



Dave Yost • Auditor of State



**VAN WERT COUNTY  
DECEMBER 31, 2017**

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DECEMBER 31, 2017

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Van Wert County  
121 E. Main Street  
Van Wert, Ohio 45891

To the Board of County Commissioners:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Wert County, Ohio (the County), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of the Van Wert Housing Services, Inc., a discretely presented component unit, which represent 44 percent, 48 percent, and 32 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for the Van Wert Housing Services Inc., is based solely on the report of other auditors. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement. The other auditors audited the financial statements of the Van Wert Housing Services Inc., in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Wert County, Ohio, as of December 31, 2017, and the respective changes in financial position, and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Motor Vehicle and Gas Tax, Thomas Edison, and Brumback Library Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### *Supplementary and Other Information*

Our audit was conducted to opine on the County's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2018, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 24, 2018

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**Van Wert County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2017*  
*Unaudited*

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Van Wert County's discussion and analysis of the annual financial report provides a review of the financial performance for the year ended December 31, 2017.

**FINANCIAL HIGHLIGHTS**

The County's total net position decreased \$742,551 during 2017. The net position of governmental activities decreased \$659,771 or 2%. The net position of business-type activities decreased by \$82,780.

The General Fund's fund balance increased \$251,420 during 2017. The General Fund transferred \$250,213 for debt service obligations. The General Fund also transferred \$48,470 to the Department of Job and Family Services, \$40,837 to Children Services, and \$7,000 to the Federal Workforce Innovation Operations Fund.

Business-type operations reflected an operating loss of \$103,032.

Capital assets used in governmental activities decreased \$478,852. During 2017, the County resurfaced some road and replaced bridges. In addition, a number of vehicles and a AC and Evacuate Unit were added to capital assets during 2017.

During 2015, the County adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. 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 the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

Under the new standards required by GASB 68, the net pension liability equals the County's proportionate share of each plan's collective:

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

GASB notes that pension 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. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be

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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 this liability. 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 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 pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *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 pension system is responsible for the administration of the plan.

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. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, 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 pension 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 is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand Van Wert County's financial situation as a whole and also give a detailed view of the County's fiscal condition.

The Statement of Net Position and Statement of Activities provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Major 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 the amount of funds available 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.

**Van Wert County, Ohio**  
*Management's Discussion and Analysis*  
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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

*Statement of Net Position and the Statement of Activities*

The analysis of the County as a whole begins with the Statement of Net Position and the Statement of Activities. These statements provide information that will help the reader to determine if Van Wert County is financially better off or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net position and changes to that net position. This change informs the reader whether the County's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements needs to take into account non-financial factors that also impact the County's financial well being. Some of these factors include the County's tax base, and the condition of capital assets.

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

Governmental Activities – Most of the County's services are reported here including general government, public safety, public works, health, human services, conservation and recreation, economic development and assistance, and intergovernmental.

Business-Type Activities – These services include recycling. Service fees for this operation are charged based upon the amount of usage. The intent is that the fees charged recoup operational costs.

**FUND FINANCIAL STATEMENTS**

The analysis of the County's major funds begins on page 12. Fund financial statements provide detailed information about the County's major funds – not the County as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the County Auditor, with the approval of the County Commissioners, to help control, manage and report money received for a particular purpose or to show that the County is meeting legal responsibilities for use of grants. Van Wert County's major funds are General, Motor Vehicle and Gas Tax, Thomas Edison, and Brumback Library. The County chose to present the Brumback Library as a major fund due to the unique nature of the fund. The County chose to present the Recycling Fund as a major fund since it is the only Enterprise Fund.

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

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**Enterprise Fund** – When the County charges citizens for the services it provides, with the intent of recapturing operating costs, these services are generally reported in enterprise funds. Enterprise funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As stated previously, the Statement of Net Position looks at the County as a whole. The following table provides a summary of the County's net position for 2017 compared to 2016.

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Current and Other Assets	\$22,858,792	\$22,115,912	\$358,597	\$325,639	\$23,217,389	\$22,441,551
Capital Assets	26,898,800	27,377,652	362,573	405,548	27,261,373	27,783,200
<b>Total Assets</b>	<b>49,757,592</b>	<b>49,493,564</b>	<b>721,170</b>	<b>731,187</b>	<b>50,478,762</b>	<b>50,224,751</b>
<b>Deferred Outflows of Resources</b>						
	6,201,629	5,158,590	198,977	163,691	6,400,606	5,322,281
<b>Liabilities</b>						
Current and Other Liabilities	1,088,884	1,594,221	15,396	24,400	1,104,280	1,618,621
Long-Term Liabilities:						
Due Within One Year	1,017,634	990,813	14,795	10,161	1,032,429	1,000,974
Net Pension Liability	14,170,405	11,293,166	499,372	391,289	14,669,777	11,684,455
Other Amounts Due in More Than One Year	5,729,150	6,359,819	24,622	30,528	5,753,772	6,390,347
<b>Total Liabilities</b>	<b>22,006,073</b>	<b>20,238,019</b>	<b>554,185</b>	<b>456,378</b>	<b>22,560,258</b>	<b>20,694,397</b>
<b>Deferred Inflows of Resources</b>						
	5,443,557	5,244,773	22,506	12,264	5,466,063	5,257,037
<b>Net Position</b>						
Net Investment in Capital Assets	24,834,289	25,098,141	333,573	370,548	25,167,862	25,468,689
Restricted	6,196,136	7,529,428	-	-	6,196,136	7,529,428
Unrestricted (Deficit)	(2,520,834)	(3,458,207)	9,883	55,688	(2,510,951)	(3,402,519)
<b>Total Net Position</b>	<b>\$28,509,591</b>	<b>\$29,169,362</b>	<b>\$343,456</b>	<b>\$426,236</b>	<b>\$28,853,047</b>	<b>\$29,595,598</b>

Total assets of governmental activities increased \$264,028. Equity in pooled cash and cash equivalents increased \$733,163. Capital assets decreased \$478,852. Current and other liabilities decreased due to a decrease in contracts payable and due to other governments. In 2016, the County owed monies on CDBG contracts and a Thomas Edison 4<sup>th</sup> quarter waiver match. Long-term liabilities increased as a result of the net pension liability.

Net position of business-type activities decreased by \$82,780. Business-type activities reported an operating loss for the last five years. Charges for services have not always been enough to cover depreciation expense.

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*Management's Discussion and Analysis*  
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The following table shows the changes in net position for 2017 compared with 2016:

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$3,778,383	\$3,601,490	\$576,803	\$543,637	\$4,355,186	\$4,145,127
Operating Grants, Contributions and Interest	10,489,591	8,647,871	18,593	-	10,508,184	8,647,871
Capital Grants and Contributions	-	410,336	-	6,950	-	417,286
<b>Total Program Revenues</b>	<b>14,267,974</b>	<b>12,659,697</b>	<b>595,396</b>	<b>550,587</b>	<b>14,863,370</b>	<b>13,210,284</b>
<b>General Revenues:</b>						
Property and Other Taxes	4,845,835	4,782,361	-	-	4,845,835	4,782,361
Permissive Sales Tax	4,616,363	4,499,841	-	-	4,616,363	4,499,841
Grants and Entitlements	1,510,578	1,272,200	-	-	1,510,578	1,272,200
All Other Categories	690,772	580,897	-	-	690,772	580,897
<b>Total General Revenues</b>	<b>11,663,548</b>	<b>11,135,299</b>	<b>-</b>	<b>-</b>	<b>11,663,548</b>	<b>11,135,299</b>
<b>Total Revenues</b>	<b>25,931,522</b>	<b>23,794,996</b>	<b>595,396</b>	<b>550,587</b>	<b>26,526,918</b>	<b>24,345,583</b>
<b>Program Expenses:</b>						
General Government						
Legislative and Executive	5,421,858	5,491,500	-	-	5,421,858	5,491,500
Judicial	1,785,972	1,481,371	-	-	1,785,972	1,481,371
Public Safety	4,214,444	3,877,503	-	-	4,214,444	3,877,503
Public Works	4,430,229	3,443,987	-	-	4,430,229	3,443,987
Health	266,257	162,375	-	-	266,257	162,375
Human Services	8,421,354	8,269,911	-	-	8,421,354	8,269,911
Conservation and Recreation	-	6,950	-	-	-	6,950
Economic Development and Assistance	1,746,051	447,795	-	-	1,746,051	447,795
Intergovernmental	111,445	113,163	-	-	111,445	113,163
Debt Service Costs	193,683	212,115	-	-	193,683	212,115
Recycling	-	-	678,176	586,173	678,176	586,173
<b>Total Expenses</b>	<b>26,591,293</b>	<b>23,506,670</b>	<b>678,176</b>	<b>586,173</b>	<b>27,269,469</b>	<b>24,092,843</b>
Excess (Deficit) Before Transfers	(659,771)	288,326	(82,780)	(35,586)	(742,551)	252,740
<b>Transfers</b>	<b>-</b>	<b>2,856</b>	<b>-</b>	<b>(2,856)</b>	<b>-</b>	<b>-</b>
<b>Increase (Decrease) in Net Position</b>	<b>(659,771)</b>	<b>291,182</b>	<b>(82,780)</b>	<b>(38,442)</b>	<b>(742,551)</b>	<b>252,740</b>
<b>Net Position Beginning of Year</b>	<b>29,169,362</b>	<b>28,878,180</b>	<b>426,236</b>	<b>464,678</b>	<b>29,595,598</b>	<b>29,342,858</b>
<b>Net Position End of Year</b>	<b>\$28,509,591</b>	<b>\$29,169,362</b>	<b>\$343,456</b>	<b>\$426,236</b>	<b>\$28,853,047</b>	<b>\$29,595,598</b>

Governmental Activities

Program revenues make up 55% of total governmental revenues for 2017 and 53% of total governmental revenues for 2016. The major recipients of intergovernmental program revenues were the Motor Vehicle and Gas Tax, Department of Job and Family Services, Thomas Edison, and Brumback Library Funds, as well as the Children's Services and CSEA Special Revenue Funds.

**Van Wert County, Ohio**  
*Management's Discussion and Analysis*  
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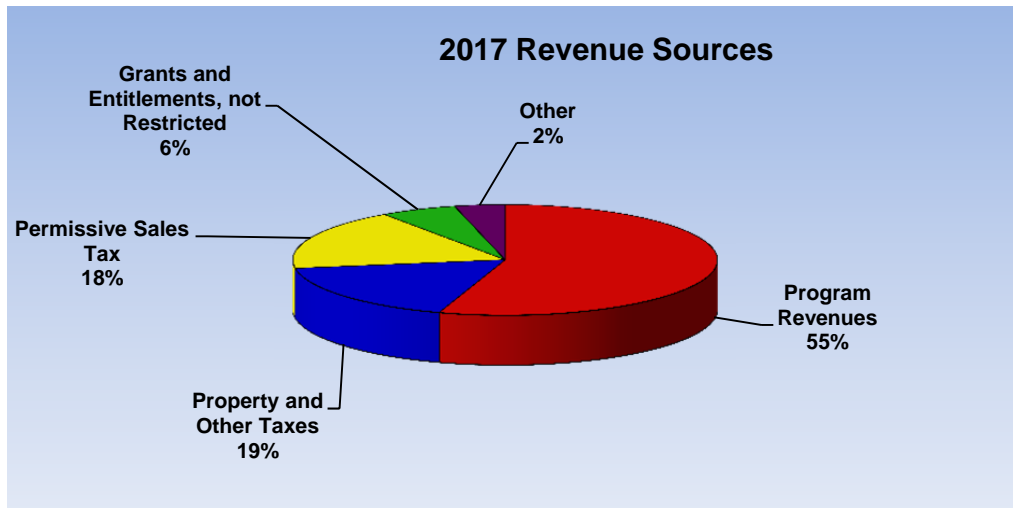
Operating grants and contributions increased as a result of a bi-annual funding cycle of community development block grants.

The County did not have any capital grants and contributions for 2017; capital grants and contributions for 2016 consisted of funds received from the Ohio Public Works Commission for various road resurfacing.

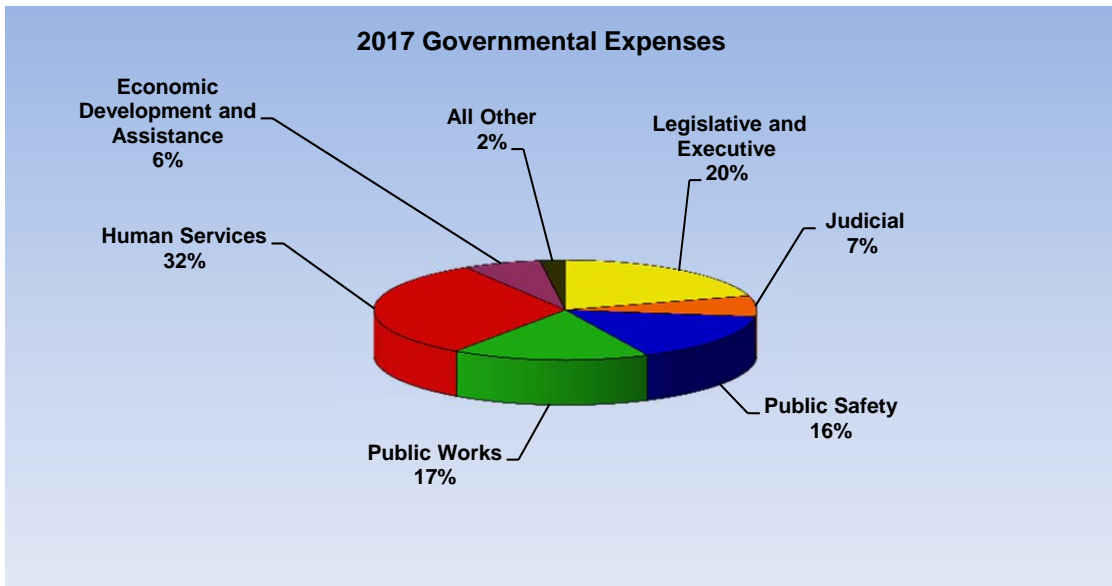
The County's direct charges to users of governmental services made up around 15% of total governmental revenues for both 2017 and 2016. These charges are for fees for real estate transfers, fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, and licenses and permits

Permissive sales tax is the second largest source of revenue for the County. The County received \$4,616,363 for 2017 or about 18% of total governmental revenues.

The County Commissioners rely on general revenues, especially taxes, to close the gap between program revenues and expenses to furnish the quality of life to businesses and citizens to which they and previous County Commissioners have always been committed.



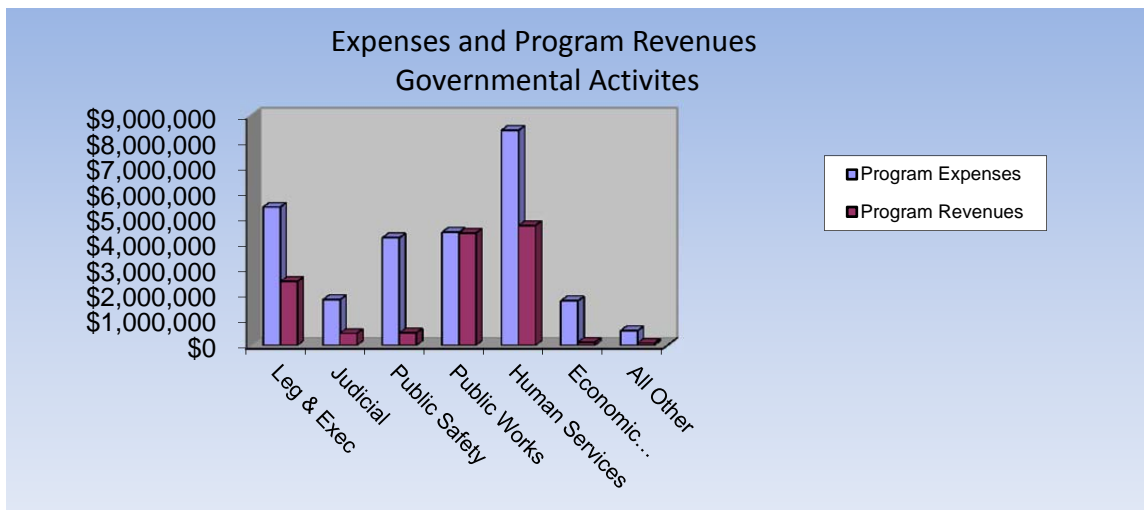
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The legislative and executive expenses of the County rely heavily on general revenues to support the program. \$2.6 million of legislative and executive expenses (48%) were covered by general revenues. The County has a separate tax levy which provides support for the Brumback Library.

For public safety, the net cost of services of \$3.5 million indicates the general purposes property tax levy and the permissive sales tax, support the operation of the Sheriff's Department and the Jail.

The \$4.2 million in net cost of services for human services demonstrates the cost of services that are not supported from State and federal sources. As such, the taxpayers have approved property tax levies for the Thomas Edison Center, the Senior Citizens Center, Tri-County Mental Health and the Cooperative Extension Service.



***Business-Type Activities***

The net position for business-type activities decreased by \$82,780 during 2017. Charges for services for recycling is the largest revenue source for business-type activities revenues. On September 22, 2016, the County Commissioners approved adding all business and exempt properties for recycling which increased revenue in the Recycling fund.

**Van Wert County, Ohio**  
*Management's Discussion and Analysis*  
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The County strives to control operation expenses for business-type activities in order to maintain stability in charges for services.

## **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

### ***Governmental Funds***

Information about the County's major governmental funds begins on page 21. These funds are reported using the modified accrual basis of accounting. All Governmental funds had total revenues of \$26.4 million and expenditures of \$25.2 million. The General fund balance increased by \$251,420. Within the General Fund, revenues exceeded expenditures by \$590,858. Transfers to other funds such as the Debt Service funds and other Special Revenue funds totaled \$346,520.

Unassigned General fund balance equals \$1,225,745, which is available for spending at the County's discretion. The non-spendable fund balance in the general fund consists of amounts for prepaid items, supplies inventory and amounts required to be held for unclaimed monies.

As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted fund balance to total fund expenditures. Unassigned fund balance represents approximately 14% (16% in prior year) of total General Fund expenditures.

The Motor Vehicle and Gas Tax fund balance decreased \$143,495 due to a increase in expenditures. Fund balance at December 31, 2017, was \$1,435,840. The Thomas Edison fund balance decreased \$134,098 due to decreases in expenditures. Fund balance at December 31, 2017, was \$1,778,510. The Brumback Library fund balance increased \$82,740, while fund balance at year-end was \$654,245.

### ***Enterprise Fund***

The enterprise fund reflects a operating loss for 2017. Charges for services for Recycling services have historically been established to ensure that on a cash basis, fees are adequate to cover operations. The County Commissioners have set fees with the intention of funding operating costs and debt service. As mentioned earlier, the County Commissioners approved additional fees in 2016.

### ***Major Funds Budgeting Highlights***

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of receipts, disbursements and encumbrances. The County's budget is adopted on a line item basis. Before the budget is adopted the County Commissioners review detailed budget worksheets of each function within the General Fund and then adopts the budget at the fund, department, and object level (i.e., General Fund – Commissioners – salaries, supplies, equipment, contract repairs, travel expenses, maintenance, and other expenses).

During 2017, there were numerous revisions to the General Fund budget. However, the net effect of the revisions was an increase in the appropriations of \$31,551. Original General Fund budgeted revenues were also adjusted slightly.

Appropriations for the Motor Vehicle and Gas Tax fund were increased \$284,971. Appropriations were increased primarily for parts/supplies and gasoline.



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The Thomas Edison fund anticipated receipts remained the same throughout the year, while appropriations increased \$100,254.

Anticipated receipts for Brumback Library increased as funding from the State Public Library Fund increased. By monitoring expenditures, the Library's actual expenditures were \$138,675 less than appropriated.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

*Capital Assets*

Capital Assets, Net of Depreciation

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Land	\$316,225	\$316,225	\$0	\$0	\$316,225	\$316,225
Land Improvements	57,680	57,680	-	-	57,680	57,680
Buildings	12,135,591	12,598,705	207,807	217,056	12,343,398	12,815,761
Machinery and Equipment	653,693	346,203	29,957	29,957	683,650	376,160
Furniture and Fixtures	47,465	52,890	-	-	47,465	52,890
Vehicles	1,587,472	1,715,407	124,809	158,535	1,712,281	1,873,942
Infrastructure	12,100,674	12,290,542	-	-	12,100,674	12,290,542
	<u>\$26,898,800</u>	<u>\$27,377,652</u>	<u>\$362,573</u>	<u>\$405,548</u>	<u>\$27,261,373</u>	<u>\$27,783,200</u>

Additions to governmental capital assets were to roads, bridges, equipment and vehicles.

See Note 6 of the notes to the basic financial statements for more detailed capital asset information.

**Van Wert County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2017*  
*Unaudited*

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***Long-Term Debt***

At December 31, 2017, Van Wert County had \$5,908,357 total long-term debt outstanding.

Outstanding Long-Term Debt at Year End

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
General Obligation Notes	\$2,101,296	\$2,358,456	\$29,000	\$35,000
OWDA Loan	420,061	455,805	0	0
General Obligation Bonds	3,358,000	3,717,000	0	0
	<u>\$5,879,357</u>	<u>\$6,531,261</u>	<u>\$29,000</u>	<u>\$35,000</u>

All general obligation note issues will be paid through the General Fund, Motor Vehicle and Gas Tax Fund, and debt service funds with property tax revenues, airport monies, and transfers from various funds. The Recycling Fund's note is paid from operating revenues of the recycling enterprise operation.

The general obligation bonds will be paid from tax increment financing revenues and court fees.

**CONTACTING THE COUNTY AUDITOR'S OFFICE**

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Nancy Dixon, County Auditor, Van Wert County, 121 East Main Street, Van Wert, Ohio 45891.

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**Van Wert County, Ohio**  
**Statement of Net Position**  
**December 31, 2017**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$9,968,846	\$78,259	\$10,047,105
Cash and Cash Equivalents in Segregated Accounts	77,059	-	77,059
Accrued Interest Receivable	-	-	-
Accounts Receivable (Net, where applicable, of Uncollectible Accounts)	338,086	269,636	607,722
Permissive Sales Tax Receivable	714,502	-	714,502
Due from Other Governments	4,697,752	-	4,697,752
Internal Balances	(10,702)	10,702	-
Prepaid Items	160,233	-	160,233
Supplies Inventory	256,536	-	256,536
Property & Alternate Energy Taxes Receivable	4,860,739	-	4,860,739
Permissive Motor Vehicle License Tax Receivable	7,526	-	7,526
Tax Increment Financing Receivable	240,582	-	240,582
Assets Held for Resale	-	-	-
Loans Receivable	927,957	-	927,957
Special Assessments Receivable	228,447	-	228,447
Investments in Segregated Accounts	391,229	-	391,229
Depreciable Capital Assets, Net	26,524,895	362,573	26,887,468
Nondepreciable Capital Assets, Net	373,905	-	373,905
<b>Total Assets</b>	<u>49,757,592</u>	<u>721,170</u>	<u>50,478,762</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	206,563	-	206,563
Pension	5,995,066	198,977	6,194,043
<b>Total Deferred Outflows of Resources</b>	<u>6,201,629</u>	<u>198,977</u>	<u>6,400,606</u>
<b>Liabilities</b>			
Accounts Payable	424,672	5,514	430,186
Accrued Salaries Payable	190,907	5,584	196,491
Contracts Payable	-	-	-
Contracts Payable Retainage	-	-	-
Due to Other Governments	204,586	4,255	208,841
Accrued Interest Payable	37,580	43	37,623
Claims Payable	154,942	-	154,942
Mortgage Payable	-	-	-
Compensatory Time Payable	76,197	-	76,197
Long-Term Liabilities:			
Due Within One Year	1,017,634	14,795	1,032,429
Due in More Than One Year			
Net Pension Liability	14,170,405	499,372	14,669,777
Other Amounts Due in More Than One Year	5,729,150	24,622	5,753,772
<b>Total Liabilities</b>	<u>22,006,073</u>	<u>554,185</u>	<u>22,560,258</u>
<b>Deferred Inflows of Resources</b>			
Property & Alternate Energy Taxes	4,810,408	-	4,810,408
Pension	633,149	22,506	655,655
Unearned Revenues	-	-	-
Hanger Rent	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>5,443,557</u>	<u>22,506</u>	<u>5,466,063</u>
<b>Net Position</b>			
Net Investment in Capital Assets	24,834,289	333,573	25,167,862
Restricted for:			
Other Purposes	5,931,921	-	5,931,921
Debt Service	49,235	-	49,235
Capital Projects	214,980	-	214,980
Unrestricted (Deficit)	(2,520,834)	9,883	(2,510,951)
<b>Total Net Position</b>	<u>\$28,509,591</u>	<u>\$343,456</u>	<u>\$28,853,047</u>

See accompanying notes to the basic financial statements

Component Units				
Van Wert Housing Services	Van Wert County Land Reutilization Corporation	Van Wert County Port Authority	Van Wert County Airport Authority	
\$0	\$0	\$141,543	\$0	
34,318	82,375	-	27,778	
9,704	-	-	-	
329	-	-	25,177	
-	-	-	-	
-	-	-	306,238	
-	-	-	-	
4,616	1,443	-	-	
-	-	-	13,596	
-	-	-	-	
-	-	-	-	
-	304,799	-	-	
-	-	-	-	
-	-	-	-	
2,040,980	-	-	-	
764,226	-	450,753	1,368,963	
-	-	646,425	214,100	
<u>2,854,173</u>	<u>388,617</u>	<u>1,238,721</u>	<u>1,955,852</u>	
-	-	-	-	
-	-	-	32,108	
-	-	-	<u>32,108</u>	
14,022	17,408	1,200	5,739	
-	-	-	640	
-	-	-	348,449	
-	-	-	34,814	
-	-	-	4,366	
-	-	-	100	
-	-	-	-	
-	240	-	-	
-	-	-	-	
-	-	-	16,430	
-	-	-	71,525	
-	-	-	20,355	
<u>14,022</u>	<u>17,648</u>	<u>1,200</u>	<u>502,418</u>	
-	-	-	-	
-	-	-	3,120	
-	67,012	-	-	
-	-	-	4,030	
-	<u>67,012</u>	-	<u>7,150</u>	
764,226	-	1,097,178	1,546,278	
49,962	-	-	-	
-	-	-	-	
-	-	-	-	
2,025,963	303,957	140,343	(67,886)	
<u>\$2,840,151</u>	<u>\$303,957</u>	<u>\$1,237,521</u>	<u>\$1,478,392</u>	

**Van Wert County, Ohio**  
**Statement of Activities**  
**For the Year Ended December 31, 2017**

	Program Revenues			Governmental Activities	
	Expenses	Charges for Services	Operating Grants, Contributions and Interest		Capital Grants and Contributions
<b>Governmental Activities</b>					
General Government:					
Legislative and Executive	\$5,421,858	\$1,957,531	\$883,676	\$0	(\$2,580,651)
Judicial	1,785,972	346,435	134,596	-	(1,304,941)
Public Safety	4,214,444	240,103	464,211	-	(3,510,130)
Public Works	4,430,229	575,936	3,454,490	-	(399,803)
Health	266,257	86,968	-	-	(179,289)
Human Services	8,421,354	566,476	3,648,501	-	(4,206,377)
Conservation and Recreation	-	-	3,475	-	3,475
Economic Development and Assistance	1,746,051	3,873	1,900,642	-	158,464
Intergovernmental	111,445	-	-	-	(111,445)
Interest and Fiscal Charges	193,683	1,061	-	-	(192,622)
<b>Total Governmental Activities</b>	<u>26,591,293</u>	<u>3,778,383</u>	<u>10,489,591</u>	<u>-</u>	<u>(12,323,319)</u>
<b>Business-Type Activity</b>					
Recycling	678,176	576,803	18,593	-	-
<b>Total Primary Government</b>	<u>27,269,469</u>	<u>4,355,186</u>	<u>10,508,184</u>	<u>-</u>	<u>(12,323,319)</u>
<b>Component Units</b>					
Van Wert Housing Services	248,403	172,553	1,655	-	-
Van Wert Land Retulization Corporation	26,444	-	-	-	-
Van Wert County Port Authority	16,368	28,220	-	-	-
Van Wert County Airport Authority	367,352	177,968	56,170	340,595	-
<b>Total Component Units</b>	<u>\$658,567</u>	<u>\$378,741</u>	<u>\$57,825</u>	<u>\$340,595</u>	<u>-</u>
<b>General Revenues</b>					
Property and Other Taxes Levied for:					
General Purposes					1,880,610
Thomas Edison					1,846,707
Other Purposes					1,118,518
County Permissive Motor Vehicle License Taxes Levied for Public Works					99,045
Permissive Sales Taxes Levied for General Purposes					4,616,363
Grants and Entitlements not Restricted to Specific Programs					1,510,578
Unrestricted Investment Earnings					221,129
Tax Increment Financing					346,263
Other					24,335
<b>Total General Revenues</b>					<u>11,663,548</u>
Change in Net Position					(659,771)
<b>Net Position Beginning of Year</b>					<u>29,169,362</u>
<b>Net Position End of Year</b>					<u>\$28,509,591</u>

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

Primary Government		Component Units			
Business-Type Activity	Total	Van Wert Housing Services	Van Wert County Land Reutilization Corporation	Van Wert County Port Authority	Van Wert County Airport Authority
\$0	(\$2,580,651)	\$0	\$0	\$0	\$0
-	(1,304,941)	-	-	-	-
-	(3,510,130)	-	-	-	-
-	(399,803)	-	-	-	-
-	(179,289)	-	-	-	-
-	(4,206,377)	-	-	-	-
-	3,475	-	-	-	-
-	158,464	-	-	-	-
-	(111,445)	-	-	-	-
-	(192,622)	-	-	-	-
-	(12,323,319)	-	-	-	-
(82,780)	(82,780)	-	-	-	-
(82,780)	(12,406,099)	-	-	-	-
-	-	(74,195)	-	-	-
-	-	-	(26,444)	-	-
-	-	-	-	11,852	-
-	-	-	-	-	207,381
-	-	(74,195)	(26,444)	11,852	207,381
-	1,880,610	-	-	-	-
-	1,846,707	-	-	-	-
-	1,118,518	-	-	-	-
-	99,045	-	-	-	-
-	4,616,363	-	-	-	-
-	1,510,578	-	318,461	-	-
-	221,129	268,741	-	-	-
-	346,263	-	-	-	-
-	24,335	-	3,112	-	-
-	11,663,548	268,741	321,573	-	-
(82,780)	(742,551)	194,546	295,129	11,852	207,381
426,236	29,595,598	2,645,605	8,828	1,225,669	1,271,011
\$343,456	\$28,853,047	\$2,840,151	\$303,957	\$1,237,521	\$1,478,392

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**Van Wert County, Ohio**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2017**

	General	Motor Vehicle and Gas Tax	Thomas Edison	Brumback Library	Other Governmental Funds	Total Governmental Funds
<b>Assets and Deferred Outflows of Resources</b>						
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$2,796,862	\$1,092,722	\$1,872,581	\$194,846	\$3,437,146	\$9,394,157
Cash and Cash Equivalents in Segregated Accounts	-	28,480	-	47,673	906	77,059
Investments in Segregated Accounts	-	-	-	391,229	-	391,229
Receivables:						
Property Taxes	1,477,292	-	1,789,343	190,745	900,698	4,358,078
Alternate Energy	302,709	-	130,271	15,148	54,533	502,661
Permissive Motor Vehicle License Tax	-	7,526	-	-	-	7,526
Permissive Sales Tax	714,502	-	-	-	-	714,502
Accounts (Net, where applicable, of Uncollectible Accounts)	304,159	9,237	8,021	44	3,622	325,083
Special Assessments	-	-	-	-	228,447	228,447
Interfund	113,960	44,842	-	-	61,852	220,654
Tax Increment Financing Receivable	-	-	-	-	240,582	240,582
Due from Other Governments	504,162	1,693,244	328,754	423,686	1,721,301	4,671,147
Prepaid Items	127,715	2,063	1,234	2,770	4,229	138,011
Supplies Inventory	21,109	222,548	-	-	12,879	256,536
Loans Receivable	-	-	-	-	927,957	927,957
<b>Total Assets</b>	<b>\$6,362,470</b>	<b>\$3,100,662</b>	<b>\$4,130,204</b>	<b>\$1,266,141</b>	<b>\$7,594,152</b>	<b>\$22,453,629</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable	\$138,935	\$72,557	\$95,151	\$35,847	\$82,182	\$424,672
Accrued Salaries Payable	89,575	24,436	14,069	5,681	57,146	190,907
Due to Other Governments	69,866	17,060	10,116	4,116	103,428	204,586
Interfund Payable	4,421	54,422	23,205	200	134,587	216,835
<b>Total Liabilities</b>	<b>302,797</b>	<b>168,475</b>	<b>142,541</b>	<b>45,844</b>	<b>377,343</b>	<b>1,037,000</b>
<b>Deferred Inflows of Resources:</b>						
Property Taxes & Alternate Energy Tax	1,762,361	-	1,899,231	203,759	945,057	4,810,408
Unavailable Revenue - Delinquent Property Tax:	17,640	-	20,383	2,134	10,174	50,331
Unavailable Revenue - Payments in Lieu of Tax:	-	-	-	-	240,582	240,582
Unavailable Revenue - Sales Taxes	348,339	-	-	-	-	348,339
Unavailable Revenue - Grants	33,254	-	186,315	-	1,264,780	1,484,349
Unavailable Revenue - Local Government	244,412	-	-	-	-	244,412
Unavailable Revenue - Gasoline Taxes and Vehicle License	-	1,454,496	-	-	-	1,454,496
Unavailable Revenue - Public Library Funds	-	-	-	360,159	-	360,159
Unavailable Revenue - Other	426,138	41,851	103,224	-	266,588	837,801
<b>Total Deferred Inflows of Resources</b>	<b>2,832,144</b>	<b>1,496,347</b>	<b>2,209,153</b>	<b>566,052</b>	<b>2,727,181</b>	<b>9,830,877</b>
<b>Fund Balances</b>						
Nonspendable	157,466	224,611	1,234	2,770	945,065	1,331,146
Restricted	-	1,211,229	1,777,276	651,475	3,198,863	6,838,843
Committed	-	-	-	-	347,072	347,072
Assigned	1,844,318	-	-	-	-	1,844,318
Unassigned	1,225,745	-	-	-	(1,372)	1,224,373
<b>Total Fund Balances</b>	<b>3,227,529</b>	<b>1,435,840</b>	<b>1,778,510</b>	<b>654,245</b>	<b>4,489,628</b>	<b>11,585,752</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$6,362,470</b>	<b>\$3,100,662</b>	<b>\$4,130,204</b>	<b>\$1,266,141</b>	<b>\$7,594,152</b>	<b>\$22,453,629</b>

See accompanying notes to the basic financial statements

**Van Wert County, Ohio**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Position of Governmental Activities**  
**December 31, 2017**

<b>Total Governmental Fund Balances</b>		\$11,585,752
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets reported in governmental activities are not financial resources and therefore are not reported in the funds.		26,898,800
Deferred charge on refunding		206,563
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property and Other Taxes	50,331	
Tax Increment Financing	240,582	
Permissive Sales Tax	348,339	
Intergovernmental	3,774,853	
Charges for Services	149,355	
Fines and Forfeitures	234,307	
Special Assessments	161,622	
Other	61,080	
Total		5,020,469
An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.		467,056
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred Outflows - Pension	5,995,066	
Deferred Inflows - Pension	(633,149)	
Net Pension Liability	(14,170,405)	
Total		(8,808,488)
Some liabilities, including notes payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
Accrued Interest	(37,580)	
General Obligation Notes	(2,101,296)	
General Obligation Bonds	(3,358,000)	
Compensatory Time Payable	(76,197)	
OWDA Loan	(420,061)	
Compensated Absences	(867,427)	
Total		(6,860,561)
<b>Net Position of Governmental Activities</b>		<b>\$28,509,591</b>

See accompanying notes to the basic financial statements

**Van Wert County, Ohio**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2017**

	General	Motor Vehicle and Gas Tax	Thomas Edison	Brumback Library	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property Taxes	\$1,578,793	\$0	\$1,716,910	\$188,251	\$860,708	\$4,344,662
Permissive Sales Tax	4,654,730	-	-	-	-	4,654,730
Alternate Energy Tax	303,448	-	131,594	15,302	55,085	505,429
Permissive Motor Vehicle License Tax	-	99,045	-	-	-	99,045
Intergovernmental	1,126,871	3,499,495	786,790	789,852	6,285,363	12,488,371
Charges for Services	1,233,935	137,582	277,841	4,249	770,259	2,423,866
Licenses and Permits	1,600	-	-	-	92,858	94,458
Fines and Forfeitures	135,194	47,820	-	4,968	73,187	261,169
Special Assessments	-	-	-	-	252,146	252,146
Interest	221,129	9,109	-	28,601	9,128	267,967
Tax Increment Financing	-	-	-	-	347,201	347,201
Other	350,095	101,363	12,475	46,319	138,581	648,833
<b>Total Revenues</b>	<b>9,605,795</b>	<b>3,894,414</b>	<b>2,925,610</b>	<b>1,077,542</b>	<b>8,884,516</b>	<b>26,387,877</b>
<b>Expenditures</b>						
Current:						
General Government:						
Legislative and Executive	3,742,675	-	-	999,063	490,817	5,232,555
Judicial	1,450,157	-	-	-	127,800	1,577,957
Public Safety	3,302,396	-	-	-	496,418	3,798,814
Public Works	45,811	3,969,537	-	-	140,538	4,155,886
Health	184,131	-	-	-	82,185	266,316
Human Services	148,572	-	3,059,708	-	4,260,519	7,468,799
Economic Development and Assistance	29,750	-	-	-	1,708,404	1,738,154
Intergovernmental	111,445	-	-	-	-	111,445
Debt Service:						
Principal Retirement	-	-	-	-	651,904	651,904
Interest and Fiscal Charges	-	-	-	-	170,171	170,171
<b>Total Expenditures</b>	<b>9,014,937</b>	<b>3,969,537</b>	<b>3,059,708</b>	<b>999,063</b>	<b>8,128,756</b>	<b>25,172,001</b>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>590,858</i>	<i>(75,123)</i>	<i>(134,098)</i>	<i>78,479</i>	<i>755,760</i>	<i>1,215,876</i>
<b>Other Financing Sources (Uses)</b>						
Proceeds from Sale of Capital Assets	7,082	135	-	4,261	13,251	24,729
Insurance Recoveries	-	49,499	-	-	-	49,499
Transfers In	-	-	-	-	472,842	472,842
Transfers Out	(346,520)	(118,006)	-	-	(8,316)	(472,842)
<b>Total Other Financing Sources (Uses)</b>	<b>(339,438)</b>	<b>(68,372)</b>	<b>-</b>	<b>4,261</b>	<b>477,777</b>	<b>74,228</b>
<b>Net Change in Fund Balances</b>	<b>251,420</b>	<b>(143,495)</b>	<b>(134,098)</b>	<b>82,740</b>	<b>1,233,537</b>	<b>1,290,104</b>
<i>Fund Balances Beginning of Year</i>	<i>2,976,109</i>	<i>1,579,335</i>	<i>1,912,608</i>	<i>571,505</i>	<i>3,256,091</i>	<i>10,295,648</i>
<b>Fund Balances End of Year</b>	<b>\$3,227,529</b>	<b>\$1,435,840</b>	<b>\$1,778,510</b>	<b>\$654,245</b>	<b>\$4,489,628</b>	<b>\$11,585,752</b>

See accompanying notes to the basic financial statements

**Van Wert 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, 2017**

<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>\$1,290,104</b>
<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. In the current period, these amount are:		
Capital Outlay	1,050,741	
Depreciation	(1,416,647)	
Excess of Capital Outlay Over Depreciation Expense		(365,906)
Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(112,946)
Some revenues that will not be collected for several months after the County's year-end are not considered "available" revenues and are deferred in the governmental funds. Deferred inflows changed by these amount this year:		
Property and Other Taxes	(4,256)	
Tax Increment Financing	434	
Permissive Sales Tax	(38,367)	
Intergovernmental	(552,615)	
Charges for Services	100,059	
Fines and Forfeitures	(46,764)	
Special Assessments	(49,624)	
Other	60,550	
Total		(530,583)
The issuance of long-term debt provides current financial resources to governmental funds, but in the statement of net position, the debt is reported as a liability.		
Amortization of Premium on Refunding Bonds		(25,820)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred		
		1,212,523
Except for amounts reported as deferred inflows/outflows, changes in net pension liability are reported as pension expense in the statement of activities.		
		(3,293,556)
The internal service fund used by management to charge the cost of insurance to individual funds is not reported on the statement of activities. Governmental and related internal service fund revenue are eliminated.		
		537,542
Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consisted of:		
General Obligation Note Principal Payments	257,160	
General Obligation Bonds Principal Payments	359,000	
OWDA Loan	35,744	
Total		651,904
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:		
Accrued Interest	2,308	
Compensatory Time Payable	22,715	
Compensated Absences	(48,056)	
Total		(23,033)
<i>Change in Net Position of Governmental Activities</i>		<u><u>(\$659,771)</u></u>

See accompanying notes to the basic financial statements

**Van Wert County, Ohio**  
**Statement of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**General Fund**  
**For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$1,527,600	\$1,527,600	\$1,544,506	\$16,906
Permissive Sales Tax	3,975,000	3,975,000	4,659,512	684,512
Alternate Energy Tax	303,999	303,999	303,448	(551)
Intergovernmental	1,117,860	1,126,782	1,120,532	(6,250)
Charges for Services	807,000	863,614	990,763	127,149
Licenses and Permits	1,600	1,600	1,600	-
Fines and Forfeitures	126,700	126,700	131,946	5,246
Interest	130,020	130,020	196,463	66,443
Other	352,300	366,411	308,199	(58,212)
<b>Total Revenues</b>	8,342,079	8,421,726	9,256,969	835,243
<b>Expenditures</b>				
Current:				
General Government:				
Legislative and Executive	4,070,176	3,964,822	3,587,801	377,021
Judicial	1,494,835	1,563,295	1,466,877	96,418
Public Safety	3,477,886	3,538,287	3,355,768	182,519
Public Works	47,295	47,295	45,721	1,574
Health	258,069	248,428	191,829	56,599
Human Services	160,700	169,253	147,802	21,451
Economic Development and Assistance	26,000	29,750	29,750	-
Intergovernmental	111,475	111,475	111,445	30
<b>Total Expenditures</b>	9,646,436	9,672,605	8,936,993	735,612
Excess of Revenues Over (Under) Expenditures	(1,304,357)	(1,250,879)	319,976	1,570,855
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	2,000	2,046	7,082	5,036
Advances In	-	-	161,751	161,751
Advances Out	-	(1,372)	(163,123)	(161,751)
Transfers Out	(489,673)	(493,683)	(346,520)	147,163
<b>Total Other Financing Sources (Uses)</b>	(487,673)	(493,009)	(340,810)	152,199
Net Change in Fund Balance	(1,792,030)	(1,743,888)	(20,834)	1,723,054
<b>Fund Balance Beginning of Year</b>	1,998,462	1,998,462	1,998,462	-
Prior Year Encumbrances Appropriated	221,411	221,411	221,411	-
<b>Fund Balance End of Year</b>	\$427,843	\$475,985	\$2,199,039	\$1,723,054

See accompanying notes to the basic financial statements

**Van Wert County, Ohio**  
**Statement of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Motor Vehicle and Gas Tax Fund**  
**For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Permissive Motor Vehicle License Tax	\$105,000	\$105,000	\$99,192	(\$5,808)
Intergovernmental	3,507,300	3,507,300	3,517,924	10,624
Charges for Services	110,000	110,000	163,916	53,916
Fines and Forfeitures	50,000	50,000	47,599	(2,401)
Interest	3,000	3,000	8,480	5,480
Other	5,500	5,500	101,307	95,807
<b>Total Revenues</b>	<b>3,780,800</b>	<b>3,780,800</b>	<b>3,938,418</b>	<b>157,618</b>
<b>Expenditures</b>				
Current:				
Public Works	4,332,703	4,617,674	4,067,254	550,420
Excess of Revenues Over (Under) Expenditures	(551,903)	(836,874)	(128,836)	708,038
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	6,500	6,500	135	(6,365)
Insurance Recoveries	-	-	49,499	49,499
Transfers Out	(118,087)	(118,087)	(118,006)	81
<b>Total Other Financing Sources (Uses)</b>	<b>(111,587)</b>	<b>(111,587)</b>	<b>(68,372)</b>	<b>43,215</b>
Net Change in Fund Balance	(663,490)	(948,461)	(197,208)	751,253
<b>Fund Balance at Beginning of Year</b>	<b>994,358</b>	<b>994,358</b>	<b>994,358</b>	<b>-</b>
Prior Year Encumbrances Appropriated	88,600	88,600	88,600	-
<b>Fund Balance at End of Year</b>	<b>\$419,468</b>	<b>\$134,497</b>	<b>\$885,750</b>	<b>\$751,253</b>

See accompanying notes to the basic financial statements

**Van Wert County, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Thomas Edison Fund*  
*For the Year Ended December 31, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$1,645,600	\$1,645,600	\$1,675,468	\$29,868
Alternate Energy Tax	132,582	132,582	131,594	(988)
Intergovernmental	524,500	524,500	794,763	270,263
Charges for Services	95,000	95,000	271,312	176,312
Other	6,000	6,000	10,967	4,967
<b>Total Revenues</b>	2,403,682	2,403,682	2,884,104	480,422
<b>Expenditures</b>				
Current:				
Human Services	3,385,810	3,486,064	3,317,969	168,095
Net Change in Fund Balance	(982,128)	(1,082,382)	(433,865)	648,517
<b>Fund Balance at Beginning of Year</b>	1,970,455	1,970,455	1,970,455	-
Prior Year Encumbrances Appropriated	203,810	203,810	203,810	-
<b>Fund Balance at End of Year</b>	\$1,192,137	\$1,091,883	\$1,740,400	\$648,517

See accompanying notes to the basic financial statements

**Van Wert County, Ohio**  
**Statement of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Brumback Library Fund**  
**For the Year Ended December 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$172,000	\$172,000	\$183,518	\$11,518
Alternate Energy Tax	15,000	15,000	15,302	302
Intergovernmental	646,000	791,640	792,425	785
Charges for Services	4,000	4,000	4,229	229
Fines and Forfeitures	6,500	6,500	4,944	(1,556)
Other	14,000	14,000	46,319	32,319
<b>Total Revenues</b>	857,500	1,003,140	1,046,737	43,597
<b>Expenditures</b>				
Current:				
General Government:				
Legislative and Executive	987,076	1,132,701	994,026	138,675
Excess of Revenues Under Expenditures	(129,576)	(129,561)	52,711	182,272
<b>Other Financing Sources</b>				
Proceeds from the Sale of Capital Assets	3,000	3,000	4,261	1,261
Net Change in Fund Balance	(126,576)	(126,561)	56,972	183,533
<b>Fund Balance at Beginning of Year</b>	118,448	118,448	118,448	-
Prior Year Encumbrances Appropriated	8,129	8,129	8,129	-
<b>Fund Balance at End of Year</b>	<u>\$1</u>	<u>\$16</u>	<u>\$183,549</u>	<u>\$183,533</u>

See accompanying notes to the basic financial statements



**Van Wert County, Ohio**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**December 31, 2017**

	<u>Recycling</u>	<u>Government Activities Internal Service</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$78,259	\$574,689
Accounts Receivable	269,636	13,182
Due from Other Governments	-	26,426
Prepaid Items		22,222
<b>Total Current Assets</b>	<u>347,895</u>	<u>636,519</u>
<b>Non-current Assets:</b>		
Depreciable Capital Assets, Net	362,573	-
<b>Total Assets</b>	<u>710,468</u>	<u>636,519</u>
<b>Deferred Outflows of Resources</b>		
Pension	198,977	-
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts Payable	5,514	-
Accrued Salaries Payable	5,584	-
Interfund Payable	3,819	-
Due to Other Governments	4,255	-
Claims Payable	-	154,942
Accrued Interest Payable	43	-
Compensated Absences Payable	7,795	-
Note Payable	7,000	-
<b>Total Current Liabilities</b>	<u>34,010</u>	<u>154,942</u>
<b>Long-Term Liabilities:</b>		
Compensated Absences Payable	2,622	-
Note Payable	22,000	-
Net Pension Liability	499,372	-
<b>Total Long-Term Liabilities</b>	<u>523,994</u>	<u>-</u>
<b>Total Liabilities</b>	<u>558,004</u>	<u>154,942</u>
<b>Deferred Inflows of Resources</b>		
Pension	22,506	-
<b>Net Position</b>		
Net Investment in Capital Assets	333,573	-
Unrestricted	(4,638)	481,577
<b>Total Net Position</b>	<u>328,935</u>	<u>\$481,577</u>
Net position reported for business-type activities on the statement of net position is different because it includes a proportionate share of the balance of the internal service fund.		
<b>Net Position of Business Type Activities</b>	<u>14,521</u>	
	<u>\$343,456</u>	

See accompanying notes to the basic financial statements

**Van Wert County, Ohio**  
**Statement of Revenues,**  
**Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2017**

	<u>Recycling</u>	<u>Governmental Activities Internal Service</u>
<b>Operating Revenues</b>		
Charges for Services	\$576,803	\$2,136,352
Operating Grants	18,593	-
Other	0	38,073
<b>Total Operating Revenues</b>	<u>595,396</u>	<u>2,174,425</u>
<b>Operating Expenses</b>		
Personal Services	496,626	-
Contractual Services	98,971	129,756
Materials and Supplies	59,856	-
Claims	-	1,486,201
Depreciation	42,975	-
<b>Total Operating Expenses</b>	<u>698,428</u>	<u>1,615,957</u>
<i>Operating Income (Loss)</i>	(103,032)	558,468
<b>Non-Operating Income (Expenses)</b>		
Capital Grants and Contributions	-	-
Interest and Fiscal Charges	(674)	-
<b>Total Non-Operating Income (Expenses)</b>	<u>(674)</u>	<u>-</u>
<i>Change in Net Position</i>	(103,706)	558,468
<b>Net Position Beginning of Year</b>	<u>432,641</u>	<u>(76,891)</u>
<b>Net Position End of Year</b>	328,935	<u>\$481,577</u>
Net position reported for business-type activities on the statement of net position is different because it includes a proportionate share of the balance of the internal service fund.	14,521	
<b>Net Position of Business Type Activities</b>	<u>\$343,456</u>	

See accompanying notes to the basic financial statements

**Van Wert County, Ohio**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2017**

	<u>Recycling</u>	<u>Governmental Activities Internal Service</u>
<b>Increase (Decrease) in Cash and Cash Equivalents:</b>		
<b>Cash Flows from Operating Activities</b>		
Cash Received from Customers and Support	\$582,863	\$2,136,352
Cash Received from Other Sources	18,593	2,953
Cash Payments for Employee Services and Benefits	(409,459)	-
Cash Payments to Suppliers	(164,937)	(151,978)
Cash Payments for Claims		(1,512,836)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>27,060</u>	<u>474,491</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Advance In	3,475	-
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<u>3,475</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Note Principal Payments	(6,000)	-
Note Interest Payments	(683)	-
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<u>(6,683)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	23,852	474,491
<b>Cash and Cash Equivalents Beginning of Year</b>	<u>54,407</u>	<u>100,198</u>
<b>Cash and Cash Equivalents End of Year</b>	<u>\$78,259</u>	<u>\$574,689</u>
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:</b>		
<b>Operating Loss</b>	(\$103,032)	\$558,468
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>		
Depreciation	42,975	-
<b>Changes in Assets and Liabilities:</b>		
(Increase) Decrease in Accounts Receivable	6,060	(10,229)
(Increase) Decrease in Prepaid Items	-	(22,222)
(Increase) Decrease in Due from Other Governments	-	(24,891)
(Increase) Decrease in Deferred Outflows of Resources - Pension	(35,286)	-
Increase (Decrease) in Accounts Payable	(8,395)	-
Increase (Decrease) in Accrued Salaries Payable	(632)	-
Increase (Decrease) in Interfund Payable	2,285	-
Increase (Decrease) in Due to Other Governments	32	-
Increase (Decrease) in Claims Payable	-	(26,635)
Increase (Decrease) in Compensated Absences Payable	4,728	-
Increase (Decrease) in Net Pension Liability	108,083	-
Increase (Decrease) in Deferred Inflows of Resources - Pension	10,242	-
<b>Net Cash Provided By (Used for) Operating Activities</b>	<u>\$27,060</u>	<u>\$474,491</u>

See accompanying notes to the basic financial statements

**Van Wert County, Ohio**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**December 31, 2017**

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<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,558,111
Cash and Cash Equivalents in Segregated Accounts	223,281
Receivables:	
Property and Other Taxes	24,118,087
Accounts (Net of Uncollectible Accounts)	337,544
Special Assessments	522,747
Due from Other Governments	1,801,158
Tax Increment Financing Receivable	349,172
Supplies Inventory	22,461
<b>Total Assets</b>	<u><u>\$28,932,561</u></u>
<b>Liabilities</b>	
Accounts Payable	\$37,221
Due to Other Governments	28,077,043
Undistributed Monies	818,297
<b>Total Liabilities</b>	<u><u>\$28,932,561</u></u>

See accompanying notes to the basic financial statements

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**NOTE 1 – DESCRIPTION OF THE COUNTY AND REPORTING ENTITY**

Van Wert County, Ohio (The County), was created in 1820 but was not organized until 1837. 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 who manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, and a joint 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 budgeting and taxing authority, contracting body and the chief administrators of public services for the County, including each of these departments.

**Reporting Entity**

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County. For Van Wert County, this includes the Children's Services Board, the Board of Developmental Disabilities, the Child Support Enforcement Agency, the Community Corrections Planning Board, the Van Wert County Veterans Services, Van Wert County Election Board, Emergency Management Agency and all departments and activities that are directly operated by the elected County officials. Van Wert County Brumback Public Library is included as part of the primary government.

**Van Wert County Brumback Public Library**

The Brumback Library was constructed and donated to Van Wert County per the will of the late J. S. Brumback and a contract made between the heirs of the estate and the Van Wert County Commissioners in 1898. The Library was established as a free public library for the benefit of the citizens of Van Wert County, Ohio, at that time. The law was enacted under Section 891a Revised Statute. The Statute provides: "Any County accepting such a bequest, donation or gift shall be bound to faithfully carry out the agreement so made to provide and maintain such a library." It is therefore the legal duty of the Board of County Commissioners to faithfully comply with the terms of the contract and maintain and operate the library as a County Library.

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

**Blended Component Unit**

The Library Enrichment Foundation of the Brumback Library is a component unit that is blended with the primary government. It is blended with the primary government because it is so intertwined with the primary government that it is, in substance, the same as the primary government.

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**NOTE 1 – DESCRIPTION OF THE COUNTY AND REPORTING ENTITY (Continued)**

**Library Enrichment Foundation of the Brumback Library** - The Library Enrichment Foundation of the Brumback Library was formed for the purpose of supporting and promoting charitable, educational, scientific, and literary purposes of the Brumback Library. Membership in the Foundation consists solely of the Trustees of the Brumback Library and the Director of the Brumback Library. The board of the Foundation and the Brumback Library are the same. The Brumback Library is part of the primary government, and the primary government may affect the activities, programs and projects of the Foundation; therefore, it would be misleading to exclude the Library Enrichment Foundation of the Brumback Library from the financial statements of the primary government. The Foundation is considered a component unit and blended with the primary government.

**Discretely Presented Component Units**

The component unit column in the entity-wide financial statements identifies the financial data of the County's discretely presented component units: the Van Wert Housing Services, Inc., (which is a consolidation of the entities of Thomas Edison Center, Van Wert Housing Services, Inc., the Thomas Edison Memorial Endowment,) the Van Wert County Port Authority, the Van Wert County Land Reutilization Corporation, and the Van Wert County Airport Authority. They are reported separately to emphasize that they are legally separate from the County. Condensed financial information for the component units is presented in Note 14.

**Thomas Edison Center** – Effective July 1, 2015, the Thomas Edison Center was privatized and is no longer under the control of the common board of trustees. Since that control no longer existed, Thomas Edison Center was deconsolidated effective July 1, 2015, and the name of the reporting entity was changed to Van Wert Housing Services, Inc. See Note 14.

**Van Wert Housing Services, Inc.** - The Van Wert Housing Services, Inc. is a legally separate not-for-profit corporation served by a board appointed by the Van Wert County Board of DD. The corporation, under contractual agreement with the Van Wert County Board of DD, has agreed to acquire, manage and maintain residential properties. The Van Wert County Board of DD makes grants available to assist in the purchase of the properties. The Van Wert County Board of DD is financially accountable for the Van Wert Housing Services, Inc. The Van Wert County Board of DD has maintained a legal interest through a note and a second mortgage on the property purchased by the corporation. In the event of default or violation of the contract terms, the Van Wert County Board of DD has the right to assume the mortgage and the right to insist on the transfer of title of the property. Separately issued financial statements can be obtained from the Van Wert Housing Services, Inc. at P.O. Box 604, Van Wert, Ohio 45891.

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**NOTE 1 – DESCRIPTION OF THE COUNTY AND REPORTING ENTITY (Continued)**

**Thomas Edison Memorial Endowment** - The Thomas Edison Memorial Endowment was organized in 1975 as a not-for-profit corporation. The Van Wert County Board of DD authorized the formation of a foundation that would build funds over the years through donations and bequests. The foundation was established in order to receive gifts and memorial monies that are intended to provide long range support for the programs of the Thomas Edison Center. The foundation was designed so only the interest of this money would be available for use as determined by a non-profit board of directors. The Van Wert County Board of DD called this foundation the Thomas Edison Memorial Endowment. The Board formed a non-profit board of directors to conduct the operations of the Thomas Edison Endowment. The five board members are appointed by the Van Wert County Board of Development Disabilities. Due to control arising from common membership of board of directors, the Thomas Edison Memorial Endowment has been consolidated with the Van Wert Housing Services, Inc. Separately issued financial statements can be obtained from the Thomas Edison Memorial Endowment at P.O. Box 604, Van Wert, Ohio 45891.

**Van Wert County Port Authority** - The Van Wert County Port Authority is a legally separate organization created to maintain and operate the rail property located within the County. The Board of the Port Authority is appointed by the Van Wert County Commissioners. The Van Wert County Commissioners have potential to receive financial benefit from the Port Authority, since the County is entitled to any surplus of the Port Authority. The County is also financially accountable for the Authority. The Van Wert County Auditor is the fiscal agent for the Port Authority. Separately issued financial statements can be obtained from Nancy Dixon, the County Auditor, at 121 E. Main Street, Van Wert, Ohio 45891.

**Van Wert County Airport Authority** - The Van Wert County Airport Authority is a legally separate organization created by resolution of the Van Wert County Commissioners on December 20, 1974. The Board of the Airport Authority is made up of one Van Wert County Commissioner with a two year term, one member appointed by the Mayor of the City of Van Wert with a two year term and four at large members to be appointed by the Van Wert County Commissioners, with four year terms. Subsequent appointments are made by the appointing authority that named that member. The County has issued debt for the Airport Authority in the County's name, making the County financially accountable for the Airport Authority. Separately issued financial statements can be obtained from Mike Jackson at 1400 Leeson Avenue, Van Wert, Ohio 45891.

**Van Wert County Land Reutilization Corporation** – The Van Wert County Land Reutilization Corporation is a legally separate organization created by resolution of the Van Wert County Commissioners on August 2, 2016. The Board of the Corporation is composed of the County Treasurer, two members of the County Board of Commissioners, one representative of the City of Van Wert and any remaining members selected by the County Treasurer and the County Commissioners who are members of the Corporation board. The County Commissioners can impose its will on the Corporation. Separately issued financial statements can be obtained from Krista Somerton, Van Wert Area Economic Development Corporation, at 145 E. Main Street, Van Wert, OH 45891.

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

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**NOTE 1 – DESCRIPTION OF THE COUNTY AND REPORTING ENTITY (Continued)**

Van Wert County General Health District  
Van Wert County Soil and Water Conservation District  
Van Wert County Park District

The County participates in certain organizations that are defined as Joint Ventures, Jointly Governed Organizations, and Insurance Pools.

The County's Joint Venture, the Van Wert County Regional Planning Commission (the Commission), is presented in Note 15. A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility.

The Jointly Governed Organizations of the County, the Alcohol, Drug Addiction and Mental Health Services Board of Mercer, Paulding and Van Wert Counties (Tri County Mental Health Board), the Community Improvement Corporation of the City of Van Wert and the County of Van Wert, Ohio (the CIC), the Van Wert County Council on Aging, Inc. (the Council), the West Central Partnership, Inc. (the Partnership), and the are Northwest Ohio Waiver Administration Council, presented in Note 16. A jointly governed organization is governed by representatives from each of the governments that create the organizations, but there is no ongoing financial interest or responsibility on the part of the participating governments.

The Insurance Pools, the Midwest Pool Risk Management Agency, Inc. (the Pool), and the County Commissioners' Association of Ohio Service Corporation (CCAOSC) are presented in Note 17. The Pool is a risk-sharing pool, while the CCAOSC and the Ohio School Plan are insurance purchasing pools. A risk-sharing pool is an organization formed by a group of governments to combine risks and resources and share in the cost of losses. An insurance purchasing pool is an organization formed by a group of governments to pool funds or resources to purchase commercial insurance policies.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Van Wert County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the County's accounting policies are described below.

**Basis of Presentation**

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



**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Government-Wide Financial Statements**

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

The statement of net position presents the financial condition of the governmental and business-type activities of the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program.

Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business segment is self-financing or draws from the general revenues of the County.

**Fund Financial Statements**

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

**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 utilized by the County: governmental, proprietary, and fiduciary.

**Governmental Funds**

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

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Motor Vehicle and Gas Tax Fund** – This fund is used to account for revenue derived from motor vehicle licenses, gasoline taxes and investment income. Expenditures in this fund are restricted by State law to County road and bridge repair and improvement programs. The County Engineer currently expends the majority of the revenues in this fund for road and bridge repairs and operating costs for the Engineer’s Office.

**Thomas Edison Fund** – This fund is used to account for money received from a County-wide property tax levy and several federal and state grants and subsidies for Developmental Disabilities, its operations and activities.

**Brumback Library Fund** – This fund is used to account for the operation of the Brumback Library. Revenue is received from bequests and donations and from money received from the operations of the Library. A library district tax levy also provides support for the Library. The County chooses to report this fund as a major fund due to its unique relationship with the County.

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

**Proprietary Fund**

Proprietary funds focus on the determination of operating income, changes in net position, financial position, and cash flows.

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

**Recycling Fund** – This fund is used to account for the provision of recycling service to certain residents and businesses within the County.

**Internal Service Fund** - The internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis. The County’s internal service funds account for monies received from workers’ compensation premiums charged to each County department and for the activities of the self-insurance programs for employee health and drug card benefits.

**Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used by the County to account for assets held under a trust agreement for individuals, private organizations or other governments; therefore, they are not available to support the County’s own programs. Agency funds are used to report resources held by the County in a purely custodial capacity.

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The County's only fiduciary funds are agency funds. The County's agency funds are primarily established to account for the collection of various taxes, receipts and fees and to account for funds of the County General Health District, Soil and Water Conservation District, and Regional Planning Commission.

**Component Units**

Component units are either legally separate organizations for which the elected officials of the County are financially accountable, or legally separate organizations for which the nature and significance of its relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. Component unit disclosures represent a consolidation of various fund types.

**Measurement Focus**

**Government-wide Financial Statements**

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

**Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources along with current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the enterprise fund is accounted for using a flow of economic resources measurement focus. All assets and deferred outflows of resources along with all liabilities and deferred inflows of resources are associated with the operation of this fund are included on the statement of fund net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its enterprise activity.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; the enterprise fund and agency funds also uses the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenues - Exchange and Non-exchange Transaction**

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

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, sales tax, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (See Note 5). On an accrual basis, revenue from permissive sales tax is recognized in the period when the exchange transaction on which the tax is imposed occurs (See Note 5). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On the modified accrual basis, revenue from non-exchange 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 5), accounts, interest, federal and state subsidies, grants, and state-levied locally shared taxes.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent 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. The deferred outflows of resources related to pension are explained in Note 7.

In addition to liabilities, the statement of financial positions report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes, pension and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2017, but were levied to finance 2018 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenues is reported on the governmental funds balance sheet and represents delinquent property taxes, sales tax, tax increment financing, special assessments, intergovernmental grants and charges for services. These amounts are deferred and recognized as inflows of resources in the period the amounts become available.

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Expenses/Expenditures**

On the 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.

**Cash and Cash Equivalents**

To improve cash management, cash received by the County is pooled. Monies for all funds, except cash held in segregated accounts and held by fiscal agents, are maintained in this pool. Individual fund integrity is maintained through County records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

Cash and cash equivalents that are held separately by the component units and within departments of the County and not held with the County Treasurer are recorded on the balance sheet as "cash and cash equivalents in segregated accounts."

Investments that are held separately by the Library Enrichment Foundation of the Brumback Library and not held with the County Treasurer are recorded on the balance sheet as "investments in segregated accounts."

During 2017, the County invested in STAR Ohio and certificates of deposits. The Library Enrichment Foundation of the Brumback Library invests in First Financial Bancorp Common Stock, Vanguard Growth and Income Fund, Vanguard Mid-Cap Index Fund, Vanguard Small-Cap Growth Index Fund, and Vanguard Value Index Fund.

Investments are reported at fair value, which is based on quoted market prices, with the exception of nonparticipating investment contracts such as nonnegotiable certificates of deposit and nonparticipating repurchase agreements that are reported at cost.

The County invested funds in STAR Ohio during 2017. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2017. The County measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given twenty-four hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes. Note 4 provides details regarding cash, cash equivalents and investments held by the County.

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Interest income is distributed to the funds according to statutory requirements. Interest revenue of \$221,129 was credited to the General Fund during 2017, which includes \$176,852 assigned from other County funds.

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

**Receivables and Payables**

Receivables and payables to be recorded on the County's financial statements are recorded to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also, by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

Using this criterion the County has elected to not record child support arrearages within the special revenue and agency fund types. These amounts, while potentially significant, are not considered measurable, and because collections are often significantly in arrears, the County is unable to determine a reasonable value.

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2017, are recorded as prepaid items using the consumption method. A current asset is recorded for the prepaid amount at the time of purchase and reflects the expenditure/expense in the year in which services are consumed.

**Inventory of Supplies**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when used.

Inventory consists of expendable supplies held for consumption.

**Capital Assets**

General capital assets are capital assets that are associated with and generally rise from governmental activities. They generally result from expenditures in governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets used by the enterprise fund are reported in both the business-type activities column of the government-wide statement of net position and in the fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values on the date donated. The County maintains a capitalization threshold of ten thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

materially extend an asset’s life are expensed.

All capital assets except for land, land improvements and construction in progress are depreciated. 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>Estimated Lives</u>
Buildings	40-100 years
Machinery and Equipment	10-20 years
Furniture and Fixtures	10-20 years
Vehicles	3-15 years
Infrastructure	15-70 years

The County’s infrastructure consists of roads and bridges.

**Interfund Receivables/Payables**

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “interfund receivables/payables.” Interfund balances are eliminated on the government-wide statement of net position except for any net residual amounts due between governmental and business-type activities, which are presented as “internal balances”.

**Compensated Absences**

Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the County will compensate the employees for the benefits through paid time off or some other means. The County records a liability for accumulated unused vacation and compensatory time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the County has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees’ wage rates at year-end, taking into consideration any limits specified in the County's termination policy. The County records a liability for accumulated unused sick leave for all employees after 20 years of current service with the County.

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

On governmental fund financial statements, compensated absences are reported as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “matured compensated absences payable” in the funds from which the employees will be paid. In the enterprise fund, the entire amount of compensated absences is reported as a fund liability.

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Pensions**

For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the

same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**Accrued Liabilities and Long-Term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions, the net pension liability and compensated absences that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long-term notes, bonds and capital leases are recognized as liabilities on the governmental fund financial statements when due.

**Capital Contributions**

Contributions of capital arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction or transfers of capital assets between governmental and business-type activities.

**Net position**

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include funds for the operation of a school; resident homes for the mentally retarded and developmentally disabled; the medical, financial, and social support to general relief recipients; the support and placement of children; and County road and bridge repair/improvement programs.

The County does not have any portion of its restricted component of net position restricted by enabling legislation. The County applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.



**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the County, these revenues are charges for services for recycling services. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses that do not meet these definitions are reported as non-operating.

**Fund Balance Reserves**

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 governmental funds. The classifications are as follows:

Nonspendable – The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The ‘not in spendable form’ includes items that are not expected to be converted to cash.

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

Committed – The committed classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Commissioners. The committed amounts cannot be used for any other purpose unless the County 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 classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Commissioners.

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

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

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Interfund Transactions**

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles 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.

**Budgetary Process**

All funds, other than agency funds, are legally required to be budgeted and appropriated. Budgetary information has not been presented for the Library Enrichment Foundation of the Brumback Library (blended component unit) because it is not included in the entity for which the “appropriated budget” is adopted nor does the entity maintain separate budgetary records. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners’ authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund, department, and object level (i.e., General Fund – Commissioners – salaries, supplies, equipment, contract repairs, travel expenses, maintenance, and other expenses).

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2017.

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

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**NOTE 3 – BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position and results of operations on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual, presented for the General Fund, and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statements.
5. Although not part of the appropriated budget, the Library Enrichment Foundation of the Brumback Library Special Revenue Fund is included as part of the reporting entity when preparing financial statements that conform with GAAP.
6. For reporting purpose, the County combines some funds with the General fund that are not part of the legally adopted budget for the General fund.
7. The change in the fair value of investments is not included on the budget basis operating statement. This amount is included as revenue on the GAAP basis operating statement.
8. Cash that is held by the agency funds on behalf of County funds on a budget basis are allocated and reported on the balance sheet (GAAP basis) in the appropriate County fund.

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**NOTE 3 – BUDGETARY BASIS OF ACCOUNTING (Continued)**

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the General Fund, and the Motor Vehicle and Gas Tax, Thomas Edison, and the Brumback Library Special Revenue Funds are as follows:

	Net Change in Fund Balance			
	General	Motor Vehicle and Gas Tax	Thomas Edison	Brumback Library
GAAP Basis	\$251,420	(\$143,495)	(\$134,098)	\$82,740
Revenue Accruals	(57,655)	44,626	846	(23,954)
Expenditure Accruals	70,284	106,457	(196,624)	33,508
2017 Unrecorded Cash/Agency Fund Allocation	(101,916)	(735)	(74,152)	(8,307)
2016 Unrecorded Cash/Agency Fund Allocation	47,049	113	31,800	3,574
Change in Fair Value of Investments - 2017	-	-	-	(22,588)
Change in Fair Value of Investments - 2016	-	-	-	26,483
Activity of Non-budgeted Funds/Perspective Differences	(61,135)	-	-	(2,212)
Advances	(1,372)	-	-	-
Prepaid Items	(17,639)	2,063	(2,698)	(29,282)
Encumbrances	(149,870)	(206,237)	(58,939)	(2,990)
Budget Basis	<u>(\$20,834)</u>	<u>(\$197,208)</u>	<u>(\$433,865)</u>	<u>\$56,972</u>

**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. Monies held by the County which are not considered active are classified as inactive.

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the County Auditor by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)**

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
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 division (1) or (2) of this section 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 (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash, or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio; and
10. Bankers' acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. 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.

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)**

***Deposits***

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of the County's cash and deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 % of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third parties of the financial institution.

At year-end, the carrying amount of the County's deposits was \$12,243,815, which includes \$141,543 for the Port Authority component unit's deposits and the bank balance was \$12,751,660. Of the bank balance, \$5,539,359 was covered by federal deposit insurance. \$7,212,301 of the County's bank balance of \$12,751,660 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the County's name.

***Investments***

Investments are reported at fair value. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At year-end, the County had the following investments:

<u>Investment Type</u>	<u>Level</u>	<u>Fair Value</u>
Vanguard Growth and Income Fund	1	\$26,861
Vanguard Mid-Cap Index Fund	1	41,302
Vanguard Small-Cap Growth Index Fund	1	46,838
Vanguard Value Index Fund	1	31,951
First Financial Bancorp	1	34,835
STAR Ohio	1	12,726
Total		<u>\$194,513</u>

*Interest Rate Risk* – The County's investment policy states that the maximum maturity is five years from the settlement date.

*Credit Risk* – The County's investment policy does not address credit risk. The investment in First Financial Bancorp is a common stock and not rated. The County's investment in a repurchase agreement is exposed to credit risk due to the underlying securities are held by the investment's counterparty or its trust department or agent, not in the County's name. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The County's investment in STAR Ohio is rated AAAM by Standard & Poor's.

*Concentration of Credit Risk* – The County's investment policy states the investment authority will diversify the investments to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions. The following investments comprised five or more percent of the investment portfolio:

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)**

Investment Type	Percentage
STAR Ohio	7%
First Financial Bankcorp	18%
Vanguard Growth and Income	14%
Vanguard Mid-Cap Index	21%
Vanguard Small-Cap Growth Index	24%
Vanguard Value Index	16%

**NOTE 5 - RECEIVABLES**

Receivables at December 31, 2017, consisted of property and other taxes, permissive sales tax, Permissive motor vehicle license tax, tax increment financing, accounts (billings for user charged services), special assessments, interfund, intergovernmental receivables arising from grants, and loans. All receivables are considered collectible in full except Court receivables. A summary of accounts receivable for Court receivables, as well as other receivables owed to the County governmental funds is as follows:

	Common Pleas/ Juvenile/Probate Court Receivable	Other Accounts Receivable	Total Accounts Receivable
Receivable	\$372,899	\$87,975	\$460,874
Allowance for Uncollectibles	(122,788)	-	(122,788)
Net Accounts Receivable	\$250,111	\$87,975	\$338,086

For the agency funds, the total receivable for the Common Pleas Court was \$311,669. In addition, the health department had a receivable of \$25,281, and the Housing Trust Fund of \$594, for total accounts receivable for agency funds \$337,544.

**Property Taxes**

Property taxes include amounts levied against all real and public utility located in the County. Property tax revenue received during 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes are levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35% of appraised market value. 2017 real property taxes are collected in and intended to finance 2018.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. 2017 public utility property taxes became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes.

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20.

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**NOTE 5 – RECEIVABLES (Continued)**

Under certain circumstances, State statute permits later payment dates to be established.

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to each subdivision its portion of the taxes collected. Accrued property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2017, and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2017 operations.

The full tax rate for all County operations for the year ended December 31, 2017, was \$7.15 per \$1,000 of assessed value. The assessed values of real property upon which 2017 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>	<u>Percent</u>
Agricultural/Residential Real Property	\$580,999,530	82.04%
Other Real Property	65,637,670	9.27%
Public Utility Personal Property	61,559,620	8.69%
Total Assessed Valuation	<u>\$708,196,820</u>	<u>100.00%</u>

**Permissive Sales and Use Tax**

The County Commissioners, by resolution, imposed a 1.5% tax on all retail sales 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 Ohio Department 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 each month. The Ohio Department of Budget and Management then has five days in which to draw the warrant payable to the County.

Proceeds of the tax are credited entirely to the General Fund. Sales and use tax revenue in 2017 amounted to \$4,654,730 in the General Fund.



**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**NOTE 5 - RECEIVABLES (Continued)**

**Due from Other Governments**

A summary of intergovernmental receivables follows:

<u>Governmental Activities:</u>	<u>Amounts</u>
Homestead and Rollback	\$270,975
Local Government	198,096
Election Costs	78,244
Casino Tax Revenue	80,894
Motor Vehicle License Tax	508,933
Gasoline Cents per Gallon	1,180,724
Undivided Library	412,392
Municipal Court Fees	11,525
Bureau of Workers Compensation	26,426
CSEA grants	90,826
Emergency Management Performance Grant	51,884
Indigent Defense Reimbursement	41,328
DJFS	124,996
PSCA close-out	11,491
PSCA SCPA	140,018
IV-D/IV-E reimbursement	33,823
Dare Grant	5,751
Van Wert Schools	6,752
Thomas Edison Subsidy Payment	44,597
Thomas Edison TCM	10,244
Thomas Edison Waivers	163,937
Pre-sentence investigation	7,679
Youth Bureau Reclaim Ohio Grant	63,627
Community Corrections Grants - Jail Diversion	35,210
TCAP grant	46,988
Recycle Ohio	3,475
CDBG Grants	1,046,917
Total Intergovernmental Receivables	<u>\$4,697,752</u>

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**NOTE 5 - RECEIVABLES (Continued)**

**Loans Receivable**

The County has the following loans receivable at December 31, 2017:

Date of Issue	Description	Interest Rate	Balance at 12/31/2016	Increases	Decreases	Balance at 12/31/2017	Due in One Year
1999	Airport Construction	2.11%	\$13,445	\$0	(\$4,160)	\$9,285	\$4,430
2003	Airport Improvement	1.79%	38,500	-	(11,000)	27,500	12,000
various	Revolving Loans	various	63,706	862,964	(35,498)	891,172	102,419
			<u>\$115,651</u>	<u>\$862,964</u>	<u>(\$50,658)</u>	<u>\$927,957</u>	<u>\$118,849</u>

1999 Airport Construction and the 2003 Airport Improvement are with the Van Wert County Airport Authority. One of the loans is for construction of T-hangars and the other loan is for the removal of underground fuel tanks. The loans are repaid yearly as principal and interest come due. The receivable for these loans is reported in the Airport Note Debt Service Fund.

The Revolving Loans are due from various businesses in the local community. Van Wert County partnered with the Van Wert County Port Authority to receive a micro-enterprise CDBG grant that was loaned to various start-up businesses in the local community. On September 26, 2017, the County took over the administration of \$593,964 of the City of Van Wert's outstanding revolving loans. In addition, to the outstanding loan balances, the County also received \$214,883, the City's revolving loan fund cash balance. The loans have various repayment terms and interest rates. The receivable for the loan is shown in the Revolving Loan Special Revenue Fund.

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2017

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2017, was as follows:

	Balance at 1/1/17	Additions	Deletions	Balance at 12/31/17
<b>Governmental Activities</b>				
<b><i>Capital Assets, not being</i></b>				
<b><i>Depreciated:</i></b>				
Land	\$316,225	\$0	\$0	\$316,225
Land Improvements	57,680	-	-	57,680
Total Assets, not being Depreciated	373,905	-	-	373,905
<b><i>Depreciable Capital Assets:</i></b>				
Buildings	20,609,587	-	-	20,609,587
Machinery and Equipment	969,060	393,434	(183,329)	1,179,165
Furniture and Fixtures	235,316	-	-	235,316
Vehicles	5,397,552	299,807	(199,732)	5,497,627
Infrastructure:				
Roads	9,201,635	148,500	-	9,350,135
Bridges	13,076,738	209,000	-	13,285,738
Total Depreciable Capital Assets	49,489,888	1,050,741	(383,061)	50,157,568
<b><i>Less Accumulated Depreciation:</i></b>				
Buildings	(8,010,882)	(463,114)	-	(8,473,996)
Machinery and Equipment	(622,857)	(54,780)	152,165	(525,472)
Furniture and Fixtures	(182,426)	(5,425)	-	(187,851)
Vehicles	(3,682,145)	(345,960)	117,950	(3,910,155)
Infrastructure:				
Roads	(4,090,070)	(268,308)		(4,358,378)
Bridges	(5,897,761)	(279,060)	-	(6,176,821)
Total Accumulated Depreciation	(22,486,141)	(1,416,647)	270,115	(23,632,673)
Depreciable Capital Assets, Net	27,003,747	(365,906)	(112,946)	26,524,895
Governmental Activities Capital Assets, Net	\$27,377,652	(\$365,906)	(\$112,946)	\$26,898,800

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**NOTE 6 – CAPITAL ASSETS (Continued)**

	Balance at 1/1/17	Additions	Deletions	Balance at 12/31/17
<b>Business-Type Activities</b>				
<b>Depreciable Capital Assets:</b>				
Buildings	\$361,032	\$0	\$0	\$361,032
Machinery and Equipment	406,413	-	-	406,413
Furniture and Fixtures	11,357	-	-	11,357
Vehicles	739,427	-	-	739,427
Total Depreciable Capital Assets	<u>1,518,229</u>	<u>-</u>	<u>-</u>	<u>1,518,229</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	(143,976)	(9,249)	-	(153,225)
Machinery and Equipment	(376,456)	-	-	(376,456)
Furniture and Fixtures	(11,357)	-	-	(11,357)
Vehicles	(580,892)	(33,726)	-	(614,618)
Total Accumulated Depreciation	<u>(1,112,681)</u>	<u>(42,975)</u>	<u>-</u>	<u>(1,155,656)</u>
Business-Type Activities Capital Assets, Net	<u>\$405,548</u>	<u>(\$42,975)</u>	<u>\$0</u>	<u>\$362,573</u>

Depreciation expense was charged to governmental programs as follows:

General Government	
Legislative and Executive	\$120,044
Judicial	6,250
Public Safety	156,917
Public Works	891,773
Human Services	233,766
Economic Development and Assistance	7,897
Total Depreciation Expense	<u>\$1,416,647</u>

**NOTE 7 - DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)**

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 are financed; however, the County does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

***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 cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. County employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. 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 were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)**

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
<b>2017 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
<b>2017 Actual Contribution Rates</b>			
Employer:			
Pension	13.0 %	17.1 %	17.1 %
Post-employment Health Care Benefits	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

\* 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.

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

The County's contractually required contribution was \$1,253,206 for 2017. Of this amount, \$133,277 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>
Proportionate Share of the Net Pension Liability	\$14,669,777
Proportion of the Net Pension	
Current Measurement Date	0.068001%
Prior Measurement Date	0.070508%
Change in Proportionate Share	-0.002507%
Pension Expense	\$3,417,278

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)**

At December 31, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
<b>Deferred Outflows of Resources</b>	
Differences between expected and actual experience	\$19,884
Changes of assumptions	2,440,821
Net difference between projected and actual earnings on pension plan investments	2,326,806
Changes in proportion and differences between City contributions and proportionate share of contributions	153,326
County contributions subsequent to the measurement date	1,253,206
Total Deferred Outflows of Resources	\$6,194,043
 <b>Deferred Inflows of Resources</b>	
Differences between expected and actual experience	\$343,459
Changes in proportion and differences between City contributions and proportionate share of contributions	312,196
Total Deferred Inflows of Resources	\$655,655

\$1,253,206 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 in the year ending December 31, 2018. 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
Year Ending December 31:	
2018	(\$1,794,450)
2019	(1,859,758)
2020	(737,979)
2021	107,005
Total	(\$4,285,182)

***Actuarial Assumptions***

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 in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:



**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)**

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 Retirees - 3.00% Simple Post 1/7/2013 Retirees - 3.00% Simple through 2018, then 2.15% Simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2014 Mortality Table projected 20 years using Projection Scale AA. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality table were used, adjusted for mortality improvements back to the observation base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

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

The long-term 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.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the 401(h) Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401 (h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust Portfolio on July 1, 2016. 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 money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 8.3 percent for 2016.

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 table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
Total	<u>100.00 %</u>	<u>5.66 %</u>

**Discount Rate** The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made 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 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 to Changes in the Discount Rate** The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
County's proportionate share of the net pension liability	\$22,411,362	\$14,669,777	\$8,218,533

**NOTE 8 - POSTEMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

Plan Description - OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment health care.

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
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**NOTE 8 - POSTEMPLOYMENT BENEFITS (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 and the Combined plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

To qualify for postemployment health care coverage, age and service retirees under the traditional and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in OPERS 2016 CAFR for details.

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

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The postemployment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2017, local government employers contributed 14 percent of covered payroll (18.1 percent for law enforcement). These are the maximum employer contribution rates permitted by 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. The portion of employer contributions allocated to health care for members was 1.0% during calendar year 2017. As recommended by the OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0%. The OPERS is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The County's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2017, 2016, and 2015 was \$84,347, \$166,859, and \$165,239, respectively; 90 percent has been contributed for 2017 and 100 percent for 2016 and 2015.

**NOTE 9 – OTHER EMPLOYEE BENEFITS**

**Deferred Compensation Plans**

County employees and elected officials may elect to participate in the Ohio Public Employees Deferred Compensation Plan or the Ohio County Commissioners Association Deferred Compensation Plan. Both plans were created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plans permit deferral of compensation until future years. According to the plans, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency. Beginning in 2003, the Ohio County Commissioners Association Deferred Compensation Plan allows plan participants to receive their monies for loans. The minimum loan amount is \$2,500, while the maximum amount is \$50,000 or 50% of the vested account balance, whichever is less. Two types of loans are available. The general purpose loan has a duration of one to five years. The principal residence loan has a duration of six to fifteen years.

The interest rate for both loans is 2% over the prime rate published in the Wall Street Journal. Scheduled loan payments are made through payroll deduction, while lump sum early loan payoffs can be done by check. If a plan participant leaves employment before the loan is fully repaid, the plan participant is required to pay off the loan at the time of separation from service.

**Compensated Absences**

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. Overtime hours can be accrued as compensatory time at one and one half times the amount of hours worked. All compensatory time must be used within 180 days; otherwise, it is paid out. All accumulated, unused vacation and compensatory time is paid upon separation if the employee has at least one year of service with the County.

The County's current leave policy states that all full-time employees working eighty hours in active pay status are entitled to 4.6 hours of sick leave with pay for every full pay period worked. Employees working less or more than the required amount for the pay period shall receive a pro-rated share of sick leave. Any County employee who has ten years of service with the state, any political subdivision, or combination thereof, will be paid for 25% of the value of his accrued but unused sick leave up to a maximum of 240 hours. The Engineer Office's employees with 10-20 years of services are paid 25% up to a maximum of 30 days, and 20+ years a maximum of 75 days. The Brumback Library's employees are paid up to 100 hours of their accrued, unused vacation balance. Sheriff Deputies with 10 years of service are paid 1 hour for every 2 hours accumulated upon retirement. Sheriff Dispatch employees with ten years of service are paid 25% up to a maximum of 30 days with 10-20 years of service, 45 days with 20-24 years of service and 60 days for 25 or more years of service. Such payment is based upon the employee's rate of pay at the time of his retirement and is paid to the employee in one lump sum payment upon retirement.

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**NOTE 10 - RISK MANAGEMENT**

**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 2017, the County contracted with the Midwest Pool Risk Management Agency, Inc. and the Public Entity Risk Consortium (PERC) for liability, property and crime insurance. The listing below is a general description of insurance coverage. All policy terms, conditions, restrictions, exclusions, etc. are not included.

Coverage provided by Midwest Pool Risk Management Agency, Inc. (MPRMA) and the Public Entity Risk Consortium (PERC) is as follows:

Property

- \$250,000,000 limit per occurrence, subject to following limits:
  - Building and Contents at 140% of reported value for location
  - Flood at \$50,000,000 combined annual aggregate for all MPRMA members
  - Earthquake at \$100,000,000 combined annual aggregate for all MPRMA members

Boiler and Machinery

- \$100,000,000 per occurrence

Liability – General, Auto, Law Enforcement, Employee Benefits, Public Official Liability

- \$7,000,000 per occurrence (\$2,000,000 primary + \$5,000,000 excess)

Pollution

- \$1,000,000 per occurrence and excess aggregate for all MPRMA members

Crime

- \$2,000,000

All limits except Boiler and Machinery are inclusive of MPRMA \$100,000 retention. Van Wert insurance is subject to \$1,000 property deductible.

In addition to the coverage above, the County has insurance under the Ohio School Plan for the Van Wert County Board of DD.

The County pays all elected officials' bonds by statute. Settled claims have not exceeded coverage in the last three years. There have been no material reductions in this coverage from the prior year.

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**NOTE 10 - RISK MANAGEMENT (Continued)**

**Health Care Benefits**

Beginning in 2016, the County manages health, dental and drug card insurance for its employees on a self-insured basis. Third party administers process the claims, which the County pays. The Health insurance internal service fund allocates the cost of providing the claims servicing and claims payments by charging a monthly premium to each individual enrolled in the health insurance program. These premiums, along with the Premium the County pays for each employee enrolled in the program, are paid into the Health internal service fund. Claims and services are paid from the Health internal service fund.

Under the health insurance program, the Health internal service fund provides coverage with no limit. The dental insurance maximum annual benefit is \$1,000. The County purchased commercial insurance for claims in excess of coverage provided by the Health internal service fund. The group aggregate stop-loss coverage for 2017 was \$1,015,236. Settled claims have not exceeded this commercial coverage.

Claims payable at December 31, 2017, was estimated by a third party administrator at \$154,942. The changes in the claims liability for 2017 were:

	Beginning Balance	Current Year Claims	Claim Payments	Ending Balance
2017	\$181,577	\$1,486,201	\$1,512,836	\$154,942

The Brumback Library contracts with Anthem Blue Cross for medical insurance.

The County Engineer contracts with Variable Protection for health care and dental coverage.

Teamsters have insurance through the Teamsters.

**Workers' Compensation**

The County participates in the County Commissioners' Association of Ohio Workers' Compensation Group Retrospective Rating Program provided by the County Commissioners' Association of Ohio Service Corporation (CCAOSC), a workers' compensation insurance purchasing pool (See Note 17). The intent of the CCAOSC is to achieve lower workers' compensation rates while establishing safe working conditions and environments for the participants.

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**NOTE 10 - RISK MANAGEMENT (Continued)**

Employers participating in the Group Retrospective Rating program pay an experience or base-rate premium under the same terms as if they were not in a retro group. At the end of the 12, 24, and 36 months after the end of the policy year, a group retrospective premium will be recalculated. The new premium is compared to the standard premium. If the retrospective premium is lower than the standard premium, employers in the group will receive a refund. If the retrospective premium is higher, each employer in the group will be charged an assessment. A portion of the refunds or deferred assessments may be held in the first and second evaluation periods to minimize the volatility of the refunds and assessments. After the third evaluation period, any net refunds or assessments will be distributed.

The County established an internal service fund to account for participation in this program. The second assessment for policy year 2015 was completed and the County received a \$14,038 refund. The first assessment for policy year 2016 was completed and the County received a \$2,267 refund. In addition, the County received an \$8,953 true-up refund for 2017. These refunds are reported as an intergovernmental receivable at 12/31/17. For 2017, the County paid the following for workers compensation.

	Premium Payments	Retro Payments	Total Payments
2017	\$128,378	\$1,972	\$130,350

**NOTE 11 – LEASES**

**Operating Leases**

The County entered into several non-cancelable operating leases. The Department of Job and Family Services is leasing a copier and a Town & Chrysler van. Motor Vehicle and Gas Tax is leasing a John Deere Loader, Thomas Edison is leasing a copier and a Town & Chrysler van and the Commissioners are leasing copiers. Lease payments made on operating leases were \$44,076.

The following schedule is the future minimum rental payments for the non-cancelable operating leases:

For the Year Ending:	Amount
2018	\$39,061
2019	24,703
2020	13,386
2021	3,285
Total	\$80,435

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2017

**NOTE 12 - LONG-TERM OBLIGATIONS**

The changes in the County's long-term obligations of the governmental activities of the County during 2017 follow:

Date of Issue	Description	Interest Rate	Balance at 12/31/16	Increases	Decreases	Balance at 12/31/17	Amounts Due in One Year
<b><u>General Obligation Notes</u></b>							
1999	Airport Construction	2.11%	\$13,445	\$0	(\$4,160)	\$9,285	\$4,430
2002	County Annex	1.33%	389,008	-	(65,000)	324,008	65,000
2003	Airport Improvement	1.79%	38,500	-	(11,000)	27,500	12,000
2003	County Annex/County Home	1.79%	162,503	-	(107,000)	55,503	38,000
2014	Engineer Building Note	0.74%	1,755,000	-	(70,000)	1,685,000	70,000
	<b>Total General Obligation Notes</b>		<u>2,358,456</u>	<u>-</u>	<u>(257,160)</u>	<u>2,101,296</u>	<u>189,430</u>
<b><u>OWDA Loan</u></b>							
2007	Washington Twp/Delphos Sewers OWDA Loan - 127 Sewer/118	0.00%	291,066	-	(24,256)	266,810	24,256
2009	Sewer	0.00%	113,411	-	(7,822)	105,589	7,822
2010	OWDA Loan - Overholt Addition	0.00%	51,328	-	(3,666)	47,662	3,666
			<u>455,805</u>	<u>-</u>	<u>(35,744)</u>	<u>420,061</u>	<u>35,744</u>
<b><u>General Obligation Bonds</u></b>							
2008	Capital Facilities Bond Series B	9.375%	485,000	-	(35,000)	450,000	40,000
2012	County Building Improvement	2.91%	557,000	-	(49,000)	508,000	50,000
2016	Towne Center Refunding	1.87%	2,675,000	-	(275,000)	2,400,000	280,000
	<b>Total General Obligation Bonds</b>		<u>3,717,000</u>	<u>-</u>	<u>(359,000)</u>	<u>3,358,000</u>	<u>370,000</u>
	<b>Total Notes, Loans and Bonds</b>		<u>6,531,261</u>	<u>-</u>	<u>(651,904)</u>	<u>5,879,357</u>	<u>595,174</u>
<b><u>Other Long-Term Obligations:</u></b>							
	Compensated Absences		819,731	462,605	(414,909)	867,427	422,460
	Net Pension Liability		11,293,166	2,877,239	-	14,170,405	-
	<b>Total - Other Long-Term Obligations</b>		<u>12,112,897</u>	<u>3,339,844</u>	<u>(414,909)</u>	<u>15,037,832</u>	<u>422,460</u>
	<b>Total - General Long-Term Obligations</b>		<u>\$18,644,158</u>	<u>\$3,339,844</u>	<u>(\$1,066,813)</u>	<u>\$20,917,189</u>	<u>\$1,017,634</u>



**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**NOTE 12 - LONG-TERM OBLIGATIONS (Continued)**

The following table discloses the original issue amounts for the debt issued:

Issue	Amount
<b>General Obligation Notes:</b>	
1999 Airport Construction	\$55,390
2002 County Annex	1,300,000
2003 Airport Improvement	108,000
2003 County Annex/County Home	495,334
2014 Engineer Building Note	1,825,000
<b>General Obligation Bonds:</b>	
2008 Capital Facilities Bonds	4,265,000
2012 County Building Improvement	737,000
2016 Capital Facility Refunding Bonds	2,675,000
<b>OWDA Loans:</b>	
2007 Washington Twp/Delphos Sewer	485,111
2009 Rt. 127 & 118 Sewer	152,520
2010 Overholt - Sewer Design	73,323

All of the notes are general obligation notes and they are backed by the full faith and credit of Van Wert County. The Airport Construction and Improvement Notes are being paid with reimbursements from the Van Wert County Airport Authority. The Thomas Edison Improvement Notes are being paid with monies from the Thomas Edison Center. All other note issues will be paid through the debt service funds transfers from the General Fund. The note liability is reflected as long-term since the notes are similar to serial bonds where annual payments are made each year and there is no rollover of principal from year to year. All of the notes are pre-payable without penalty at the option of the County at any time prior to maturity.

In 2008, the County issued capital facilities general obligation bonds to retire the general obligation notes for Towne Center. Series A bonds have a par value of \$3,580,000 and Series B bonds have a par value of \$685,000. The bonds will be paid from revenues received under a City tax financing agreement entered into with the City of Van Wert on October 5<sup>th</sup>, 2004.

In 2007, the County entered into a loan agreement with the Ohio Water Development Authority. The total amount of the loan was finalized in 2009 at \$485,111. The loan is an interest free loan and will be paid semi-annually for 20 years. The City of Delphos will collect a flat fee for debt retirement from those owners of the properties benefiting from the construction of the sewer system. The City of Delphos will remit the fees to the County quarterly and these fees will be used to retire the debt.

On March 26, 2009, the County entered into a loan agreement for with the Ohio Water Development Authority for a Wastewater Treatment Plant Upgrade (Rt. 127 & 118 Sewer). The total project is \$800,385. The County was awarded ARRA monies for this project where \$643,954 of principal has been forgiven as of December 31, 2011. The loan is an interest free loan and will be paid semi-annually for 20 years. The loan was finalized during 2011 for \$152,520 and the first payment was due January 1, 2012.

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**NOTE 12 - LONG-TERM OBLIGATIONS (Continued)**

The City of Van Wert will collect a flat fee for debt retirement from those owners of the properties benefiting from the construction of the sewer system. The City of Van Wert will remit the fees to the County quarterly and these fees will be used to retire the debt.

On August 27, 2009, the County entered into a loan agreement for \$78,855 with the Ohio Water Development Authority for a Sewer Design. The loan is an interest free loan and will be paid semi-annually for 20 years starting July 1, 2011. The loan was finalized in 2011 for \$73,323. This loan is being paid for with transfers from the General Fund.

In 2012, the County issued the County Building Improvement bonds in the amount \$737,000. The serial bonds carry an interest rate of 2.91% and will mature December 1, 2026. The bonds will be paid from energy conservation savings which result from the energy efficiency improvements made with the bond proceeds.

In 2014, the County issued Engineer Building notes in the amount \$1,825,000. The notes matured May 21, 2015, and carried an interest rate of .74%. The notes were rolled over into a long-term note on May 12, 2015.

On November 31, 2016, the County issued \$2,675,000 in general obligation bonds for the purpose of advance refunding the 2008 Capital Facilities Bonds, Series A. The old bonds had interest rates ranging from 4 to 4.25 percent and the new bonds have an interest rate of 1.870125%.

In addition to the debt described above, the County has defeased certain debt issues from prior years. Debt principal outstanding at December 31, 2017, was \$2,020,000. As a result, the 2008 Capital Facilities Bonds, Series A are considered to be defeased and the liability for those bonds has been removed from the statement of net assets.

The compensated absences payable will be paid from the General, Motor Vehicle and Gas Tax, DJFS, Real Estate Assessment, Thomas Edison, Youth Bureau, CSEA, Certificate of Title Administration, 911 Equipment, Community Corrections and Brumback Library Funds. Obligations under capital lease are paid from the Thomas Edison Special Revenue Fund.

Changes in the long-term obligations reported in business-type activities of the County during 2017 were as follows:

Date of Issue	Description	Interest Rate	Balance at 12/31/16	Increases	Decreases	Balance at 12/31/17	Amounts Due in One Year
2003	Recycling Bldg and Trucks	2.20%	\$35,000	\$0	(\$6,000)	\$29,000	\$7,000
	Net Pension Liability		391,289	-	108,083	499,372	-
	Compensated Absences		5,689	8,889	(4,161)	10,417	7,795
	Totals		\$431,978	\$8,889	\$97,922	\$538,789	\$14,795

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
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**NOTE 12 - LONG-TERM OBLIGATIONS (Continued)**

The note payable for the recycling building and trucks was issued in 2003 for \$100,000 and will be paid from the Recycling Enterprise Fund with operating revenues. The note is pre-payable without penalty at the option of the County at any time prior to maturity. The note will mature in 2023.

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 should not exceed one percent of the total assessed valuation of the County. The Code further provides that the total voted and un-voted net debt of the County less the same exempt debt should not 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 effects of the debt limitations at December 31, 2017, are an overall debt margin of \$14,140,473 and an un-voted debt margin of \$5,017,520.

Principal and interest requirements to retire the County's long-term obligations outstanding at December 31, 2017, were as follows:

Year	Governmental Activities			
	General Obligation Notes		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2018	\$189,430	\$53,876	\$370,000	\$101,824
2019	181,723	50,648	382,000	91,384
2020	1,600,135	46,358	393,000	80,356
2021	65,000	3,432	405,000	68,668
2022	65,008	2,567	416,000	56,395
2023-2027	-		1,392,000	93,170
Totals	\$2,101,296	\$156,881	\$3,358,000	\$491,797

Year	Governmental Activities		Business-Type Activities	
	OWDA Loans		General Obligation Notes	
	Principal	Interest	Principal	Interest
2018	\$35,744	\$0	\$7,000	\$1,397
2019	35,744	-	7,500	1,243
2020	35,743	-	8,500	1,078
2021	35,743	-	6,000	891
2022	35,744	-	-	-
2023-2027	178,713	-	-	-
2028-2031	62,630	-	-	-
Totals	\$420,061	\$0	\$29,000	\$4,609

During 1996, the County issued a health care facilities revenue bond with the principal amount of \$184,000 outstanding at December 31, 2017, for facilities used by the Stepping Stones Center, Inc.

During 2007, Series 2007 Health Care Facilities Revenue Bonds were issued for the Van Wert Area Visiting Nurses Association, with the principal amount of \$63,000 outstanding at December 31, 2017.

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**NOTE 12 - LONG-TERM OBLIGATIONS (Continued)**

During 2013, \$5,178,000 in Series 2013 Hospital Facilities Revenue Refunding Bonds was issued to refinance the 2009 Series bonds. The outstanding balance at 12/31/17 was \$3,546,400.

The proceeds of the hospital bonds do not constitute a general obligation, debt or bonded indebtedness of the County. The County is not obligated in any way to pay debt charges on the bonds from any of its funds; therefore, they have been excluded entirely from the County's debt presentation. Neither is the full faith and credit or taxing power of the County pledged to make repayment.

**NOTE 13 - INTERFUND ASSETS/LIABILITIES**

Interfund balances at December 31, 2017, consisted of the following amounts and resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting, and (3) payments between funds are made. All are expected to be paid within one year.

		Interfund Receivable				Total
		General	Motor Vehicle and Gas Tax	Recycling	Other Governmental	
Interfund Payable	General	\$0	\$4,421	\$0	\$0	\$4,421
	Motor Vehicle & Gas Tax	54,422	0	0	0	54,422
	Thomas Edison	22,834	371	0	0	23,205
	Brumback Library	200	0	0	0	200
	Other Governmental	36,345	36,390	0	61,852	134,587
	Recycling	159	3,660	0	0	3,819
	<b>Total</b>	<b>\$113,960</b>	<b>\$44,842</b>	<b>\$0</b>	<b>\$61,852</b>	<b>\$220,654</b>

During 2017, the General Fund advanced \$1,372 to the Town Center Bond Fund. It will be repaid in 2018 when tax increment financing revenues are received.

In 2016, the Recycling Fund advanced the Recycle Ohio \$3,475. It was repaid in 2017 when grant monies were received.

Interfund transfers for the year ended December 31, 2017, consisted of the following:

		Transfers From			Total
		General	Motor Vehicle and Gas Tax	Other Governmental	
Transfers to	Other Governmental	\$346,520	\$118,006	\$8,316	\$472,842

The General Fund transferred \$250,213 for debt service obligations. The General Fund also transferred \$48,470 to the Department of Job and Family Services, \$40,837 to Children Services, and \$7,000 to Federal Workforce Innovative Operations.

The Motor Vehicle and Gas Tax Special Revenue Fund transferred \$118,006 to the Engineer Building Note Fund.

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
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**NOTE 13 - INTERFUND ASSETS/LIABILITIES (Continued)**

Finally, the Common Pleas Court Special Projects Special Revenue fund transferred \$8,316 to the Common Pleas Courtroom Improvement Capital Projects Fund.

**NOTE 14 – DISCRETELY PRESENTED COMPONENT UNITS**

**Summary of Significant Accounting Policies**

**A. Nature of Organizations**

- (1) The Thomas Edison Center – Due to control arising from common membership of boards of directors, the Thomas Edison Center financial statements include the accounts of the Thomas Edison Center and those of closely related entities of Thomas Edison Memorial Endowment and Van Wert Housing Services, Inc. Inter-company transactions and balances have been eliminated in consolidation.

The Thomas Edison Center is a non-profit sheltered workshop providing residential, vocational, habilitation and family resource services to mentally retarded and developmentally disabled adults in Van Wert County and other counties. Effective July 1, 2015, the Thomas Edison Center was privatized and no longer under the control of the common board of trustees. Since that control no longer existed, the Thomas Edison Center was deconsolidated effective July 1, 2015, and the name of the reporting entity was changed to Van Wert Housing Services, Inc.

Van Wert Housing Services, Inc. was organized in 1992 as a not-for-profit corporation. The purpose is to develop dwellings and provide affordable housing in Van Wert County or other counties for occupancy by disabled persons from Van Wert County. Van Wert Housing Services, Inc. is primarily funded by the Van Wert County Board of DD as disclosed in Note 19. Van Wert Housing Services, Inc. is exempt under Internal Revenue Code Section 501(c)(3) from federal income tax. It is also currently exempt from federal unemployment tax and Ohio franchise, personal property, and sales taxes. The payroll of Van Wert Housing Services, Inc. became subject to social security (FICA) coverage due to the Social Security Amendments of 1983.

The Thomas Edison Memorial Endowment is a not-for-profit corporation organized in 1975. The organization is classified as a public charity by the Internal Revenue Service Code Section 501(c)(3) and 509(a)(1).

- (2) The Van Wert County Port Authority is a legally separate organization created to maintain and operate the rail property located within the County.
- (3) The Van Wert County Airport Authority is a legally separate organization. It was created in 1974 by resolution of the Van Wert County Commissioners.
- (4) The Van Wert County Land Reutilization Corporation was created August 2, 2016, by resolution of the Van Wert County Commissioners.

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**NOTE 14 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

**B. Classification of Net Position**

The unrestricted component of net position is comprised of the amount upon which donors have placed no restriction on expenditure of these assets themselves or their investment income.

Temporarily restricted net position and investment income generated by these assets comprise those amounts the expenditure of which has been restricted by donors for use during a specific time period or for a particular purpose. When such a restriction expires; that is, when a stipulated time restriction ends or a program restriction is accomplished, temporarily restricted capital assets are released to unrestricted net position and are reported in the statement of activities and changes in net position.

The permanently restricted component of net position comprises those assets contributed to the component units by donors who have indicated an intention that the assets are to remain in perpetuity as permanent endowments of the component units. Investment income generated by these assets is reported as unrestricted or temporarily restricted, depending upon whether the donors have limited the expenditure of income to a particular purpose or purposes or have indicated that such income is to be available for the general purposes of the component units. At December 31, 2017, \$49,962 of the Van Wert Housing Service's net position is temporarily restricted to use by program recipients for as long as the donor's beneficiary is able to live in the house.

**C. Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. All of the component units' contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. Contributed services have been recognized as contributions to the extent the total amount that could have been charged for these services exceeds the amount actually charged.

**D. Accounts Receivable**

Accounts receivable are carried at their estimated collectible amounts. These receivables do not bear interest or finance charges. Management periodically reviews open receivables for collection issues. Accounts are written off only after reasonable collection efforts have been made and require board approval.

**E. Assets held for Resale**

Assets held for resale represent properties purchased or donated to the Van Wert County Land Reutilization Corporation. These properties are valued based upon the purchase price plus any costs of maintenance, rehabilitation, or demolition of homes on the properties. For donated or forfeited properties, the asset is reported at fair value. The Van Wert County Land Reutilization Corporation holds the properties until the home is either sold to a new homeowner, sold to an individual who will rehabilitate the home, or the home on the property is demolished. Properties with demolished homes could be transferred to the city or township they are in after demolition, until those parcels may be merged with adjacent parcels for development or green space projects, or the Van Wert County Land Reutilization Corporation may sell other lots to owners of adjacent parcels for a nominal cost.

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**NOTE 14 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

**F. Inventories**

Inventories are valued at the lower of cost or market using the average cost method of determining cost.

**G. Capital Assets**

It is Van Wert Housing Services' policy to capitalize expenditures in excess of \$500 with an estimated life of more than one year. The Van Wert County Airport Authority capitalizes expenditures in excess of \$1,000 with an estimated life of more than one year. Property, equipment, and vehicle accounts are stated at cost or donated value and are being depreciated using the straight-line method over their estimated useful lives. Van Wert Housing Services, Inc. uses 12-40 year useful life for buildings and improvements and 10-12 years for equipment and fixtures. The Van Wert County Port Authority depreciates its capital assets over an estimated useful life of 38-40 years, and 4 to 40 years for the Airport Authority.

When sold, retired, or otherwise disposed of, the related cost and accumulated depreciation are removed from the applicable accounts and any gain or loss resulting there from is included in the statement of activities. Routine maintenance, repairs and renewals are charged to operating cost and expenses as incurred. Property and equipment additions and expenditures which materially increase values or extend useful lives are capitalized.

During the year ended December 31, 2017, depreciation expense for Van Wert Housing Services, Inc., Port Authority, and the Airport Authority is \$46,602, \$13,977, and \$111,781, respectively. A summary of the component units' capital assets at December 31, 2017, follows:

Van Wert Housing Services, Inc.	
Houses and related improvements	\$1,326,219
Home furnishings	<u>11,680</u>
Total	1,337,899
Accumulated Depreciation	<u>(573,673)</u>
Book Value	<u><u>\$764,226</u></u>

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**NOTE 14 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

	Port <u>Authority</u>	Airport <u>Authority</u>
Capital Assets, not being depreciated:		
Land	<u>\$646,425</u>	<u>\$214,100</u>
Capital Assets, being depreciated:		
Buildings	2,159	105,575
Vehicles	0	1,500
Furniture and Fixtures	0	3,248
Equipment	0	121,875
Fueling System	0	116,150
Rental Plane	0	62,000
Taxiways	0	2,125,587
Infrastructure	<u>529,072</u>	<u>0</u>
Capital Assets Being Depreciated	<u>531,231</u>	<u>2,535,935</u>
Less: Accumulated Depreciation		
Buildings	(1,835)	(52,643)
Vehicles	0	(1,500)
Furniture and Fixtures	0	(3,199)
Equipment	0	(47,968)
Fueling System	0	(55,171)
Rental Plane	0	(49,600)
Taxiways	0	(956,891)
Infrastructure	<u>(78,643)</u>	<u>0</u>
Accumulated Depreciation	<u>(80,478)</u>	<u>(1,166,972)</u>
Total Capital Assets Being Depreciated, Net	450,753	1,368,963
Total Capital Assets, Net	<u>\$1,097,178</u>	<u>\$1,583,063</u>

**H. Use of Estimates**

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

**I. Bad Debt**

For the Van Wert Housing Services, Inc., management periodically reviews receivables for collection status. Since at the balance sheet date management has determined that all receivables would be collected, no allowance for doubtful accounts was made. The Service does not charge interest on past due accounts. Should any receivable become past due, management's policy is to write-off accounts only after all reasonable collection efforts have been made. Such write-offs require board approval.



**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**NOTE 14 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

**J. Deposits and Investments**

Cash and cash equivalents held by the Van Wert Housing Services, Inc. and the Van Wert County Airport Authority are classified as "Cash and Cash Equivalents in Segregated Accounts," meaning any investment with an original maturity of three months or less. Cash and cash equivalents held by the Van Wert County Port Authority is presented in the account "Equity in Pooled Cash and Cash Equivalents" because its funds are included in the County Treasurer's cash management pool. Investments held by Van Wert Housing Services, Inc. are classified as "Investments in Segregated Accounts."

(1) At year-end, the carrying amount of deposits for Van Wert Housing Services, Inc. was \$34,318 and the bank balance was \$34,318. The entire balance was covered by federal deposit insurance. There are no statutory guidelines regarding the deposit and investment of funds for the not-for-profit corporation. The Board of Trustees has adopted an investment policy with regards to the Thomas Edison Memorial Endowment Fund. The purpose of the policy is to document fund objectives and provide guidelines for achieving those objectives. The objectives are to provide principal security, maximize income (while maintaining principal security), diversify asset holdings and have earnings available when needed for the support of the Thomas Edison Center and its affiliates. The rate of return target established by the policy is not less than 1% over annual certificate of deposit return rates. Investments primarily consist of U.S. government obligations, corporate obligations and common stocks.

	Cost	Fair Value	Unrealized Gain (Loss)
Money Market Funds	\$63,610	\$63,610	\$0
Debt Securities	647,327	622,881	(24,446)
Equity Securities	480,902	866,634	385,732
Mutual Funds	373,815	487,855	114,040
	\$1,565,654	\$2,040,980	\$475,326

The stock and bonds are not rated.

(2) Since the County Auditor is the fiscal agent for the Van Wert County Port Authority, the Port Authority follows the same investment guidelines as the County Treasurer. Information concerning deposits for the Port Authority can be found in Note 4.

(3) The carrying amount of deposits was \$27,778, and the bank balance was \$27,263. The entire bank balance was covered by federal depository insurance. The Van Wert County Airport Authority follows the same investment guidelines as the County Treasurer, which can be found in Note 4.

(4) The carrying amount of the Land Bank was \$82,375. The entire balance was covered by federal depository insurance.

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
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**NOTE 14 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

**K. Loans Payable**

A summary of the loan transactions for the component units for the year ended December 31, 2017, follows:

	Interest Rate	Balance at December 31, 2016	Increases	Decreases	Balance at December 31, 2017
Airport Authority Fuel Tank Removal Loan	1.79%	\$38,500	\$0	\$11,000	\$27,500
Airport Hangar Loan #2	2.11%	13,445	0	4,160	9,285
<b>Total Loans Payable</b>		<b>\$51,945</b>	<b>\$0</b>	<b>\$15,160</b>	<b>\$36,785</b>

The interest rates on the airport loans are adjusted annually on the date that the annual payment is due. The adjusted rate is the prime rate multiplied by 65 %. The interest rate shall never exceed the lesser of 12 % or the maximum interest rate permitted by law. Terms on the Fuel Tank loan due to the County call for five annual payments starting on August 2, 2001, at varying amounts based on the interest rate and principal due at that time. Terms on the Airport Hangar loan #2 due to the County call for a total of 20 annual payments starting on October 1, 2001, at varying amounts based on the interest rate and principal due at that time.

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017
First Bank of Berne Line of Credit	\$100	\$100,000	(\$100,100)	\$0
Mortgage Payable	0	240	0	240
	<b>\$100</b>	<b>\$100,240</b>	<b>(\$100,100)</b>	<b>\$240</b>

On August 31, 2016, the Van Wert County Land Reutilization Corporation received a line of credit in the amount of \$500,000 from the First Bank of Berne. The Corporation was charged \$100 for the application. \$100,000 was borrowed and repaid during 2017. The interest rate on the line of credit is the Wall Street Journal Prime Rate +0.0% fluctuating monthly. The line of credit is unsecured. On November 17, 2017, the Corporation renewed the line of credit for \$400,000. During 2017, the Corporation placed a \$10 lien on 24 properties for a total mortgage payable of \$240.

**NOTE 15 – JOINT VENTURE**

**Van Wert County Regional Planning Commission**

The Van Wert County Regional Planning Commission (the Commission) is a joint venture among the County, the City of Van Wert, and townships and villages within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is comprised of thirty members of which two-thirds are elected officials. The County must be represented by the three County Commissioners, a County Health Official, the County Engineer, the County Recorder, the County Auditor, the Sheriff and the County Extension Agent. Other members include: a representative from all participating Boards of Township Trustees; the Mayor or a Council member of each participating incorporated village; two representatives from the City of Van Wert, one being the

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
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**NOTE 15 – JOINT VENTURE** (continued)

Mayor or his designee and one being appointed by City Council. The remaining members of the Commission are representatives from public utility, minority groups, business, industry, Ministerial Association, farm organizations, Chamber of Commerce and other representatives as deemed necessary by the Commission.

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. The County made \$2,500 in contributions during 2017 for the operations of the Commission. The Commission is a joint venture since it cannot continue to exist without the financial support of the County. The County does not have an equity interest in the joint venture. The Commission is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Complete financial statements can be obtained from the Commission located at 121 East Main Street, Van Wert, Ohio 45891.

**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS**

**Alcohol, Drug Addiction and Mental Health Services Board of Mercer, Paulding and Van Wert Counties (Tri County Mental Health Board)**

The Tri County Mental Health Board is a jointly governed organization among Mercer, Paulding and Van Wert counties. The Tri County Mental Health Board provides leadership in planning for and supporting community-based alcohol, drug addiction and mental health services in cooperation with public and private resources with emphasis on the development of prevention and early intervention programming while respecting, protecting and advocating for the rights of persons as consumers of alcohol, drug addiction and mental health services.

The ability to influence operations depends on the County's representation on the Board. The Board of Trustees consists of eighteen members: four members are appointed by the Director of the Ohio Department of Mental Health, four members are appointed by the Director of the Ohio Department of Alcohol and Drug Addiction Services and the remaining ten members are appointed by the County Commissioners of Mercer, Paulding and Van Wert counties in the same proportion as the County's population bears to the total population of the three counties combined. The majority of the Tri County Mental Health Board's revenue comes from a property tax levied by the Tri County Mental Health Board. During 2017, the tax levy provided \$545,341 for the operations of the organization. These monies were collected and distributed by the County on behalf of the Tri County Mental Health Board. There were no County contributions.

**Community Improvement Corporation of the City of Van Wert and the County of Van Wert, Ohio**

The Community Improvement Corporation of the City of Van Wert and County of Van Wert, Ohio (the CIC) is a jointly governed organization between the City and the County. The general purpose of the CIC is to pursue and maintain economic development within the County. The CIC is governed by a Board of Trustees made up of fifteen members, who include: three elected or appointed officers of the City, to be designated annually by the City Council; three elected or appointed officers of the County, to be designated annually by the Board of County Commissioners; six people to be designated annually by the Board of Trustees of The Van Wert Area Chamber of Commerce; the President of the Van Wert Industrial Development Corporation (in ex officio status); and two people who are residents of the County, to be elected at the annual meeting of the members by a majority of the members listed previously. During 2017, the County contributed \$80,000 to the CIC.

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
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**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**Van Wert County Council on Aging, Inc.**

The Van Wert County Council on Aging, Inc. (the Council) is a jointly governed organization among the County, the City of Van Wert, neighboring townships, and local related organizations. The Council was formed to secure and maintain maximum independence and dignity for older persons (1) in a home environment for older persons capable of self-care with appropriate supportive services by providing such services and to remove individual and social barriers to economic and personal independence, (2) in a home-like environment for older persons not capable of self-care with adequate institutional situations by providing assistance to these institutions in developing policy. The Board of Directors consists of thirteen members, who represent, as nearly as possible, a cross section of the entire county population. Representatives of local health services, low income persons, the clergy, government officials, consumers and other concerned citizens shall be appointed to the Board. The majority of the Council's revenue comes from a property tax levied by the Council. During 2017, the tax levy provided \$266,233 for the operations of the organization. These monies were collected and distributed by the County on behalf of the Council. There were no County contributions.

**West Central Partnership, Inc.**

The West Central Partnership, Inc. (the Partnership) is a jointly governed organization among Allen, Auglaize, Darke, Hancock, Hardin, Mercer, Miami, Logan, Paulding, Putnam, Shelby, Union and Van Wert counties. The Partnership was formed to administer local loan programs in these counties for the State of Ohio Department of Development using 166 funds and locally raised money. The Board of Trustees consists of nine members, including a County Commissioner from each of the member counties and the Director of Region 3, West Central SBDC Partnership. The counties do not contribute any money for the operation of the Partnership.

**Northwest Ohio Waiver Administration Council**

The Northwest Ohio Waiver Administration Council (NOWAC) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. NOWAC is a council of governments directed by a seven-member Board of Council Members. The Board consists of the Superintendents of the member County Boards of Developmental Disabilities (County Boards of DD). The member County Boards of DD include: Allen, Defiance, Fulton, Henry, Paulding, Van Wert and Williams Counties.

NOWAC provides quality assurance reviews for various member County Boards of DD residential programs and also administers the residential programs for Defiance, Van Wert and Williams County Boards of DD. NOWAC provides investigation of Major Unusual Incidents (MUIs) for the Defiance, Henry, Fulton, Paulding, Van Wert, and Williams County Boards of DD.

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**NOTE 17 – INSURANCE POOLS**

**Midwest Pool Risk Management Agency, Inc.**

The Midwest Pool Risk Management Agency, Inc., (the Pool) is an Ohio nonprofit corporation established by five counties for the purpose of establishing a risk-sharing insurance program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by the Pool. Coverage includes comprehensive general liability, automobile liability, certain property insurance, and public officials' error 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 Pool are managed by an elected board of not more than five 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 the Pool is limited to its voting authority and any representation it may have on the board of trustees.

**The County Commissioners' Association of Ohio Service Corporation**

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

**The Ohio School Plan**

Ohio School Plan - The County participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP was created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the sole purpose of enabling members of the OSP to provide for a formalized, jointly administered self-insurance program to maintain adequate self-insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a 12 member Board of Directors consisting of school district superintendents and treasurers. The OSP has an agreement with Hylant Administrative Services, LLC to provide underwriting, claims management, risk management, accounting, system support services, sales and marketing to the OSP. Hylant Administrative Services, LLC also coordinates reinsurance brokerage services for the OSP.

**Van Wert County, Ohio**  
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**NOTE 18 – RELATED PARTY TRANSACTIONS**

Thomas Edison Center, Inc., a discretely presented component unit of Van Wert County, entered into a contractual agreement with the Van Wert County Board of Developmental Disabilities (DD), whereby the DD provides sheltered employment for mentally retarded or handicapped individuals in Van Wert County through June 30, 2015. At this point, the Thomas Edison Center became privatized. It entered into a lease agreement for the building and employees previously employed by Van Wert County became employees of the Thomas Edison Center.

Van Wert Housing Services, Inc., a discretely presented component unit of Van Wert County, has entered into a contractual agreement with the Van Wert County Board of DD. It had agreed to acquire, manage and maintain residential properties. The DD makes grants available to assist in the purchase of the properties and has maintained a legal interest through a note and a second mortgage in the acquired properties. In the event of default or violation of the contract terms, the DD has the right to assume the mortgage and the right to insist on the transfer of title.

**NOTE 19 – FUND BALANCE**

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

	General	Motor Vehicle and Gas Tax	Thomas Edison	Brumback Library	Other Governmental Funds	Total
<b>Nonspendable</b>						
Prepaid Items	\$127,715	\$2,063	\$1,234	\$2,770	\$4,229	\$138,011
Material and Supplies						
Inventory	21,109	222,548	-	-	12,879	256,536
Unclaimed Monies	8,642	-	-	-	-	8,642
Loans Receivable	-	-	-	-	927,957	927,957
<b>Total Nonspendable</b>	<b>157,466</b>	<b>224,611</b>	<b>1,234</b>	<b>2,770</b>	<b>945,065</b>	<b>1,331,146</b>
<b>Restricted for</b>						
Development Disabilities	-	-	1,777,276	-	-	1,777,276
Job and Family/Children Services/CSEA	-	-	-	-	507,846	507,846
Motor Vehicle & Gas Tax	-	1,211,229	-	-	-	1,211,229
Library Services	-	-	-	651,475	-	651,475
Ditch Maintenance	-	-	-	-	974,056	974,056
Debt Service	-	-	-	-	2,374	2,374
Capital Projects	-	-	-	-	2,312	2,312
Other Purposes	-	-	-	-	1,712,275	1,712,275
<b>Total Restricted</b>	<b>-</b>	<b>1,211,229</b>	<b>1,777,276</b>	<b>651,475</b>	<b>3,198,863</b>	<b>6,838,843</b>

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
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**NOTE 19 – FUND**  
**BALANCE**  
**(Continued)**

**Committed**

Building and Grounds Improvement	-	-	-	-	347,072	347,072
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**Assigned**

Next Year						
Appropriations	1,822,463	-	-	-	-	1,822,463
Other Purposes	21,855	-	-	-	-	21,855
Total Assigned	1,844,318	-	-	-	-	1,844,318

**Unassigned**

	1,225,745	-	-	-	(1,372)	1,224,373
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Total	\$3,227,529	\$1,435,840	\$1,778,510	\$654,245	\$4,489,628	\$11,585,752
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**NOTE 20 – CHANGES IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENTS**

For fiscal year 2017, the Corporation has implemented Governmental Accounting Standard Board (GASB) Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.” This statement impacts the plan and not the employer; therefore, this statement had no effect on net position or fund balances.

For fiscal year 2017, the Corporation has implemented Governmental Accounting Standard Board (GASB) Statement No. 80, “Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14.” This statement clarifies the financial statement requirements for certain component units. This statement had no effect on net position or fund balances.

For fiscal year 2017, the Corporation has implemented Governmental Accounting Standard Board (GASB) Statement No. 81, “Irrevocable Split-Interest Agreements.” This statement improves accounting and financial reporting by establishing recognition and measurement requirements for irrevocable split-interest agreements. This statement had no effect on net position or fund balances.

For fiscal year 2017, the Corporation has implemented Governmental Accounting Standard Board (GASB) Statement No. 82, “Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73.” This statement addresses implementation issues of the GASB pension suite. This statement had no effect on net position or fund balances.

In prior year, the activity of the Van Wert Land Reutilization Corporation was immaterial so it was not included in the County’s report. The beginning balance of the Van Wert Land Reutilization Corporation was \$8,828 at January 1, 2017. In addition, the Airport Authority beginning balance was restated at January 1, 2017. Net assets increased \$8,143 to \$1,271,011.

**Van Wert County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**NOTE 21 – TAX ABATEMENT DISCLOSURES**

As of December 31, 2017, the County provides tax incentives under the Van Wert County Enterprise Zone. Ohio Revised Code Section 5709.61 through 5709.69 has authorized counties to designate areas as Enterprise Zones and to execute agreements with certain enterprises for the purpose of establishing, expanding, renovating or occupying facilities and hiring new employees and preserving jobs within said zones in exchange for specified local tax incentives granted by the county. Through the Van Wert County Enterprise Zone, an exemption can be offered to effectively abate up to 100 percent local real property taxes for a period of up to 15 years. The local school board must agree to any abatement over 75% prior to the company going forward with the qualifying project. The Enterprise Zone Program is reserved for manufacturing, distribution or service related projects only. Retail can apply through the CRA program. All of the City of Van Wert is within an established Enterprise Zone.

	Total Taxes Abated
Enterprise Zone Agreement	<hr/> \$123,378

**NOTE 22 – FUND BALANCE DEFICITS**

The Town Center TIF Debt Retirement had a deficit fund balance of \$1,372 due to an outstanding advance at December 31, 2017. The deficit will be eliminated when monies are received on the letter of credit that was established at the time the debt was issued.

**NOTE 23 - CONTINGENT LIABILITIES**

**Grants**

The County has received federal and State grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such 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, would be immaterial.

**Litigation**

The County was party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. The County management is of the opinion that the ultimate disposition will not have a material effect on the financial statements.



**Van Wert County**  
*Required Supplementary Information*  
*Schedule of the County's Proportionate Share of the Net Pension Liability*  
*Ohio Public Employees Retirement System*  
*Last Four Years (1)*

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	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
County's Proportion of the Net Pension Liability	0.0680010%	0.0705080%	0.0709580%	0.0709580%
County's Proportionate Share of the Net Pension Liability	\$14,669,777	\$11,684,455	\$8,101,528	\$7,918,539
County's Covered Employee Payroll	\$8,972,617	\$8,766,787	\$8,691,593	\$8,488,689
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	163.49%	133.28%	93.21%	93.28%
Plan Fiduciary Net Position as a Percentage Of the Total Net Pension Liability	77.25%	81.08%	86.45%	86.36%

(1) Information Prior to 2013 is not available

**Van Wert County**  
*Required Supplementary Information*  
*Schedule of County's Contributions*  
*Ohio Public Employees Retirement System*  
*Last Ten Years*

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	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contributions (1)	\$1,319,747	\$1,313,282	\$1,292,661	\$1,074,227
Contributions in Relation to the Contractually Required Contribution	<u>(1,319,747)</u>	<u>(1,313,282)</u>	<u>(1,292,661)</u>	<u>(1,074,227)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County's Covered Payroll	\$9,135,454	\$8,972,617	\$8,766,787	\$8,691,593
Contributions as a Percentage of Covered-Employee Payroll	14.45%	14.64%	14.74%	12.36%

(1) Includes agency portion

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<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$1,136,546	\$847,853	\$846,595	\$854,192	\$792,539	\$657,066
<u>(1,136,546)</u>	<u>(847,853)</u>	<u>(846,595)</u>	<u>(854,192)</u>	<u>(792,539)</u>	<u>(657,066)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$8,488,689	\$8,173,891	\$8,187,095	\$9,198,878	\$8,804,927	\$7,708,820
13.39%	10.37%	10.34%	9.29%	9.00%	8.52%

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VAN WERT COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<i>(Passed Through Ohio Development Services Agency)</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-F-15-1CV-1 B-F-14-1CV-1 B-C-15-1CV-1 B-F-16-1CV-1 B-E-16-1CV-1		\$343,125 206,347 229,726 535,489 100,000
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				<u>1,414,687</u>
Home Investment Partnerships Program	14.239	B-C-15-1CV-2		<u>351,815</u>
Total U.S. Department of Housing and Urban Development				<u>1,766,502</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<i>(Passed Through Ohio Department of Job &amp; Family Services)</i>				
Promoting Safe and Stable Families	93.556	G-1617-11-5589		14,173
TANF Cluster: Temporary Assistance for Needy Families	93.558	G-1617-11-5589	\$86,199	639,029
Child Support Enforcement	93.563	G-1617-11-5589		421,852
CCDF Cluster: Child Care and Development Block Grant	93.575	G-1617-11-5589	5,023	13,217
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1617-11-5589		40,918
Foster Care_Title IV-E	93.658	G-1617-11-5589		99,061
Adoption Assistance	93.659	G-1617-11-5589		11,412
Chafee Foster Care Independence Program	93.674	G-1617-11-5589		1,485
Children's Health Insurance Program	93.767	G-1617-11-5589		866
<i>(Passed Through Ohio Department of Developmental Disabilities)</i>				
Social Services Block Grant	93.667	N/A		19,179
<i>(Passed Through Ohio Department of Job &amp; Family Services)</i>				
Social Services Block Grant	93.667	G-1617-11-5589		204,639
Total Social Services Block Grant				<u>223,818</u>
Medicaid Cluster: <i>(Passed Through Ohio Department of Developmental Disabilities)</i> Medical Assistance Program	93.778	N/A		88,533
<i>(Passed Through Ohio Department of Job &amp; Family Services)</i>				
Medical Assistance Program	93.778	G-1617-11-5589		246,415
Total Medical Assistance Program / Medicaid Cluster				<u>334,948</u>
Total U.S. Department of Health and Human Services			<u>91,222</u>	<u>1,800,779</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>(Passed Through Ohio Department of Education)</i>				
<b>Child Nutrition Cluster:</b>				
School Breakfast Program	10.553	N/A		1,397
National School Lunch Program	10.555	N/A		2,182
Total Child Nutrition Cluster				<u>3,579</u>
<i>(Passed Through Ohio Department of Job and Family Services)</i>				
<b>SNAP Cluster:</b>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1617-11-5589		136,843
Total U.S. Department of Agriculture				<u>140,422</u>

VAN WERT COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
<b>U.S. DEPARTMENT OF LABOR</b>				
<i>(Passed Through Ohio Department of Job &amp; Family Services)</i>				
<b>WIA/WIOA Cluster:</b>				
WIA/WIOA - Adult Program	17.258	G-1617-11-5589		65,719
WIA/WIOA - Youth Activities	17.259	G-1617-11-5589	56,550	71,847
WIA/WIOA - Dislocated Worker Formula Grants	17.278	G-1617-11-5589		10,671
Total WIA/WIOA Cluster			<u>56,550</u>	<u>148,237</u>
Employment Services Cluster:				
Employment Service/Wagner-Peyser Funded Activities	17.207	N/A		4,323
Total U.S Department of Labor			<u>56,550</u>	<u>152,560</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
<i>(Passed Through Ohio Department of Transportation)</i>				
Airport Improvement Program	20.106	AIP-3-39-0081-017-2015 AIP-3-39-0081-019-2017		38,506 298,518
Total U.S. Department of Transportation				<u>337,024</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
<i>(Passed through Ohio Department of Public Safety)</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-JAG-LLE-5969		10,859
Total U.S. Department of Justice				<u>10,859</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>(Passed Through Ohio Department of Health)</i>				
<i>(Passed Through Van Wert City School District)</i>				
Special Education - Grants for Infants and Families	84.181	N/A		69,738
Total U.S Department of Education				<u>69,738</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
<i>(Passed Through Ohio Department of Public Safety)</i>				
Emergency Management Performance Grants	97.042	EMC-2016-EP-00003-S01 EMC-2017-EP-00006-S01		24,800 10,967
Total U.S. Department of Homeland Security				<u>35,767</u>
Total Expenditures of Federal Awards			<u>\$147,772</u>	<u>\$4,313,651</u>

The accompanying notes are an integral part of this schedule.

**VAN WERT COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Van Wert County (the County) under programs of the federal government for the year ended December 31, 2017. 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, except expenditures passed through the Ohio Department of Job and Family Services for the WIA/WIOA Cluster which is reported on an accrual basis. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified 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. The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - SUBRECIPIENTS**

The County passes certain federal awards received from Ohio Department of Job and Family Services to other governments or not-for-profit agencies (sub-recipients). As Note B describes, the County reports expenditures of Federal awards to sub-recipients when paid in cash except expenditures passed through the Ohio Department of Job and Family Service for the WIA/WIOA Cluster are presented on an accrual basis.

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

**NOTE D - CHILD NUTRITION CLUSTER**

The County commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the County assumes it expends federal monies first.

**NOTE E - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) and HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS with REVOLVING LOAN CASH BALANCE**

The current cash balance on the County's local program income account as of December 31, 2017 is \$4,489.

**NOTE F - MATCHING REQUIREMENTS**

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

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# Dave Yost • Auditor of State

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

Van Wert County  
121 E. Main Street  
Van Wert, Ohio 45891

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Wert County, (the County) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 24, 2018. Our report refers to other auditors who audited the financial statements of the Van Wert Housing Services, Inc., as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported. The financial statements of Van Wert Housing Services, Inc., were not audited in accordance with *Government Auditing Standards*.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the County's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 24, 2018



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Van Wert County  
121 E. Main Street  
Van Wert, Ohio 45891

To the Board of County Commissioners:

### ***Report on Compliance for each Major Federal Program***

We have audited Van Wert County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Van Wert County's major federal programs for the year ended December 31, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

### ***Management's Responsibility***

The County's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in 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). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on each of the County's major programs. However, our audit does not provide a legal determination of the County's compliance.

### ***Basis for Qualified Opinion on Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii and HOME Investment Partnerships Program***

As described in finding 2017-002 in the accompanying schedule of findings, the County did not comply with requirements regarding the following:

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402  
Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688

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

Finding #	CFDA#	Program (or Cluster) Name	Compliance Requirement
2017-002	14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Cash Management
	14.239	HOME Investment Partnerships Program	

Compliance with this requirement is necessary, in our opinion, for the County to comply with requirements applicable to these programs.

***Qualified Opinion on Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii and HOME Investment Partnerships Program***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii and HOME Investment Partnerships Program* paragraph, Van Wert County complied, in all material respects, with the requirements referred to above that could directly and materially affect the Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii and the HOME Investment Partnerships Program for the year ended December 31, 2017.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which Uniform Guidance requires us to report, described in the accompanying schedule of findings as items 2017-001 and 2017-003. Our opinion on *each* major federal program is not modified with respect to this matter.

The County's responses to our noncompliance findings are described in the accompanying schedule of findings and corrective action plan. We did not subject the County's responses to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

***Report on Internal Control over Compliance***

The County's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the County's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness and a deficiency we consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. 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 federal program's compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2017-002 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2017-001 to be a significant deficiency.

The County's responses to our internal control over compliance findings are described in the accompanying schedule of findings and corrective action plan. We did not subject the County's responses to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on the Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 24, 2018

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VAN WERT COUNTY  
**SCHEDULE OF FINDINGS**  
 2 C.F.R. § 200.515  
 DECEMBER 31, 2017

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Qualified – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii and Home Investment Partnerships Program
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 C.F.R. § 200.516(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii – CFDA #14.228  Home Investment Partnerships Program – CFDA #14.239
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 C.F.R. § 200.520?	No

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

None

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
---------------------------------------

**Significant Deficiency/Noncompliance**

<b>Finding Number</b>	2017-001		
<b>CFDA Title and Number</b>	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii – CFDA #14.228  Home Investment Partnerships Program – CFDA #14.239		
<b>Federal Award Identification Number / Year</b>	B-F-14-1CV-1, B-C-15-1CV-1, B-F-15-1CV-1 B-C-15-1CV-2		
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development		
<b>Compliance Requirement</b>	Allowable Cost / Cost Principles		
<b>Pass-Through Entity</b>	Ohio Development Services Agency		
<b>Repeat Finding from Prior Audit?</b>	No	<b>Finding Number (if repeat)</b>	

**2 C.F.R. § 2400.101** gives regulatory effect to the Department of Housing and Urban Development for **2 C.F.R. part 200, subpart E**. Section 200.403 states, in part, "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also § 200.306 Cost sharing or matching paragraph (b).
- (g) Be adequately documented. See also § 200.300 Statutory and national policy requirements through § 200.309 Period of performance of this part."

Two out of 18 total expenditures selected, did not have adequate documentation attached to the voucher packets to support the amount of the payment.

- An expenditure of \$8,719 was requested for payment for administrative time spent by the Grant Administrator on the Community Development Block Grants (CDBG). Attached to the voucher packet, were timesheets that were signed by the Grant Administrator but not dated and no indication was noted as being reviewed or approved by someone other than the Grant Administrator. These timesheets had a total of 209 hours of administrative time spent on the grant, which calculated to charging \$41.52 per hour based on the amount requested for payment. The Grant Administrator then provided additional timesheet support for hours; however, these timesheets did not agree to the original ones attached to the voucher packet submitted for payment. No documentation was provided to support the \$41.52 per hour rate as being correct or approved.



**FINDING NUMBER 2017-001  
 (Continued)**

- A second expenditure for \$8,206 was also requested for administrative time spent by the Grant Administrator on CDBG and HOME grants. No support was attached to the voucher packet other than an invoice with a breakdown by grant of total administrative cost being charged. The Grant Administrator was able to provide timesheets for time spent on the CDBG and HOME grants for the time frame of the payment; however, according to these timesheets, only a total of 32 hours were spent on the grants. Also, on the timesheets, an hourly rate of \$22.83 was noted. There was no support available to indicate the approval of the hours or the hourly rate noted on the timesheets.

The above noted instances occurred due to the lack of monitoring controls in place to verify supporting documentation for administrative costs as being allowable under the federal and state compliance requirements. There was no segregation of duties, no independent approvals of timesheets for the Grant Administrator's time, and no review and approval of payment requests before being submitted for payment.

Failure to provide proper documentation to support payment requests and to provide for the independent review and approval of the documentation could lead to the improper expenditure of grant funds and potential questioned costs for the payment of administrative expenditures exceeding those that actually occurred.

The County should implement procedures to verify that proper documentation is received before issuing payments of grant funds. Procedures should also be implemented to verify that a review is performed over the Grant Administrator's timesheets to ensure proper hours and rates are used and this review should be properly documented.

**Officials' Responses:**

Time sheets/calendars will be maintained that show the hours worked on each grant. The Commissioner's office will review and determine that the number of hours times the hourly rate (plus fringes) equals the amount submitted on the voucher for administrative time charged to the grants.

**Material Weakness / Noncompliance**

<b>Finding Number</b>	2017-002		
<b>CFDA Title and Number</b>	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii – CFDA #14.228 Home Investment Partnerships Program – CFDA #14.239		
<b>Federal Award Identification Number / Year</b>	B-F-14-1CV-1 B-C-15-1CV-1 B-F-15-1CV-1 B-C-15-1CV-2 B-F-16-1CV-1		
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development		
<b>Compliance Requirement</b>	Cash Management		
<b>Pass-Through Entity</b>	Ohio Development Services Agency		
<b>Repeat Finding from Prior Audit?</b>	No	<b>Finding Number (if repeat)</b>	

**FINDING NUMBER 2017-002  
(Continued)**

**2 C.F.R. § 2400.101** gives regulatory effect to the Department of Housing and Urban Development for **24 C.F.R. § 85.21(c) and 2 C.F.R. § 200.305(b)(1)** which provides, in part, that grantees and sub-grantees shall be paid in advance, provided it maintains or demonstrates the willingness to maintain both written procedures that minimize the time elapsing between the transfer of funds and disbursement by the grantee, and financial management systems that meet the standards for fund control and accountability as established in this part. Advance payments to a grantee must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the grantee in carrying out the purpose of the approved program or project. **2 C.F.R. § 200.305(b)(5)** states, that to the extent available, the non-Federal entity must disburse funds available from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments.

**The Ohio Department of Development, Office of Housing and Community Partnerships Financial Management Rules and Regulations, Section (A)(3)(f)** states, in part, that a grantee must develop a cash management system to ensure compliance with the 15-day rule relating to prompt disbursement of funds. This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within fifteen days of receipt of any funds.

**Ohio Development Services Agency Program Policy Notice: OCD 17-01 (A)(2)(f)** provides, in part, that the grantee must develop a cash management system to minimize the time elapsed between the funds transfer from OCD and funds disbursed by the grantee, in compliance with 2 C.F.R. § 200.305 – Payment. Implementing the cash management system shall ensure disbursed OCD funds-on-hand balance is less than \$5,000 within 30 days of receiving the funds. Lump sum drawdowns are not permitted.

The Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (CDBG) BF14-1CV-1, BC-15-1CV-1, and BF-16-1CV-1 and Home Investment Partnerships Program (HOME) grant BC-15-1CV-2 all had instances in which the balance of the grant remained greater than \$5,000 fifteen and thirty days after receipt of advanced funds. There were ten out of nineteen cash draws for the CDBG grants that had a balance in excess of \$5,000 thirty days after receipt of the cash draw. For all the cash draws for the HOME grant, the balance of the grant remained greater than \$5,000 fifteen days after the receipt of the cash draws. The balances remaining ranged from \$5,595 to \$167,312 and cash was drawn with balances remaining that appeared to be sufficient for the expenditures recorded in the following fifteen and thirty days. Balances held ranged from fifteen days to eight months past the fifteen and thirty days limits.

The draws were made in error due to not having proper monitoring procedures in place to ensure that funds were being properly drawn as needed and spent within the guidance of the grant requirements. Failure to monitor cash and expenditures to meet grant requirements could lead to changes in funding being made available and potential findings regarding interest to be earned and repayment of funds to the grantor agency.

The County should establish and implement cash management procedures to monitor the 15 and 30-day rules regarding the prompt disbursement of grant funds received and to use available balances and program income revenues before requesting additional grant funds. The County should then submit a Request for Payment for current cash needs and monitor the receipts, disbursements, and balances of the CDBG and the HOME Grant funds to avoid excessive federal fund cash balances.

**Officials' Response:**

The voucher will be prepared and submitted to the Auditor's office when the draw down request is made. Once the draw is received and a pay-in is made, the Auditor's office will pay the bill within a week to ensure the amounts are spent down within the required timeframe.

**Noncompliance Citation**

<b>Finding Number</b>	2017-003		
<b>CFDA Title and Number</b>	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii – CFDA #14.228		
<b>Federal Award Identification Number / Year</b>	B-F-16-1CV-1		
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development		
<b>Compliance Requirement</b>	Other		
<b>Pass-Through Entity</b>	Ohio Development Services Agency		
<b>Repeat Finding from Prior Audit?</b>	No	<b>Finding Number (if repeat)</b>	

**2 C.F.R. § 200.510(b)(3)** requires, in part, that the auditee prepare a Schedule of Expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. The Schedule must include total Federal awards expended for each individual Federal program and for a cluster of programs, provide the cluster name and the total for the cluster.

The County prepared a Schedule of Expenditures of Federal Awards (the Schedule) and Notes to the Schedule of Expenditures of Federal Awards; however, the expenditures for the major federal program Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii, CFDA #14.228 were understated by \$100,000.

We also noted similar errors in certain non-major programs resulting in an understatement of expenditures. The accompanying Schedule has been adjusted to correct these errors. These errors did not impact the accompanying financial statements.

The County should implement procedures as part of the preparation of the Schedule of Expenditures of Federal Awards to reduce the risk of inaccurate reporting of federal expenditures and noncompliance with 2 C.F.R. § 200.510(b). The Schedule should be reviewed after preparation and tied to the underlying cash reports of the County for accuracy or other supporting documentation. Failure to do so could result in material misstatements on the Schedule going undetected in a timely manner.

**Officials' Response:**

The County Auditor's office will work with the Economic Development office that handles the revolving loans to ensure that all new loans are included on the County's federal schedule.

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Nancy Dixon  
Van Wert County Auditor  
121 EAST MAIN STREET • COURT HOUSE • PHONE 238-0843  
Van Wert, Ohio 45891

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**2 CFR 200.511(b)**  
**DECEMBER 31, 2017**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2016-001	Material Weakness – Airport Rental Revenue	Corrected	Rental agreements existed for all hangers effective 1/1/2017.

**CORRECTIVE ACTION PLAN**  
**2 CFR § 200.511(c)**  
**DECEMBER 31, 2017**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2017-001	Time sheets/calendars will be maintained that show the hours worked on each grant. The Commissioner's office will review and determine that the number of hours times the hourly rate (plus fringes) equals the amount submitted on the voucher for administrative time charged to the grants.	10/1/2018	Sue Gerker
2017-002	The voucher will be prepared and submitted to the Auditor's office when the draw down request is made. Once the draw is received and a pay-in is made, the Auditor's office will pay the bill within a week to ensure the amounts are spent down within the required timeframe.	10/1/2018	Sue Gerker
2017-003	The County Auditor's office will work with the Economic Development office that handles the revolving loans to ensure that all new loans are included on the County's federal schedule.	1/1/2018	Julie Zinn



# Dave Yost • Auditor of State

VAN WERT COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
NOVEMBER 20, 2018