)	17.259	2020/21-7135-1	-	21,686
WIA Youth Activities (FY2022)	17.259	2020/21-7135-1	-	30,165
Total ALN #17.259			-	51,851
WIA Dislocated Worker Formula Grants (FY2022)	17.278	2020/21-7135-1	-	2,148
Total ALN #17.278			-	2,148
Total Workforce Investment and Opportunity Act (WIOA) Cluster			-	99,209
Non-Formulary Grants (FY2021)	17.225	2020/21-7135-1	-	955
Non-Formulary Grants (FY2022)	17.225	2020/21-7135-1	-	15,840
Total ALN #17.225			-	16,795
Total U.S. Department of Labor			-	116,004
U.S. DEPARTMENT OF TRANSPORTATION				
Passed Through Ohio Department of Transportation				
Formula Grants for Rural Areas and Tribal Transit Program				
COVID19 - Cares Act Rural Transit Operating	20.509	CARE-4237-024-211	-	270,040
COVID19 - Cares Act Rural Transit Operating	20.509	CARE-4237-024-212	-	340,673
COVID19 - Cares Act Rural Transit Operating	20.509	CARE-4237-024-213	-	335,000
Rural Transit Operating	20.509	RPTF-4237-005-201	-	317,636
Rural Transit Capital Maintenance	20.509	RPTM-0237-005-201	-	32,439
Total Formula Grants for Rural Areas and Tribal Transit Program			-	1,295,788
Total U.S. Department of Transportation			-	1,295,788
U.S. DEPARTMENT OF TREASURY				
Passed Through Ohio Office of Management and Budget:				
COVID-19 Coronavirus Relief Fund	21.019	HB481-CRF-Local	-	259,735
Total Coronavirus Relief Fund			-	259,735
Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) (Direct Award)	21.027	N/A	-	409,007
Total CSLFRF			-	409,007
Total U.S. Department of Treasury			-	668,742

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HENRY COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM/CLUSTER TITLE	FEDERAL ALN NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER/ ADDITIONAL AWARD IDENTIFICATION	PASSED THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Various Sources (See Tickmarks)				
<i>Promoting Safe and Stable Families:</i>				
{a} Promoting Safe and Stable Families	93.556	G-2021-11-5939	-	3,741
{a} Promoting Safe and Stable Families	93.556	G-2223-11-6939	-	7,879
{a} Promoting Safe and Stable Families - Post Adoption Special Serv Subsidy (PASSS)	93.556	G-2021-11-5939	-	7,500
{a} Promoting Safe and Stable Families - Title IV-B Part 2	93.556	G-2021-11-5939	-	7,449
{a} Promoting Safe and Stable Families - Title IV-B Part 2	93.556	G-2223-11-6939	-	7,105
Total Promoting Safe and Stable Families			-	33,674
<i>Temporary Assistance for Needy Families (TANF):</i>				
{a} Temporary Assistance for Needy Families (TANF)	93.558	G-2021-11-5939	-	307,834
{a} Temporary Assistance for Needy Families (TANF)	93.558	G-2223-11-6939	-	321,465
{a} COVID-19 - Temporary Assistance for Needy Families (TANF)	93.558	G-2223-11-6939	-	3,482
Total Temporary Assistance for Needy Families (TANF)			-	632,781
<i>Child Support Enforcement</i>				
{a} Federal Child Support/State Match	93.563	G-2021-11-5939	-	125,172
{a} Federal Child Support/State Match	93.563	G-2223-11-6939	-	128,533
Total Child Support Enforcement			-	253,705
<i>Child Care and Development Fund Cluster:</i>				
<i>Child Care and Development Block Grant</i>				
{a} Child Care and Development Block Grant	93.575	G-2021-11-5939	-	18,199
{a} Child Care and Development Block Grant	93.575	G-2223-11-6939	-	6,166
Total Child Care and Development Fund Cluster			-	24,365
<i>Stephanie Tubbs Jones Child Welfare Services Program:</i>				
{a} Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2021-11-5939	-	19,242
{a} Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2223-11-6939	-	276
{a} Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2223-11-6939	-	19,060
Total Stephanie Tubbs Jones Child Welfare Services Program			-	38,578
<i>Foster Care-Title IV-E:</i>				
{a} Foster Care-Title IV-E	93.658	G-2021-11-5939	-	327,470
{a} Foster Care-Title IV-E	93.658	G-2223-11-6939	-	351,474
Total Foster Care-Title IV-E			-	678,944
<i>Adoption Assistance:</i>				
{a} Adoption Assistance	93.659	G-2021-11-5939	-	17,645
{a} Adoption Assistance	93.659	G-2223-11-6939	-	13,032
{a} Adoption Assistance - Non-Recurring Adoption	93.659	G-2223-11-6939	-	857
Total Adoption Assistance			-	31,534
<i>Social Services Block Grant</i>				
{a} Social Services Block Grant (Title XX)	93.667	G-2021-11-5939	-	143,617
{a} Social Services Block Grant (Title XX)	93.667	G-2223-11-6939	-	155,186
{b} Social Services Block Grant (Title XX)	93.667	G-2021-11-5939 / G-2223-11-6939	-	32,426
Total Social Services Block Grant			-	331,229
Federal Chafee Foster Care Independence Program				
{a} Federal Chafee Foster Care Independence Program	93.674	G-2021-11-5939	-	9,785
{a} Federal Chafee Foster Care Independence Program	93.674	G-2223-11-6939	-	3,500
{a} COVID-19 - Federal Chafee Foster Care Independence Program Stimulus	93.674	G-2223-11-6939	-	3,646
Total Federal Chafee Foster Care Independence Program			-	16,931
{a} Children's Health Insurance Program	93.767	G-2021-11-5939	-	11,853
{a} COVID-19 - Children's Health Insurance Program	93.767	G-2021-11-5939	-	690
{a} Children's Health Insurance Program	93.767	G-2223-11-6939	-	9,602
{a} COVID-19 - Children's Health Insurance Program	93.767	G-2223-11-6939	-	557
Total Children's Health Insurance Program			-	22,702
<i>Medicaid Cluster:</i>				
<i>Medical Assistance Program</i>				
{a} Medical Assistance Program	93.778	G-2021-11-5939	-	132,177
{a} Medical Assistance Program	93.778	G-2223-11-6939	-	137,933
{a} Medical Assistance Program	93.778	G-2223-11-6939	-	340
{b} Medical Assistance Program	93.778	G-2021-11-5939 / G-2223-11-6939	-	98,019
Total Medicaid Cluster			-	368,469
PASSED THROUGH THE AREA OFFICE OF AGING OF NORTHWESTERN OHIO, INC.				
<i>Aging Cluster:</i>				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Center	93.044	N/A	-	28,334
Total Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers			-	28,334
Special Programs for the Aging - Title III, Part C1 - Nutrition Services	93.045	N/A	-	14,351
Special Programs for the Aging - Title III, Part C2 - Nutrition Services	93.045	N/A	-	49,439
Total Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers			-	63,790
Nutrition Services Incentive Program (NSIP)	93.053	N/A	-	46,632
Total Aging Cluster			-	138,756
Total U.S. Department of Health and Human Service			-	2,571,668

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HENRY COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM/CLUSTER TITLE	FEDERAL ALN NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER/ ADDITIONAL AWARD IDENTIFICATION	PASSED THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
U.S. DEPARTMENT OF HOMELAND SECURITY PASSED THROUGH THE OHIO DEPARTMENT OF PUBLIC SAFETY				
<i>Emergency Management Performance Grants:</i>				
COVID-19 Supplemental Emergency Management Performance Grants - FY 2020 EMPG	97.042	EMC-2020-EP-00014	2,595	2,595
Emergency Management Performance Grants - FY 2019 EMPG	97.042	EMC-2019-EP-00005	6,478	6,478
Emergency Management Performance Grants - FY 2020 EMPG	97.042	EMC-2020-EP-00004	38,724	38,724
Total Emergency Management Performance Grants			<u>47,797</u>	<u>47,797</u>
FY 20 State Homeland Security Program - SHSP	97.067	EMW-2020-SS-00637-S01	49,276	49,276
Total Homeland Security Grant Program			<u>49,276</u>	<u>49,276</u>
Total U.S. Department of Homeland Security			<u>97,073</u>	<u>97,073</u>
Total Federal Financial Assistance			<u>\$ 97,073</u>	<u>\$ 6,316,942</u>

Tickmarks:

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

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

HENRY COUNTY, OHIO

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Henry County (the County's) under programs of the federal government for the year ended December 31, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in 2 CFR Part 225, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C - INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

The County passes certain federal awards received from the United States Department of Homeland Security to other governments or not-for-profit agencies (subrecipients). As Note B describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

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

NOTE E - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) AND HOME INVESTMENT PARTNERSHIP PROGRAM (HOME) GRANT PROGRAMS WITH REVOLVING LOAN CASH BALANCE

The current cash balance on the County's local program income account as of December 31, 2021 is \$776,878.

NOTE F - MATCHING REQUIREMENTS

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

NOTE G - TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2021, the County made allowable transfers of \$206,547 from Temporary Assistance for Needy Families (TANF) (93.558) program to the Social Services Block Grant (SSBG) (93.667) program. The Schedule shows the County spent approximately \$632,781 on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 2021 and the amount transferred to the SSBG program:

<u>Program Title</u>	<u>ALN Number</u>	<u>Amount</u>
TANF	93.667	\$ 839,328
Transfer to SSBG	93.558	(206,547)
Total TANF		<u>\$ 632,781</u>

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Henry County Board of Commissioners
Napoleon, Ohio:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Henry County, Ohio (the "County"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 29, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

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

County's Response to Finding

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

Purpose of this Report

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

Clark, Schaefer, Hackett & Co.

Maumee, Ohio
June 29, 2022

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Henry County Board of Commissioners
Napoleon, Ohio:

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited Henry County, Ohio's (the "County") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2021. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Clark, Schaefer, Hackett & Co.

Maumee, Ohio
June 29, 2022

HENRY COUNTY, OHIO
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2021

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified not considered to be material weaknesses?	None noted
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weaknesses?	None noted
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
• ALN 14.228 – Community Development Block Grant/State’s Program	
• ALN 20.509 – COVID-19 Formula Grants for Rural Areas	
• ALN 21.027 – COVID-19 Coronavirus State and Local Fiscal Recovery Funds	
Dollar threshold to distinguish between Type A and Type B Programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Henry County, Ohio
Schedule of Findings and Questioned Costs
Year Ended December 31, 2021
(continued)

Section II - Financial Statement Findings

2021-001 Financial Reporting

During the course of our audit, we identified a misstatement in the financial statements that was not initially identified by the County's internal control over financial reporting. A deficiency in internal control exists when the design of operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. In this case, the internal controls over the preparation and review of the County's financial statements did not operate as designed. The County contracts with a third-party consultant to prepare its year-end financial statements. While the County may rely on the consultant to provide technical assistance and financial statement preparation, it is still the responsibility of the County to review the financials prepared by the consultant for errors and omissions.

An audit adjustment was necessary to correct capital assets in the governmental activities.

We recommend the County enhance its internal controls over financial reporting with steps such as management's review of conversion documentation for completeness and accuracy and improved communication with hired consultants to ensure the preparation of complete, accurate and reliable financial statements in conformity with generally accepted accounting principles.

Views of Responsible Officials: See corrective action plan.

Section III – Federal Award Findings and Questioned Costs

None noted



HENRY COUNTY AUDITOR

Elizabeth Fruchey, Auditor

660 North Perry Street, P.O. Box 546 Napoleon, Ohio 43545
Phone: 419-592-1956 Fax: 419-592-4024

SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR § 200.511(c)

Finding Number	Status	Explanation
2020-001	Corrected	We identified misstatements in the financial statements that were not initially identified by the County's internal control over financial reporting related to the liability for landfill post closure costs in the landfill fund.

Sincerely,

Elizabeth Fruchey
County Auditor



HENRY COUNTY AUDITOR

Elizabeth Fruchey, Auditor

660 North Perry Street, P.O. Box 546 Napoleon, Ohio 43545
Phone: 419-592-1956 Fax: 419-592-4024

CORRECTIVE ACTION PLAN

June 29, 2022

U.S. Department of Health and Human Services

Henry County, Ohio respectfully submits the following corrective action plan for the year ended December 31, 2021.

Name and address of independent public accounting firm:

Clark Schaefer Hackett
1656 Henthorne Drive, Suite 400
Maumee, Ohio 43537

Audit period: December 31, 2021

The findings from the December 31, 2021 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings—Financial Statement Audit

Material Weaknesses

2021-001 Financial Reporting

Recommendation: We recommend the County enhance its internal controls over financial reporting with steps such as management's review of conversion documentation for completeness and accuracy and improved communication with hired consultants to ensure the preparation of complete, accurate and reliable financial statements in conformity with generally accepted accounting principles.

Action Taken: We concur with the recommendation. We will perform procedures in the future to ensure completeness and accuracy of the financial statements prepared by the third part consultants.

If the U.S. Department of Health and Human Services has questions regarding this plan, please call Elizabeth Fruchey, Henry County Auditor at 419-592-1956.

Sincerely,

Elizabeth Fruchey,
Henry County Auditor

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OHIO AUDITOR OF STATE KEITH FABER



HENRY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/9/2022

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

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