



OHIO AUDITOR OF STATE
KEITH FABER



VAN WERT COUNTY
DECEMBER 31, 2019

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VAN WERT COUNTY
DECEMBER 31, 2019

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OHIO AUDITOR OF STATE KEITH FABER



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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 modified cash-basis financial statements of the governmental activities, 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, 2019, 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 the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for 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 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.

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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Wert County, as of December 31, 2019, and the respective changes in modified cash financial position and where applicable cash flows and the respective budgetary comparison 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 basis described in Note 2.

Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the modified cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 19 to the financial statements, during 2019, the County has elected to change its financial presentation to a modified cash basis comparable to the requirements of *Governmental Accounting Standards*. Also, the County has restated the beginning balance for the Van Wert County Regional Airport Authority to include a prior period adjustment. We did not modify our opinion regarding these matters.

Also, as discussed in Note 24 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. We did not modify our opinion regarding this matter.

Other Matters

Supplementary Information

Our audit was conducted to opine on the 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 schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule 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 November 12, 2020, 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.



Keith Faber
Auditor of State
Columbus, Ohio

November 12, 2020

Van Wert County, Ohio
Statement of Net Position - Modified Cash Basis
December 31, 2019

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Equity in Pooled Cash and Cash Equivalents	\$12,586,533	\$1,570	\$12,588,103
Cash and Cash Equivalents in Segregated Account:	163,792	-	163,792
Investments in Segregated Accounts	665,004	-	665,004
Total Assets	13,415,329	1,570	13,416,899
Net Position			
Restricted for:			
Other Purposes	9,491,173	-	9,491,173
Debt Service	47,704	-	47,704
Capital Projects	144,400	-	144,400
Unrestricted	3,732,052	\$1,570	3,733,622
Total Net Position	\$13,415,329	\$1,570	\$13,416,899

See accompanying notes to the basic financial statements

<u>Van Wert Land Reutilization Corporation</u>	<u>Van Wert County Port Authority</u>	<u>Van Wert County Airport Authority</u>
\$0	\$187,671	\$0
199,516	-	407,830
-	-	-
<u>199,516</u>	<u>187,671</u>	<u>407,830</u>
-	-	-
-	-	-
-	-	-
199,516	187,671	407,830
<u>\$199,516</u>	<u>\$187,671</u>	<u>\$407,830</u>

Van Wert County, Ohio
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2019

	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities				
General Government:				
Legislative and Executive	\$5,986,850	\$1,848,620	\$1,195,648	\$0
Judicial	1,607,799	368,243	170,020	-
Public Safety	4,711,087	642,997	396,170	-
Public Works	3,678,425	385,405	4,116,801	-
Health	319,559	96,699	-	-
Human Services	8,036,792	1,133,919	4,459,207	-
Conservation and Recreation	-	-	-	44,842
Economic Development and Assistance	821,649	479,573	434,336	-
Capital Outlay	191,995	-	-	-
Intergovernmental	102,829	-	-	-
Principal Retirement	599,602	20,342	-	-
Interest and Fiscal Charges	145,259	573	-	-
Issuance Costs	7,500	-	-	-
Total Governmental Activities	26,209,346	4,976,371	10,772,182	44,842
Business-Type Activity				
Recycling	610,707	490,645	63,781	-
Total Primary Government	\$26,820,053	\$5,467,016	\$10,835,963	\$44,842
Component Units				
Van Wert Land Retulization Corporation	\$425,556	\$24,413	\$231,695	\$0
Van Wert County Port Authority	64,079	88,028	-	-
Van Wert County Airport Authority	1,014,338	265,152	42,571	822,896
Total Component Units	\$1,503,973	\$377,593	\$274,266	\$822,896

General Revenues

Property and Other Taxes Levied for:
 General Purposes
 Thomas Edison
 Other Purposes
County Permissive Motor Vehicle License Taxes Levied for Public Works
Permissive Sales Taxes Levied for General Purposes
Grants and Entitlements not Restricted to Specific Programs
Unrestricted Investment Earnings
Tax Increment Financing
Other
Sale of Capital Assets
Mortgage and Loan Proceeds
Energy Conservation Bonds Issued

Total General Revenues

Transfers

Advances

Change in Net Position

Net Position Beginning of Year - Restated

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units		
Governmental Activities	Business-Type Activity	Total	Van Wert Land Reutilization Corporation	Van Wert County Port Authority	Van Wert County Airport Authority
(\$2,942,582)	\$0	(\$2,942,582)	\$0	\$0	\$0
(1,069,536)	-	(1,069,536)	-	-	-
(3,671,920)	-	(3,671,920)	-	-	-
823,781	-	823,781	-	-	-
(222,860)	-	(222,860)	-	-	-
(2,443,666)	-	(2,443,666)	-	-	-
44,842	-	44,842	-	-	-
92,260	-	92,260	-	-	-
(191,995)	-	(191,995)	-	-	-
(102,829)	-	(102,829)	-	-	-
(579,260)	-	(579,260)	-	-	-
(144,686)	-	(144,686)	-	-	-
(7,500)	-	(7,500)	-	-	-
(10,415,951)	-	(10,415,951)	-	-	-
-	(56,281)	(56,281)	-	-	-
(10,415,951)	(56,281)	(10,472,232)	-	-	-
-	-	-	(169,448)	-	-
-	-	-	-	23,949	-
-	-	-	-	-	116,281
-	-	-	(169,448)	23,949	116,281
1,769,911	-	1,769,911	-	-	-
1,841,266	-	1,841,266	-	-	-
1,079,880	-	1,079,880	-	-	-
110,108	-	110,108	-	-	-
4,787,667	-	4,787,667	-	-	-
1,363,911	-	1,363,911	34,859	-	-
318,687	-	318,687	-	-	-
282,472	-	282,472	-	-	-
85,047	-	85,047	1,555	-	-
292,500	-	292,500	-	-	-
-	-	-	101,000	-	-
259,000	-	259,000	-	-	-
12,190,449	-	12,190,449	137,414	-	-
(14,500)	14,500	-	-	-	-
(28,479)	28,479	-	-	-	-
1,731,519	(13,302)	1,718,217	(32,034)	23,949	116,281
11,683,810	14,872	11,698,682	231,550	163,722	291,549
\$13,415,329	\$1,570	\$13,416,899	\$199,516	\$187,671	\$407,830

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Van Wert County, Ohio
Balance Sheet - Modified Cash Basis
Governmental Funds
December 31, 2019

	General	Motor Vehicle and Gas Tax	Thomas Edison	Brumback Library	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$2,838,216	\$2,013,178	\$2,185,430	\$321,649	\$4,648,271	\$12,006,744
Cash and Cash Equivalents in Segregated Accounts	14,721	25,435	-	115,014	8,622	163,792
Investments in Segregated Accounts	-	-	-	665,004	-	665,004
Total Assets	\$2,852,937	\$2,038,613	\$2,185,430	\$1,101,667	\$4,656,893	\$12,835,540
Fund Balances						
Nonspendable	\$3,372	\$0	\$0	\$0	\$0	\$3,372
Restricted	-	2,038,613	2,185,430	1,101,667	4,357,567	9,683,277
Committed	-	-	-	-	299,326	299,326
Assigned	1,707,099	-	-	-	-	1,707,099
Unassigned	1,142,466	-	-	-	-	1,142,466
Total Fund Balances	\$2,852,937	\$2,038,613	\$2,185,430	\$1,101,667	\$4,656,893	\$12,835,540

See accompanying notes to the basic financial statements

Van Wert County, Ohio
*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities - Modified Cash Basis
December 31, 2019*

Total Governmental Fund Balances	\$12,835,540
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Amounts reported for governmental activities in the statement of net position are different because:

An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.	<u>579,789</u>
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<i>Net Position of Governmental Activities</i>	<u><u>\$13,415,329</u></u>
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See accompanying notes to the basic financial statements

Van Wert County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2019

	General	Motor Vehicle and Gas Tax	Thomas Edison	Brumback Library	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$1,467,228	\$0	\$1,711,043	\$187,290	\$853,220	\$4,218,781
Permissive Sales Tax	4,787,667	-	-	-	-	4,787,667
Alternate Energy Tax	302,683	-	130,223	15,142	24,228	472,276
Permissive Motor Vehicle License Tax	-	110,108	-	-	-	110,108
Intergovernmental	1,231,885	4,098,342	1,010,332	857,667	4,697,619	11,895,845
Charges for Services	1,588,126	96,238	396,229	4,631	798,739	2,883,963
Licenses and Permits	1,457	-	-	-	102,481	103,938
Fines and Forfeitures	48,807	38,455	-	5,726	90,200	183,188
Special Assessments	-	-	-	-	197,025	197,025
Interest	316,132	18,459	19,573	76,630	3,184	433,978
Tax Increment Financing	-	-	-	-	282,472	282,472
Other	446,503	53,687	61,468	178,582	1,155,234	1,895,474
Total Revenues	10,190,488	4,415,289	3,328,868	1,325,668	8,204,402	27,464,715
Expenditures						
Current:						
General Government:						
Legislative and Executive	4,326,685	-	-	1,167,124	466,140	5,959,949
Judicial	1,499,113	-	-	-	108,585	1,607,698
Public Safety	4,152,767	-	-	-	556,788	4,709,555
Public Works	48,871	3,559,104	-	-	70,450	3,678,425
Health	177,886	-	-	-	141,339	319,225
Human Services	160,738	-	2,950,733	-	4,911,412	8,022,883
Conservation and Recreation	-	-	-	-	-	-
Economic Development and Assistance	46,000	-	-	-	810,508	856,508
Capital Outlay	-	-	-	-	191,995	191,995
Intergovernmental	102,829	-	-	-	-	102,829
Debt Service:						
Principal Retirement	-	-	-	-	599,602	599,602
Interest and Fiscal Charges	-	-	-	-	145,259	145,259
Issuance Costs	-	-	-	-	7,500	7,500
Total Expenditures	10,514,889	3,559,104	2,950,733	1,167,124	8,009,578	26,201,428
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(324,401)</i>	<i>856,185</i>	<i>378,135</i>	<i>158,544</i>	<i>194,824</i>	<i>1,263,287</i>
Other Financing Sources (Uses)						
Proceeds from Sale of Capital Assets	2,488	292,500	-	-	-	294,988
Energy Conservation Bonds Issued	-	-	-	-	259,000	259,000
Advances In	161,098	-	-	-	362,417	523,515
Advances Out	(346,054)	-	-	-	(205,940)	(551,994)
Transfers In	1,600	-	-	-	338,451	340,051
Transfers Out	(223,664)	(119,114)	(10,173)	-	(1,600)	(354,551)
Total Other Financing Sources (Uses)	(404,532)	173,386	(10,173)	-	752,328	511,009
Net Change in Fund Balances	(728,933)	1,029,571	367,962	158,544	947,152	1,774,296
<i>Fund Balances Beginning of Year - Restated</i>	<i>3,581,870</i>	<i>1,009,042</i>	<i>1,817,468</i>	<i>943,123</i>	<i>3,709,741</i>	<i>11,061,244</i>
Fund Balances End of Year	\$2,852,937	\$2,038,613	\$2,185,430	\$1,101,667	\$4,656,893	\$12,835,540

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 - Modified Cash Basis
For the Year Ended December 31, 2019

Net Change in Fund Balances - Total Governmental Funds \$1,774,296

***Amounts reported for governmental activities in the
statement of activities are different because***

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 expenditures and related internal service fund revenues are
and related internal service fund revenue are eliminated.

(42,777)

Change in Net Position of Governmental Activities

\$1,731,519

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$1,454,500	\$1,454,500	\$1,462,101	\$7,601
Permissive Sales Tax	3,900,000	3,900,000	4,787,667	887,667
Alternate Energy Tax	303,999	303,999	302,683	(1,316)
Intergovernmental	1,137,902	1,185,131	1,231,885	46,754
Charges for Services	1,258,100	1,363,838	1,317,663	(46,175)
Licenses and Permits	1,600	1,600	1,457	(143)
Fines and Forfeitures	49,500	49,500	45,017	(4,483)
Interest	190,020	190,020	178,527	(11,493)
Other	346,739	401,783	447,121	45,338
Total Revenues	8,642,360	8,850,371	9,774,121	923,750
Expenditures				
Current:				
General Government:				
Legislative and Executive	4,492,040	4,593,406	4,242,801	350,605
Judicial	1,635,570	1,696,627	1,567,375	129,252
Public Safety	4,393,302	4,571,753	4,165,015	406,738
Public Works	50,015	50,019	49,671	348
Health	257,073	255,212	183,368	71,844
Human Services	167,471	160,836	167,838	(7,002)
Economic Development and Assistance	46,000	46,000	46,000	-
Intergovernmental	114,973	114,329	114,329	-
Total Expenditures	11,156,444	11,488,182	10,536,397	951,785
Excess of Revenues Over (Under) Expenditures	(2,514,084)	(2,637,811)	(762,276)	1,875,535
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	2,000	2,703	2,488	(215)
Advances In	57,899	57,899	161,098	103,199
Advances Out	-	(195,000)	(346,054)	(151,054)
Transfers In	41,680	43,280	1,600	(41,680)
Transfers Out	(356,540)	(379,171)	(223,664)	155,507
Total Other Financing Sources (Uses)	(254,961)	(470,289)	(404,532)	65,757
Net Change in Fund Balance	(2,769,045)	(3,108,100)	(1,166,808)	1,941,292
Fund Balance Beginning of Year	2,685,023	2,685,023	2,685,023	-
Prior Year Encumbrances Appropriated	394,320	394,320	394,320	-
Fund Balance End of Year	\$310,298	(\$28,757)	\$1,912,535	\$1,941,292

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Permissive Motor Vehicle License Tax	\$100,000	\$100,000	\$110,108	\$10,108
Intergovernmental	3,507,300	3,507,300	4,098,342	591,042
Charges for Services	110,000	110,000	96,238	(13,762)
Fines and Forfeitures	50,000	50,000	38,447	(11,553)
Interest	5,000	5,000	3,455	(1,545)
Other	2,500	2,500	53,687	51,187
Total Revenues	3,774,800	3,774,800	4,400,277	625,477
Expenditures				
Current:				
Public Works	4,081,892	4,763,848	4,144,088	619,760
Excess of Revenues Over (Under) Expenditures	(307,092)	(989,048)	256,189	1,245,237
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	-	292,500	292,500	-
Transfers Out	(120,000)	(120,000)	(119,114)	886
Total Other Financing Sources (Uses)	(120,000)	172,500	173,386	886
Net Change in Fund Balance	(427,092)	(816,548)	429,575	1,246,123
Fund Balance at Beginning of Year	870,406	870,406	870,406	-
Prior Year Encumbrances Appropriated	125,791	125,791	125,791	-
Fund Balance at End of Year	\$569,105	\$179,649	\$1,425,772	\$1,246,123

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$1,645,600	\$1,645,600	\$1,704,788	\$59,188
Alternate Energy Tax	132,582	132,582	130,223	(2,359)
Intergovernmental	748,500	848,743	1,010,332	161,589
Charges for Services	165,000	95,000	396,229	301,229
Interest	-	-	28,601	28,601
Other	6,000	6,000	61,468	55,468
Total Revenues	2,697,682	2,727,925	3,331,641	603,716
Expenditures				
Current:				
Human Services	3,803,326	3,726,571	3,294,219	432,352
Excess of Revenues Over (Under) Expenditures	(1,105,644)	(998,646)	37,422	1,036,068
Other Financing Sources (Uses)				
Transfers Out	-	(10,173)	(10,173)	-
Total Other Financing Sources (Uses)	-	(10,173)	(10,173)	-
Net Change in Fund Balance	(1,105,644)	(1,008,819)	27,249	1,036,068
Fund Balance at Beginning of Year	1,619,523	1,619,523	1,619,523	-
Prior Year Encumbrances Appropriated	146,323	146,323	146,323	-
Fund Balance at End of Year	\$660,202	\$757,027	\$1,793,095	\$1,036,068

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$175,000	\$175,000	\$186,649	\$11,649
Alternate Energy Tax	15,000	15,000	15,142	142
Intergovernmental	571,000	781,000	857,667	76,667
Charges for Services	4,000	4,000	4,631	631
Fines and Forfeitures	6,000	6,000	5,726	(274)
Other	18,000	18,000	83,295	65,295
Total Revenues	789,000	999,000	1,153,110	154,110
Expenditures				
Current:				
General Government:				
Legislative and Executive	914,343	1,251,900	1,133,811	118,089
Net Change in Fund Balance	(125,343)	(252,900)	19,299	272,199
Fund Balance at Beginning of Year	285,788	285,788	285,788	-
Prior Year Encumbrances Appropriated	3,342	3,342	3,342	-
Fund Balance at End of Year	\$163,787	\$36,230	\$308,429	\$272,199

See accompanying notes to the basic financial statements

Van Wert County, Ohio
Statement of Fund Net Position - Modified Cash Basis
Proprietary Funds
December 31, 2019

	Recycling	Government Activities Internal Service
Assets		
<i>Current Assets:</i>		
Equity in Pooled Cash and Cash Equivalents	\$1,570	\$579,789
Total Assets	1,570	579,789
 Net Position		
Unrestricted	1,570	579,789
Total Net Position	\$1,570	\$579,789

See accompanying notes to the basic financial statements

Van Wert County, Ohio
Statement of Revenues,
Expenses and Changes in Fund Net Position - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2019

	Recycling	Governmental Activities Internal Service
Operating Revenues		
Charges for Services	\$490,645	\$313,308
Total Operating Revenues	<u>490,645</u>	<u>313,308</u>
Operating Expenses		
Personal Services	431,502	-
Contractual Services	62,719	197,831
Materials and Supplies	58,906	-
Claims	-	158,254
Capital Outlay	17,497	-
Total Operating Expenses	<u>570,624</u>	<u>356,085</u>
<i>Operating Income (Loss)</i>	(79,979)	(42,777)
Non-Operating Income (Expenses)		
Capital Grants and Contributions	63,781	-
Principal Retirement	(36,543)	-
Interest and Fiscal Charges	(3,540)	-
Total Non-Operating Income (Expenses)	<u>23,698</u>	<u>-</u>
<i>Income Before Transfers and Advances</i>	(56,281)	(42,777)
Advances In	79,242	-
Advances Out	(50,763)	-
Total Advances	<u>28,479</u>	<u>-</u>
Transfers In	22,356	-
Transfers Out	(7,856)	-
Total Transfers	<u>14,500</u>	<u>-</u>
<i>Change in Net Position</i>	(13,302)	(42,777)
Net Position Beginning of Year -Restated	<u>14,872</u>	<u>622,566</u>
Net Position End of Year	<u>\$1,570</u>	<u>\$579,789</u>

See accompanying notes to the basic financial statements

Van Wert County, Ohio
Statement of Cash Flows - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2019

	<u>Recycling</u>	<u>Governmental Activities Internal Service</u>
Increase (Decrease) in Cash and Cash Equivalents:		
Cash Flows from Operating Activities		
Cash Received from Customers and Support	\$490,645	\$313,308
Cash Payments for Employee Services and Benefits	(431,502)	-
Cash Payments to Suppliers	(139,122)	(197,831)
Cash Payments for Claims	-	(158,254)
Net Cash Provided by (Used for) Operating Activities	<u>(\$79,979)</u>	<u>(42,777)</u>
Cash Flows from Noncapital Financing Activities		
Transfer In	22,356	-
Transfer Out	(7,856)	-
Advance In	79,242	-
Advances Out	(50,763)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>42,979</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities		
Capital Grants and Contributions	63,781	-
Note Principal Payments	(36,543)	-
Note Interest Payments	(3,540)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>23,698</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(13,302)	(42,777)
Cash and Cash Equivalents Beginning of Year - Restated	<u>14,872</u>	<u>622,566</u>
Cash and Cash Equivalents End of Year	<u>\$1,570</u>	<u>\$579,789</u>

See accompanying notes to the basic financial statements

Van Wert County, Ohio
Statement of Fiduciary Assets and Liabilities - Modified Cash Basis
Agency Funds
December 31, 2019

Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,454,774
Cash and Cash Equivalents in Segregated Accounts	\$280,819
Total Assets	<u>\$1,735,593</u>
Liabilities	
Due to Other Governments	\$1,126,660
Undistributed Monies	\$608,933
Total Liabilities	<u>\$1,735,593</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, 2019

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, 2019

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 columns in the entity-wide financial statements identify the financial data of the County's discretely presented component units: 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.

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 Philip Baxter, 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.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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

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 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 County of Van Wert, Ohio (the CIC), the Van Wert County Council on Aging, Inc. (the Council) and the Northwest Ohio Waiver Administration Council (NOWAC), are 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), the County Commissioners' Association of Ohio Service Corporation (CCAOSC), the Ohio School Plan (OSP) and the County Employee Benefits Consortium of Ohio (CEBCO) are insurance purchase pools presented in Note 17. The Pool is a risk-sharing pool, while the CCAOSC, OSP, and CEBCO 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

Although Ohio Administrative Code Section 117-2-03 (B) requires the County's financial report to follow accounting principles generally accepted in the United States of America, the County chooses to prepare its financial statements and notes in accordance with the modified cash basis of accounting.

This basis of accounting is similar to the cash receipts and disbursements basis. The County recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County also reports long-term investments as assets, valued at cost.

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.

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 disbursements and program receipts for each program or function of the County's governmental activities and for the business-type activities of the County. Direct disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program receipts 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. Receipts that are not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of disbursements with program receipts identifies the extent to which each governmental program or business segment is self-financing or draws from the general receipts 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.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

The County classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other nonexchange transactions as governmental funds. The following are the County's major governmental funds:

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.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds

Fiduciary funds account for cash and investments where the County is acting as trustee or fiscal agent for other entities or individuals. 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.

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, Park 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.

Cash and Cash Equivalents

Cash balances of the County's funds, except cash and cash equivalents in segregated accounts, are pooled and invested in short-term investments in order to provide improved cash management. 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."

Investments are reported at cost. During 2019, the County invested in STAR Ohio and certificates of deposits. The Library Enrichment Foundation of the Brumback Library invests in First American Treasury Obligation Fund, First Financial Bancorp Common Stock, Northern FDS Stock Index Fund, McDonalds Corp common stock, Vanguard Growth and Income Fund, Vanguard Mid-Cap Index Fund, Vanguard Small-Cap Growth Index Fund, and Vanguard Value Index Fund.

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.

The County invested funds in STAR Ohio during 2019. 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, 2019.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2019, 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 \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 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.

Interest income is distributed to the funds according to statutory requirements. Interest revenue of \$316,132 was credited to the General Fund during 2019, which includes \$266,725 from other County funds.

Inventory of Supplies

On the modified cash basis of accounting, inventories of supplies are reported as disbursements when purchased.

Prepaid Items

On the modified cash basis of accounting, payments made to vendors for services that will benefit periods beyond December 31, 2019, are recorded as disbursements when made.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

Compensated Absences

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the County's modified cash basis of accounting.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring net pension/OPEB liability, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB 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/OPEB systems report investments at fair value.

Long-Term Obligations

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the modified cash basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal payments.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net position

Net position is reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitation on its use.

The County first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted resources are available.

Operating Receipts and Disbursements

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts are those receipts that are generated directly from the primary activity of the enterprise fund. For the County, these receipts are charges for services for recycling services. Operating disbursements are the necessary costs incurred to provide the service that is the primary activity of the fund. All receipts and disbursements that do not meet these definitions are reported as non-operating.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in 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.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Interfund Transactions

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

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 receipts in the seller funds and as disbursements 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 receipts/disbursements in the enterprise fund. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

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).

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2019.

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.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the fund and entity wide statements versus budgetary expenditures are due to encumbrances outstanding at the end of the year, and non-budgeted activity of some of the departments' off-book cash accounts. Differences between receipts reported in the fund and entity wide statements versus budgetary receipts are due to unrecorded cash at the beginning and end of year and cash that is held by agency funds on behalf of County funds on a budget basis are allocated in the appropriate County fund on a modified cash basis. Perspective differences arise from the activity of some funds being included with the General Fund on a modified cash basis because those funds do not meet the requirements to be presented as a separate fund. These funds are not presented on the budget basis because the budget basis only presents the legally adopted budget for the given fund. 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 the modified cash statements.

The adjustments necessary to convert the results of operations for the year on the modified cash 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
Modified Cash Basis	(\$728,933)	\$1,029,571	\$367,962	\$158,544
2019 Unrecorded Cash/Agency Fund Allocation	(215,187)	(16,693)	(39,821)	13,374
2018 Unrecorded Cash/Agency Fund Allocation	99,846	1,681	42,594	4,397
Activity of Non-budgeted Funds/Perspective Differences	(58,935)	(14,296)	-	(149,232)
Encumbrances	(263,599)	(570,688)	(343,486)	(7,784)
Budget Basis	(\$1,166,808)	\$429,575	\$27,249	\$19,299

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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.

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.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

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.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be able to recover deposits or collateral securities that are in the possession of an outside party.

At year-end, the carrying amount of the County's deposits was \$15,055,690, which includes \$187,671 for the Port Authority component unit's deposits and the bank balance was \$14,912,765. Of the bank balance, \$8,167,423 was covered by federal deposit insurance. \$6,745,342 of the County's bank balance of \$14,912,765 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.

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

Eligible securities pledged to the County and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

The fair value of these investments is not materially different than the measurement 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:

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

<u>Investment Type</u>	<u>Level</u>	<u>Fair Value</u>
Vanguard Growth and Income Fund	1	\$33,708
Vanguard Mid-Cap Index Fund	1	55,933
Vanguard Small-Cap Growth Index Fund	1	69,943
Vanguard Value Index Fund	1	41,246
Northern FDS Stock Index	1	10,689
First Financial Bancorp	1	33,632
McDonalds Corp	1	10,078
STAR Ohio	1	18,744
First American Treasury Obligation		<u>10,500</u>
Total		<u><u>\$284,473</u></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 Vanguard Growth and Income Fund, Vanguard Mid-Cap Index Fund, Vanguard Small-Cap Growth Index Fund, Vanguard Value Index Fund, Northern FDS Stock Index, First Financial Bancorp, McDonalds Corp are common stock and mutual funds and are 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 investments in STAR Ohio and First American Treasury Obligation are 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:

<u>Investment Type</u>	<u>Percentage</u>
STAR Ohio	7%
First Financial Bankcorp	12%
Vanguard Growth and Income	12%
Vanguard Mid-Cap Index	20%
Vanguard Small-Cap Growth Index	25%
Vanguard Value Index	15%

NOTE 5 – PROPERTY TAXES

Property taxes include amounts levied against all real and public utility located in the County. Property tax revenue received during 2019 for real and public utility property taxes represents collections of 2018 taxes.

2019 real property taxes are levied after October 1, 2019, on the assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35% of appraised market value. 2019 real property taxes are collected in and intended to finance 2020.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 5 – PROPERTY TAXES (continued)

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. 2019 public utility property taxes became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 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.

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 in June and December for taxes payable in the first and second halves of the year, respectively.

The full tax rate for all County operations for the year ended December 31, 2019, was \$7.15 per \$1,000 of assessed value. The assessed values of real property upon which 2019 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>	<u>Percent</u>
Agricultural/Residential Real Property/Commercial/Industrial	\$653,379,420	91.00%
Public Utility Personal Property	64,598,580	9.00%
Total Assessed Valuation	\$717,978,000	100.00%

NOTE 6 – 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 2019 amounted to \$4,787,667 in the General Fund.

NOTE 7 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

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.

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 net pension liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the modified cash basis framework.

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, 2019

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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>
2019 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2019 Actual Contribution Rates			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits	0.0	0.0	0.0
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 \$1,346,593 for 2019.

Net Pension Liability

The net pension liability for OPERS was measured as of December 31, 2018, 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, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. 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:

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

	OPERS
Proportionate Share of the Net Pension Liability	\$19,124,747
Proportion of the Net Pension	
Current Measurement Date	0.069829%
Prior Measurement Date	0.067313%
Change in Proportionate Share	-0.002516%

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, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement in accordance with the requirement of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2018, are presented below.

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	7.2 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.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

During 2018, OPERS managed investments in three portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are corded 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 expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94 percent for 2018.

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 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.79 %
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other investments	18.00	5.50
Total	100.00 %	5.95 %

Discount Rate The discount rate used to measure the total pension liability was 7.2 percent for 2018 and 7.5 percent for 2017. For The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments 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 7.2 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 (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
County's proportionate share of the net pension liability	\$28,252,813	\$19,124,747	\$11,539,242

NOTE 8 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The net OPEB liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the modified cash basis framework.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. 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 75. See OPERS' CAFR referenced below for additional information.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. For 2019, the portion of employer contributions allocated to health care was 0 percent. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent.

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

The County's contractually required contribution was \$0 for 2019.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

Net OPEB Liability

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The County's proportion of the net OPEB liability was based on the County's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>
Proportionate Share of the Net OPEB Liability:	
Current Measurement Date	0.068794%
Prior Measurement Date	0.066080%
Change in Proportionate Share	0.0027140%
Proportionate Share of the Net OPEB Liability	\$8,969,114

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

	<u>December 31, 2017</u>	<u>December 31, 2018</u>
Wage Inflation	3.25 percent	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:		
Current measurement date	3.85 percent	3.96 percent
Investment Rate of Return	6.50 percent	6.00 percent
Municipal Bond Rate	3.31 percent	3.71 percent
Health Care Cost Trend Rate	7.5 percent, initial	10 percent, initial
Actuarial Cost Method	3.25 percent, ultimate in 2028 Individual Entry Age	3.25 percent, ultimate in 2029 Individual Entry Age

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 5.6 percent for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	<u>100.00 %</u>	<u>5.16 %</u>

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

Discount Rate A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the County’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the County’s proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 percent, as well as what the County’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
County's proportionate share of the net OPEB liability	\$11,474,839	\$8,969,114	\$6,976,400

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB liability	\$8,620,576	\$8,969,114	\$9,369,743

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, 2019

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 2019, 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

- \$500,000,000 limit per occurrence, subject to following limits:
- Building and Contents at 150% 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, 2019

NOTE 10 - RISK MANAGEMENT (Continued)

Health Care Benefits

Beginning in 2019, the County participates in the County Employee Benefits Consortium of Ohio (CEBCO) for its employees' health, dental and drug card insurance. CEBCO is a not-for-profit corporation and an insurance purchasing pool. (Note 17) The intent of the CEBCO is to achieve the benefit of reduced health insurance premiums by pooling resources to purchase employee benefits. The County pays the annual actuarially determined rate on a monthly basis. Components of the funding rate include the claims fund distribution, incurred but unreported claims, a claim contingency reserve fund, and the fixed cost of the consortium.

For 2016 to 2018, the County provided employees' health, dental and drug card insurance on a self-insured basis. 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 paid for each employee enrolled in the program, were paid into the Health internal service fund. Claims and services are paid from the Health internal service fund.

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.

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.

NOTE 11 – LEASES

The County entered into several non-cancelable operating leases. The Department of Job and Family Services is leasing a copier and a Town & Country van. Thomas Edison is leasing a Town & Country van, the Sheriff's office is leasing a copier and the Commissioners are leasing copiers. Lease payments made on operating leases were \$25,603.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 11 – LEASES (continued)

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

For the Year Ending:	Amount
2020	\$19,236
2021	8,685
2022	5,400
2023	5,400
Total	\$38,721

NOTE 12 - LONG-TERM OBLIGATIONS

Governmental Activities Debt

The changes in the County’s long-term obligations of the governmental activities of the County during 2019 follow:

Date of Issue	Description	Interest Rate	Balance at 12/31/18	Increases	Decreases	Balance at 12/31/19	Amounts Due in One Year
<u>General Obligation Notes</u>							
1999	Airport Construction	2.11%	\$4,855	\$0	(\$4,855)	\$0	\$0
2002	County Annex	1.33%	259,008	-	(65,000)	194,008	65,000
2003	Airport Improvement	1.79%	15,500	-	(15,500)	-	-
2003	County Annex/County Home	1.79%	14,503	-	(14,503)	-	-
2014	Engineer Building Note	0.74%	1,610,000	-	(75,000)	1,535,000	1,535,000
	Total General Obligation Notes		1,903,866	-	(174,858)	1,729,008	1,600,000
<u>OWDA Loan</u>							
2007	Washington Twp/Delphos Sewers OWDA Loan - 127 Sewer/118	0.00%	242,554	-	(24,256)	218,298	24,256
2009	Sewer	0.00%	97,767	-	(7,822)	89,945	7,822
2010	OWDA Loan - Overholt Addition	0.00%	43,996	-	(3,666)	40,330	3,666
			384,317	-	(35,744)	348,573	35,744
<u>Energy Improvement Bonds</u>							
2012	County Building Improvement	2.91%	458,000	-	(52,000)	406,000	53,000
2019	Developmental Disabilities Board	2.98%	-	259,000	(7,000)	252,000	15,000
			458,000	259,000	(59,000)	658,000	68,000
<u>General Obligation Bonds</u>							
2008	Capital Facilities Bond Series B	9.375%	410,000	-	(45,000)	365,000	50,000
2016	Towne Center Refunding	1.87%	2,120,000	-	(285,000)	1,835,000	290,000
	Total General Obligation Bonds		2,530,000	-	(330,000)	2,200,000	340,000
	Total Notes, Loans and Bonds		5,276,183	259,000	(599,602)	4,935,581	2,043,744

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 12 - LONG-TERM OBLIGATIONS (Continued)

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

Issue	Amount
General Obligation Notes:	
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
General Obligation Bonds:	
2008 Capital Facilities Bonds	4,265,000
2016 Capital Facility Refunding Bonds	2,675,000
OWDA Loans:	
2007 Washington Twp/Delphos Sewer	485,111
2009 Rt. 127 & 118 Sewer	152,520
2010 Overholt - Sewer Design	73,323
Energy Conservation Bonds:	
2012 County Building Improvement	737,000
2019 Developmental Disabilities Board	259,000

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 Energy Conservation Bonds 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 and MVGT funds. 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 5th, 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, 2019

NOTE 12 - LONG-TERM OBLIGATIONS (Continued)

The County 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 2019, the County issued \$259,000 in Developmental Disabilities Board Energy Improvement Bonds. The bonds have an interest rate of 2.98% and mature in 2034.

Principal and interest requirements to retire the County's governmental activities long-term obligations outstanding at December 31, 2019, were as follows:

Year	Governmental Activities			
	General Obligation Notes		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2020	\$1,600,000	\$44,639	\$340,000	\$68,536
2021	65,000	1,713	350,000	58,424
2022	64,008	851	360,000	47,752
2023	-	-	370,000	36,892
2024	-	-	385,000	25,469
2025-2029	-	-	395,000	13,015
Totals	<u>\$1,729,008</u>	<u>\$47,203</u>	<u>\$2,200,000</u>	<u>\$250,088</u>

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 12 - LONG-TERM OBLIGATIONS (Continued)

Year	OWDA Loans		Energy Conservation Bonds	
	Principal	Interest	Principal	Interest
2020	\$35,744	\$0	\$68,000	\$19,225
2021	35,744	-	69,000	17,202
2022	35,743	-	70,000	15,184
2023	35,743	-	74,000	13,122
2024	35,744	-	76,000	10,972
2025-2029	154,460	-	212,000	26,018
2030-2034	15,395	-	89,000	6,720
Totals	<u>\$348,573</u>	<u>\$0</u>	<u>\$658,000</u>	<u>\$108,443</u>

Business-Type Activities Debt

Changes in the long-term obligations reported in business-type activities of the County during 2019 were as follows:

Date of Issue	Description	Interest Rate	Balance at 12/31/18	Increases	Decreases	Balance at 12/31/19	Amounts Due in One Year
2003	Recycling Bldg and Trucks	2.20%	\$22,000	\$0	(\$22,000)	\$0	\$0
2018	Recycling Center	2.00%	159,237	0	(14,543)	144,694	14,833
	Totals		<u>\$181,237</u>	<u>\$0</u>	<u>(\$36,543)</u>	<u>\$144,694</u>	<u>\$14,833</u>

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.

During 2018, the County approved a loan to the Van Wert County Solid Waste Management District in the amount \$159,237 for the purchase of a baler and conveyor system. The loan carries an interest rate of 2% and is for a ten-year term and will mature in 2028.

Principal and interest requirements to retire the County's business-type activities long-term obligations outstanding at December 31, 2019, were as follows:

Year	Business-Type Activities	
	Principal	Interest
2020	\$14,833	\$2,894
2021	15,130	2,597
2022	15,433	2,295
2023	15,741	1,986
2024	16,056	1,671
2025-2029	67,501	3,408
Totals	<u>\$144,694</u>	<u>\$14,851</u>

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 12 - LONG-TERM OBLIGATIONS (Continued)

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, 2019, are an overall debt margin of \$14,082,860 and an un-voted debt margin of \$5,471,190.

Conduit Debt

From time to time, the County has issued bonds to provide financial assistance to private sector entities for the acquisition and construction of facilities deemed to be in the public interest. The proceeds of these 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. The County has issued the following conduit debt:

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 12/31/19 was \$2,418,583.

NOTE 13 - INTERFUND TRANSACTIONS

Advances not repaid at year-end and are not presented on the face of the financial statements. All outstanding advances at December 31, 2019, are expected to be paid within one year.

The following advances were outstanding at December 31, 2018, and were repaid in 2019:

Receivable	Payable	Amount
General	Delphos Sewer	\$3,516
General	Recycle	44,842

The following advance was outstanding at December 31, 2018, and remained outstanding at December 31, 2019:

Receivable	Payable	Amount
General	Towne Center Bond	\$57,899

The following advances were made during 2019 and were repaid during 2019:

Receivable	Payable	Amount
General	Towne Center Bond	\$157,582

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 13 - INTERFUND TRANSACTIONS (continued)

The following advances were made during 2019 and were outstanding at December 31, 2019:

Receivable	Payable	Amount
General	Delphos Sewer	\$4,960
General	Dog & Kennel	23,500
General	Towne Center Bond	183,511
General	Recycle	34,400

The following transfers were made during 2019:

	Transfers From					Total
	General	Motor Vehicle and Gas Tax	Thomas Edison	Other Governmental	Recycling	
General	\$0	\$0	\$0	\$1,600	\$0	\$1,600
Other Governmental	209,164	119,114	10,173	0	0	338,451
Recycle	14,500	0	0	0	7,856	22,356
Total	\$223,664	\$119,114	\$10,173	\$1,600	\$7,856	\$362,407

The General Fund transferred \$168,997 for debt service obligations. The General Fund also transferred \$44,667 to the Department of Job and Family Services and \$10,000 to the Dog and Kennel Fund.

The Motor Vehicle and Gas Tax Special Revenue Fund transferred \$119,114 to the Engineer Building Note Fund.

Finally, the Common Pleas Court Special Projects Special Revenue fund transferred \$1,600 to the General Fund and the Thomas Edison special revenue fund transferred \$10,173 to the Thomas Edison Bond Fund.

NOTE 14 – DISCRETELY PRESENTED COMPONENT UNITS

Summary of Significant Accounting Policies

A. Nature of Organizations

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

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.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 14 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)

C. Assets held for Resale

Assets held for resale are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

D. Inventories

The component units report disbursements for inventory items when paid. These items are not reflected as assets in the accompanying financial statements.

E. Capital Assets

Capital assets are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

F. Deposits and Investments

Cash and cash equivalents held by the Van Wert County Airport Authority and Land Bank 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.

- (1) 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.
- (2) The carrying amount of deposits was \$63,485 for the Airport Authority, and the bank balance was \$68,445. The entire bank balance was covered by federal depository insurance. In addition, the Airport Authority had \$344,345 with the Van Wert County Foundation, which administers a capital improvement fund where donations for capital improvements are received. Further information on the coverage of these deposits can be obtained from Renee Thatcher, Office Manager, 138 East Main Street, Van Wert, Ohio 45891. The Van Wert County Airport Authority follows the same investment guidelines as the County Treasurer, which can be found in Note 4.
- (3) The carrying amount of the Land Bank was \$199,516. The entire balance was covered by federal depository insurance.

G. Loans Payable

A summary of the loan transactions for the component units for the year ended December 31, 2019, follows:

	Interest Rate	Balance at December 31, 2018	Increases	Decreases	Balance at December 31, 2019
Airport Authority					
Fuel Tank Removal	1.79%	\$15,500	\$0	\$15,500	\$0
Airport Hangar Loan #2	2.11%	4,855	0	4,855	0
Total Loans Payable		<u>\$20,355</u>	<u>\$0</u>	<u>\$20,355</u>	<u>\$0</u>

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 14 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)

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 1/1/19	Additions	Deletions	Balance 12/31/19
Loan Payable	\$0	\$100,000	\$0	\$100,000
Mortgage Payable	1,160	1,000	(860)	1,300
	\$1,160	\$101,000	(\$860)	\$101,300

On January 29, 2019, the Corporation received a loan from the Van Wert County Foundation. The interest rate is .5%. The interest and principal is payable on or before March 31, 2021, or upon demand of the holder, whichever is first.

The Corporation places a \$10 lien on properties for a total mortgage payable of \$1,300 at year-end.

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 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 \$0 in contributions during 2019 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 2019, the tax levy provided \$540,921 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 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 2019, the County contributed \$80,000 to the CIC.

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 2019, the tax levy provided \$279,288 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.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

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 William 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.

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.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 17 – INSURANCE POOLS (continued)

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.

County Employee Benefits Consortium of Ohio

The County participates in the County Employee Benefits Consortium of Ohio, Inc. (CEBCO), an Ohio non-for-profit corporation and insurance purchasing pool with membership open to Ohio counties, to collectively pool resources to purchase employee benefits. The County pays the annual actuarially determined rate on a monthly basis. Components of the funding rate include the claims fund distribution, incurred not unreported claims, a claim contingency reserve fund, and the fixed cost of the consortium.

The business and affairs of the consortium are governed by a board comprised of elected representatives of counties that participate in the program. Directors are commissioners of member counties. Each member of the consortium is entitled to one vote at the annual meeting to elect the governing board.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 18 – 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
Nonspendable						
Unclaimed Monies	\$3,372	\$0	\$0	\$0	\$0	\$3,372
Total Nonspendable	3,372	-	-	-	-	3,372
Restricted for						
Development Disabilities	-	-	2,185,430	-	-	2,185,430
Job and Family/Children Services/CSEA	-	-	-	-	736,893	736,893
Motor Vehicle & Gas Tax	-	2,038,613	-	-	-	2,038,613
Library Services	-	-	-	1,101,667	-	1,101,667
Ditch Maintenance	-	-	-	-	1,173,506	1,173,506
Debt Service	-	-	-	-	47,704	47,704
Capital Projects	-	-	-	-	144,400	144,400
Other Purposes	-	-	-	-	2,255,064	2,255,064
Total Restricted	-	2,038,613	2,185,430	1,101,667	4,357,567	9,683,277
Committed						
Building and Grounds Improvement	-	-	-	-	299,326	299,326
Assigned						
Next Year Appropriations	1,443,500	-	-	-	-	1,443,500
Outstanding Encumbrances	263,599	-	-	-	-	263,599
Total Assigned	1,707,099	-	-	-	-	1,707,099
Unassigned	1,142,466	-	-	-	-	1,142,466
Total	\$ 2,852,937	\$2,038,613	\$2,185,430	\$1,101,667	\$4,656,893	\$12,835,540

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 19 – CHANGES IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENTS

For 2019, the County, Van Wert County Land Reutilization Corporation, Van Wert County Port Authority, and the Van Wert Regional Airport Authority have elected to change from the GAAP (generally accepted accounting principles) basis of accounting to the modified cash basis of accounting. The County believe the preparation of GAAP basis financial is cost prohibitive.

In addition for 2019, the County is no longer including 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,) as a discretely presented component unit.

The following shows the restatement of fund balances and net position:

	<u>General</u>	<u>Motor Vehicle and Gas Tax</u>	<u>Thomas Edison</u>	<u>Brumback Library</u>	<u>Governmental Funds</u>	<u>Total</u>
Fund Balance 12/31/18	\$3,892,794	\$1,281,212	\$1,548,355	\$982,130	\$4,635,274	\$12,339,765
GAAP to Cash Basis	<u>(310,924)</u>	<u>(272,170)</u>	<u>269,113</u>	<u>(39,007)</u>	<u>(925,533)</u>	<u>(1,278,521)</u>
Fund Balance 1/1/19	<u>\$3,581,870</u>	<u>\$1,009,042</u>	<u>\$1,817,468</u>	<u>\$943,123</u>	<u>\$3,709,741</u>	<u>\$11,061,244</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Enterprise</u>	<u>Internal Service</u>		
Net Position 12/31/18	\$20,943,639	\$177,313	\$189,297	\$571,697		
GAAP to Cash Basis	<u>(9,259,829)</u>	<u>(162,441)</u>	<u>(174,425)</u>	<u>50,859</u>		
Net Position 1/1/19	<u>\$11,683,810</u>	<u>\$14,872</u>	<u>\$14,872</u>	<u>\$622,556</u>		
	<u>Land Reutilization</u>	<u>Port Authority</u>	<u>Airport Authority</u>			
Net Position 12/31/18	\$873,384	\$1,246,923	\$1,549,837			
Amount held by Foundation						
Omitted from PY	0	0	193,113			
GAAP to Cash Basis	<u>(641,834)</u>	<u>(1,083,201)</u>	<u>(1,451,401)</u>			
Net Position 1/1/19	<u>\$231,550</u>	<u>\$163,722</u>	<u>\$291,549</u>			

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 20 – COMPLIANCE

Ohio Administrative Code Section 117-2-03(B) requires the County to file annual financial reports which are prepared using generally accepted accounting principles (GAAP). For 2019, the County prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standard Board Statement No. 34, report on the basis of cash receipts and cash disbursements rather than GAAP. The accompanying financial statements and notes omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Revised Code Section 117.38, the County may be fined and subject to various other administrative remedies for its failure to file the required financial report.

NOTE 21 – CONTRACTUAL COMMITMENTS

The County had the following commitments at December 31, 2019:

Company	Purpose	Contract	Spent	Balance
Stoops Western Star of Ohio tandem axle truck cab & chassis		\$ 105,702	\$ -	\$ 105,702
All-temp Refrigeration	T&N PO Fueling Station	467,221	115,000	352,221
Energy Optimizers, USA	Thomas Edison Lighting	251,500	110,312	141,188
		<u>\$ 824,423</u>	<u>\$ 225,312</u>	<u>\$ 599,111</u>

NOTE 22 – TAX ABATEMENT DISCLOSURES

As of December 31, 2019, 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
	<u>Abated</u>
Enterprise Zone Agreement	\$136,593

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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. As of the date of this report, the County has settled all cases and the disposition did not have a material effect on the financial statements.

NOTE 24 – COVID-19 PANDEMIC

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. The County's investment portfolio and the investments of the pension and other employee benefit plan in which the County participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the County's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 25 – SUBSEQUENT EVENTS

On February 20, 2020, the County authorized the issuance and sale of Hospital Facilities Refunding and Improvement Revenue Bond, Series 2020 (Van Wert Health Obligated Group Project) not to exceed \$71,000,000. The County has issued these bonds to provide financial assistance to private sector entities for the acquisition and construction of facilities deemed to be in the public interest. The proceeds of these 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. Neither is the full faith and credit or taxing power of the County pledged to make repayment.

On March 11, 2020, the County approved a resolution providing for the Issuance and Sale of Bonds in the Maximum Principal Amount of \$1,550,000 for the Purpose of Paying the Costs of Constructing, Furnishing, and Equipping an Administration Building with an Attached Heated Equipment Storage Garage and Providing for Related Site Improvements, Together with Any Necessary Appurtenances Thereto for the Van Wert County Engineer's Office.

On May 5, 2020, the County approved lease agreement with LEAF Capital Funding LLC for 15 copy machines for various County departments provided through Four-U-Office Supply for 60 months at a cost of \$1,336.39 per month.

VAN WERT COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>(Passed Through Ohio Development Services Agency)</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	BE19-1CV-1 BF18-1CV-1 BX18-1CV1-1 BX17-1CV-1 BC17-1CV-1		\$303,000 28,788 3,500 10,000 <u>136,211</u>
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				<u>481,499</u>
Home Investment Partnerships Program	14.239	BC17-1CV-2		<u>280,992</u>
Total U.S. Department of Housing and Urban Development				<u>762,491</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>(Passed Through Ohio Department of Job & Family Services)</i>				
MaryLee Allen Promoting Safe and Stable Families Program	93.556	G-2021-11-6002		21,897
TANF Cluster:				
Temporary Assistance for Needy Families	93.558	G-2021-11-6002		766,978
Child Support Enforcement	93.563	G-2021-11-6002		447,311
CCDF Cluster:				
Child Care and Development Block Grant	93.575	G-2021-11-6002	\$8,289	25,137
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2021-11-6002		35,645
Foster Care Title IV-E	93.658	G-2021-11-6002		243,981
Adoption Assistance	93.659	G-2021-11-6002		25,139
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G-2021-11-6002		1,803
<i>(Passed Through Ohio Department of Developmental Disabilities)</i>				
Social Services Block Grant	93.667	N/A		19,922
<i>(Passed Through Ohio Department of Job & Family Services)</i>				
Social Services Block Grant	93.667	G-2021-11-6002		<u>301,212</u>
Total Social Services Block Grant Program				321,134
Medicaid Cluster:				
<i>(Passed Through Ohio Department of Developmental Disabilities)</i>				
Medical Assistance Program	93.778	N/A		96,857
<i>(Passed Through Ohio Department of Job & Family Services)</i>				
Medical Assistance Program	93.778	G-2021-11-6002		<u>326,230</u>
Total Medical Assistance Program/Medicaid Cluster				<u>423,087</u>
Total U.S Department of Health and Human Services			<u>8,289</u>	<u>2,312,112</u>
U.S. DEPARTMENT OF AGRICULTURE				
<i>(Passed Through Ohio Department of Education)</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A		4,491
National School Lunch Program	10.555	N/A		<u>7,086</u>
Total Child Nutrition Cluster				<u>11,577</u>

VAN WERT COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
(Passed Through Ohio Department of Job and Family Services)				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-2021-11-6002		159,490
Total U.S. Department of Agriculture				<u>171,067</u>
U.S. DEPARTMENT OF LABOR				
(Passed Through Ohio Department of Job & Family Services)				
Employment Services Cluster:				
Employment Service/Wagner-Peyser Funded Activities	17.207	G-2021-11-6002		2,061
Trade Adjustment Assistance	17.245	G-2021-11-6002		326
WIOA Cluster:				
WIOA Adult Program	17.258	G-2021-11-6002		17,830
WIOA Youth Activities	17.259	G-2021-11-6002		21,600
WIOA Dislocated Worker Formula Grants	17.278	G-2021-11-6002		5,830
Total WIOA Cluster				<u>45,260</u>
Total U.S Department of Labor				<u>47,647</u>
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Program				
Airport Improvement Program	20.106	AIP-3-39-0081-017 AIP-3-39-0081-019 AIP-3-39-0081-020		15,693 10,780 594,834
Total Airport Improvement Program and U.S. Department of Transportation				<u>621,307</u>
U.S. DEPARTMENT OF JUSTICE				
(Passed through Ohio Department of Public Safety)				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-JAG-LLE-5969		9,448
Total U.S. Department of Justice				<u>9,448</u>
U.S. DEPARTMENT OF EDUCATION				
(Passed Through Ohio Department of Developmental Disabilities)				
(Passed Through Van Wert City School District)				
Special Education - Grants for Infants and Families	84.181	SFY 2019 SFY 2020		23,913 14,037
Total U.S Department of Education				<u>37,950</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
(Passed Through Ohio Department of Public Safety)				
Emergency Management Performance Grants	97.042	EMC-2019-EP-00005 EMC-2018-EP-00008-S01 EMC-2017-EP-00006-S01		25,054 50,092 3,137
Total Emergency Management Performance Grants				<u>78,283</u>
Hazard Mitigation Grant	97.039	FEMA-DR-4360-OH		2,020
Total U.S. Department of Homeland Security				<u>80,303</u>
U.S. ELECTION ASSISTANCE COMMISSION				
(Passed through Ohio Secretary of State)				
2018 HAVA Election Security Grant	90.404	N/A		2,220
Total U.S. Election Assistance Commission				<u>2,220</u>
Total Expenditures of Federal Awards			<u>\$8,289</u>	<u>\$4,044,545</u>

The accompanying notes are an integral part of this schedule.

VAN WERT COUNTY

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 C.F.R. 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2019**

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's) under programs of the federal government for the year ended December 31, 2019. 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 WIOA Cluster which is reported on an accrual basis. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

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

NOTE D – SUB-RECIPIENTS

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 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 E - 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 F - 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 local program income account as of December 31, 2019 was \$232,056.

NOTE G - 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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OHIO AUDITOR OF STATE KEITH FABER



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130 West Second Street, Suite 2040
Dayton, Ohio 45402-1502
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WestRegion@ohioauditor.gov

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 modified cash-basis 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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 12, 2020 wherein we noted the County uses a special purpose framework other than generally accepted accounting principles. The County has restated the beginning balance of the Van Wert County Regional Airport Authority for a prior period adjustment. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the County's internal control over financial reporting (internal control) as a basis for designing 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be material weaknesses. We consider findings 2019-002 and 2019-003 to be material weaknesses.

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 financial statements. 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2019-001 through 2019-003.

County's Response to Findings

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

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.



Keith Faber
Auditor of State
Columbus, Ohio

November 12, 2020

OHIO AUDITOR OF STATE KEITH FABER



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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 the 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 the Van Wert County's major federal programs for the year ended December 31, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies each of 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.

Opinion on each Major Federal Program

In our opinion, Van Wert County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2019.

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.

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 compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Keith Faber
Auditor of State
Columbus, Ohio

November 12, 2020

VAN WERT COUNTY
SCHEDULE OF FINDINGS
 2 C.F.R. § 200.515
 DECEMBER 31, 2019

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)?	Yes
<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)?	Yes
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 C.F.R. § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Child Support Enforcement (CFDA #93.563) TANF Cluster Airport Improvement Program (CFDA #20.106)
<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**

FINDING NUMBER 2019-001

NONCOMPLIANCE - Failure to File GAAP

Ohio Rev. Code § 117.38(A) provides that each public office "shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office."

**FINDING NUMBER 2019-001
(Continued)**

Ohio Admin. Code § 117-2-03(B), which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the County and the Land Reutilization to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The County and Land Reutilization Corporation prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the County and Land Reutilization Corporation may be fined and subject to various other administrative remedies for the failure to file the required financial report. Failure to report on a GAAP basis compromises the County's and Land Reutilization Corporation's ability to evaluate and monitor the overall financial condition of each entity. To help provide the users with more meaningful financial statements, the County and Land Reutilization Corporation should prepare annual financial statements according to generally accepted accounting principles.

Officials' Response:

See Corrective Action Plan on page 81 for response.

FINDING NUMBER 2019-002

NONCOMPLIANCE / MATERIAL WEAKNESS

Bank Reconciliations

Ohio Rev. Code § 321.09 states that each business day, the county treasurer "shall make a statement to the county auditor for the preceding day, showing the amount of taxes received and credited to the various undivided tax funds, the amount received on auditor's draft, the amount received from all other sources, the total amount deposited in the depository, the total amount paid by check on the depository, the total amount paid out in cash, the balance in the depository, and the balance in the county treasury."

Additionally, **Ohio Admin. Code § 117-2-02(A)**, states in part, that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the administrative code. Also, **Ohio Admin. Code § 117-2-01(A)**, states in part, that all public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices.

A reconciliation of the County's bank accounts with the cash accounting records is a necessary control procedure to adequately safeguard cash and to provide an accurate financial picture of the County. A necessary step in internal control over financial reporting is to determine the accuracy of both the balance of the bank and the balance of 'cash' in the accounting records. As part of the bank reconciliation, all differences between the balance appearing on the bank statements and the balance of cash according to the County's records should be verified.

**FINDING NUMBER 2019-002
(Continued)**

A bank reconciliation was not prepared monthly by the Treasurer's office nor did they complete a monthly bank-to-book reconciliation to include all accounts under the County's control. Seventeen additional accounts were not shown reconciled on the bank reconciliation prepared, but were reconciled by individual departments and not reviewed in the Treasurer's office. Also, the reconciliation completed for December 31, 2019 included outstanding checks that were not actually outstanding at year end and included several stale dated checks. By not properly reconciling and not including all accounts, this resulted in a variance between the County's cash accounting balance and the compiled financial statements of \$11,879 and resulted in a variance of \$44,369 between the County's cash accounting balance and the reconciled bank balance, with the bank being higher.

In addition, the Treasurer's office retained significant amounts in the "treasury" consisting of cash in cash drawers and the 'vault'; the amount of which fluctuated daily. The Treasurer's office also had a practice of cashing county warrants written from other county departments from their collection drawer and no documentation was maintained to support the checks which were cashed using the treasury. The deposits were also difficult to locate in certain instances due to the Treasurer's office holding onto checks for several days before depositing them in the bank. They also deposited several days' collections together with no clear breakdown regarding which day the activity belonged. Several deposits were noted with no pay-in available to determine if they were properly posted.

The narrative of the collection process provided during the audit was based on the previous Treasurer's practices. The person holding the Treasurer position changed on September 1, 2018, and has not documented any new or additional policies for the operation of the Treasurer's office. Policies and procedures of the prior Treasurer were no longer followed. The Treasurer's office had not adopted a written procedure policy for the collection, depositing, and posting of the daily property tax payments and other receipts. In addition, the Daily Form 6 Statement did not appear accurate during testing performed, nor were the originals maintained. The Daily Form 6 Statement was not provided to the County Auditor on a consistent basis.

The failure to properly reconcile the bank account and to implement proper operating and monitoring procedures could lead to errors or irregularities going undetected and could result in findings for recovery being issued in future audits.

The County should establish and implement procedures to prepare a reconciliation between the County Treasurer's reconciled bank balances and the cash fund balances recorded by the County Auditor on a monthly basis and identify all differences between the two records. Additionally, the County should establish and implement procedures to prepare a reconciliation monthly that includes all of the accounts under the County's control and to provide for a complete reconciliation of all accounts and for an independent monitoring of the reconciliations that are performed. Any differences identified should be investigated and resolved in a timely manner.

Formal policies and procedures should be developed and implemented to enhance the operations of the Treasurer's office. The amount of change funds for each drawer should also be documented as well as the amount of cash maintained in reserve in the vault. The County Treasurer should determine an amount of cash that the Treasurer's office should maintain in the treasury for day-to-day activities. The treasury balance of the Treasurer's daily statement should then always carry this amount as the balance at the end of the day. All monies received by the Treasurer's office each day should be deposited into the financial institution depository 'in total' at the close of that day's business or on the following day. The Treasurer's office should also ensure that all outstanding checks are checked monthly, and removed if they have cleared the bank or put into an unclaimed monies fund for checks long outstanding.

Official's Response:

See Corrective Action Plan on page 81 for response.

FINDING NUMBER 2019-003

NONCOMPLIANCE AND MATERIAL WEAKNESS

Real Estate Property Tax Collection Process

During testing of the internal controls for the real estate property tax collection process, 38 transactions were chosen to be tested for 7 processing controls applicable for each transaction. Of the 38 transactions, every transaction failed at one or more of the controls.

Control Procedures	Number of Failures
Tab stubs are initialed, marked payment denomination	14 or 36% failed
Batch total included on calculator tape agrees to Real Estate Terminal Edit receipt report	31 or 82% failed
Real Estate Terminal Edit receipt report agrees to the Daily Cash Balance report	34 or 89% failed
Daily Cash Balance report agrees to the County revenue history report	1 or 2% failed
Form 6 agrees to Daily Cash Balance report	2 or 5% failed
Form 6 properly signed by Treasurer and Auditor certifying accuracy of information	7 or 18% failed
Amount per batch agreed to deposit slip	38 or 100% failed

In addition, **Ohio Rev. Code § 149.351(A)**, states, in part, that "all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under sections 149.38 to 149.42 of the Ohio Revised Code."

During real estate property tax control testing, several items were not available for review which included signed Form 6's, real estate tax stubs, Real Estate Terminal Edit reports and deposit slips. As a result, controls related to this information failed for the real estate property tax process.

Failure to maintain public records increases the risk that receipt transactions are not properly recorded, verified or monitored for accuracy which may lead to errors and irregularities going undetected.

The County should establish and implement procedures and / or controls to verify that the real estate property tax collection cycle is able to properly record and maintain transaction activity and support. All information should be maintained and only removed or destroyed in accordance with a records retention schedule. Failure to implement procedures and / or controls could also affect the reliance other entities put on the County's real estate collection and processing. The Treasurer's office should also develop and implement formal written procedures to be followed for taking collections of real estate and other receipts, for cashing checks, for end-of-day close out procedures, for the completion of reconciling the drawer each day, for the creation of the deposit slip, and for the creation of the daily Form 6 statement.

Official's Response:

See Corrective Action Plan on page 81 for response.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

4. OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS or Single Audit Compliance and Controls reports.

FINDING NUMBER 2019-004

FINDING FOR RECOVERY

Depositing of Cash Receipts

Ohio Rev. Code § 321.07 states that the county treasurer “shall keep an accurate account of all moneys received by him, showing the amount, the time, from what source received, and of all disbursements made by him, showing the amount, the time, and for what purpose paid. He shall so arrange his accounts that the amount received and paid on account of each separate and distinct fund shall be exhibited in a separate and distinct account.” During the audit period, the Treasurer's office was responsible for collecting funds into the office by various County departments as well as collecting real estate tax payments. The office prepares a Daily Cash Summary sheet, which totals pay-in receipts, processing real estate and other tax payments and balancing the cash drawers. The treasurer's office is also responsible for depositing cash received.

The examination of documents to determine whether the Auditor's office generated pay-ins and real estate receipts collected by the Treasurer's office were deposited and intact in the County's bank account for the period of September 17, 2019 through September 27, 2019, identified an overall shortage of cash of \$749. Due to the numerous lack of controls over the vault and cash drawers, we are unable to determine if the shortage exists in the vault and / or cash drawers.

In accordance with the foregoing facts and pursuant to **Ohio Revised Code Section 117.28**, a finding for recovery for public money collected but unaccounted for in the amount of \$749 is hereby issued against Nathan Vandebroek, Former Treasurer, and his bonding company, The Cincinnati Insurance Company, in favor of the Van Wert County treasurer's office and the General Fund.

The County should establish and implement procedures to verify the timely depositing and posting of all monies collected in the Treasurer's office. Failure to do so could result in additional findings for recovery being issued in future audits.

Official's Response:

See Corrective Action Plan on page 81 for response.

FINDING NUMBER 2019-005

FINDING FOR RECOVERY – REPAID UNDER AUDIT

Depositing of Cash Receipts

Ohio Rev. Code § 321.07 states that the county treasurer “shall keep an accurate account of all moneys received by him, showing the amount, the time, from what source received, and of all disbursements made by him, showing the amount, the time, and for what purpose paid. He shall so arrange his accounts that the amount received and paid on account of each separate and distinct fund shall be exhibited in a separate and distinct account.” During the period, the Treasurer's office was responsible for collecting funds into the office by various County departments as well as collecting real estate tax payments. The office prepares a

**FINDING NUMBER 2019-005
 (Continued)**

Daily Cash Summary sheet, which totals pay-in receipts, processing real estate and other tax payments and balancing the cash drawers.

An examination of documents maintained by the Treasurer's office and the information entered into the County accounting system indicated that on August 16, 2018, \$200 was unaccounted for and not deposited. The County should establish and implement procedures to verify the timely depositing and posting of all monies collected in the Treasurer's office.

On November 16, 2020, Beverly Fuerst, Former Treasurer issued a check in the amount of \$200 to Van Wert County and it was deposited by the County on November 17, 2020.

Official's Response:

See Corrective Action Plan on page 81 for response.

FINDING NUMBER 2019-006

FINDING FOR RECOVERY

Severance Overpayment

Ohio Rev. Code § 124.39(B) states that except as provided in division (C) of this section, an employee of a political subdivision covered by section 124.38 or 3319.141 of the Revised Code may elect, at the time of retirement from active service with the political subdivision, and with ten or more years of service with the state, any political subdivisions, or any combination thereof, to be paid in cash for one fourth the value of the employee's accrued but unused sick leave credit. The payment shall be based on the employee's rate of pay at the time of retirement and eliminates all sick leave credit accrued but unused by the employee at the time payment is made. An employee may receive one or more payments under this division, but the aggregate value of accrued but unused sick leave credit that is paid shall not exceed, for all payments, the value of thirty days of accrued but unused sick leave.

Policy Handbook for Employees of Van Wert County, Ohio - Section VI A Sick Leave Policy, states, in part, that, upon retirement from active service with the County, an employee with at least 10 years of service with the State, any political subdivisions, or any combination thereof, shall be paid in cash for one-fourth (25%) of the value of the employee's accrued but unused sick leave credit. The maximum aggregate payment to the employee shall not exceed the value of 240 hours of accrued but unused sick leave.

Due to the lack of monitoring procedures in place an overpayment of severance payout was made during the audit period. Van Wert County employee Kim Saylor retired with more than 32 years of service on September 27, 2019. She was paid for unused vacation and sick leave in the amount of \$17,080 on October 31, 2019. However, based upon County policy and the calculation below, she should have only been paid \$14,503.

Severance Pay Calculation	
Vacation Hours	201.21
Hourly Rate	\$32.87
Total Vacation Payout	\$6,614
Sick Leave Hours	1,273.55
25% or max of 240	240
Hourly Rate	\$32.87
Total Sick Leave Payout	\$7,889
Total Severance	\$14,503

**FINDING NUMBER 2019-006
(Continued)**

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only.

Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper “Public Purpose” states, in part, the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

In accordance with the foregoing facts, and pursuant to **Ohio Rev. Code § 117.28**, a finding for recovery for public money illegally expended in the amount of \$2,577 is hereby issued against Kim Saylor and in favor of the Van Wert County Department of Job and Family Services Fund.

The County should establish and implement procedures to review severance compensation for employees and verify that payments are made in accordance with the Ohio Revised Code and County policy. Failure to do so could result in future severance overpayments and possible findings for recovery being issued in future audits.

Official’s Response:

See Corrective Action Plan on page 81 for response.

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PHILIP BAXTER
Van Wert County Auditor

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 121 East Main Street
 Van Wert, OH 45891
 Phone: 419-238-0843
 Fax: 419-238-1111



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2019

Finding Number	Finding Summary	Status	Corrective Action
2018-001	Van Wert County Treasurer Accountability Deficiencies	Not Corrected	Repeated as finding 2019-002 See Response from Treasurer.
2018-002	Cash Management - CDBG Grants/ State Program & Non-Entitlement Grants	Corrected.	The County contacted Van Wert Area Economic Dev. Corp to administer cash management for all grants. They will draw funds on an as needed basis and disburse within 30 days to vendors/contractors.
2018-003	Allowable Costs/Cost Principles - CDBG/State Programs and Non-Entitlement Grants -CFDA #14.228 B-F-16-1CV1,B-X-17- 1CV-1, and B-C-17-1CV-1	Corrected	VWAEDC will review all invoices to ensure all documentation is included before disbursing funds.

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Van Wert County Auditor

PHILIP BAXTER

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 Van Wert, OH 45891
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CORRECTIVE ACTION PLAN 2 C.F.R. 200.511(c) DECEMBER 31, 2019

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2019-001	<p>The decision to change from the GAAP reporting method to the cash basis reporting method was based upon cost of preparation, conversion and audit expense. It is estimated that the change will save the county an estimated \$8,000 in report preparation fees. Because of the savings, there is no anticipation of going back to GAAP.</p>	See officials response	Philip Baxter - Auditor
2019-002	<p>The Treasurer's office has been working diligently with the Auditor's office to reconcile the whole portfolio to the books together to avoid irregularities between the offices and individual departments in the future. All County accounts are now being closely monitored and reconciled with the treasury fund report printed daily.</p> <p>The Treasurer's office is no longer writing checks at this point in time. If the department is obligated to pay an individual or entity, a treasury employee will take the request to the Auditor department and they will then issue a check to the responsible party. In the Treasurer's office, it would then come through as a warrant on the bank statement; therefore, it is then easily tracked and accounted for. This given procedure will eliminate the issue with outstanding checks in the sense the Auditor and Treasurer both have record of the check being requested, sent, cashed, or outstanding.</p> <p>The treasury department no longer cashes county warrants.</p> <p>Daily cash balance sheets and Form 6 reports are saved to an external source, as well as printed and filed with the work for that day. The final number on the Form 6 now matches perfectly with the fund report that is printed daily. After the daily work is complete, a copy of the cash balance sheet, the Form 6, and a white slip of daily activity is submitted to the Auditor for daily reconciliation.</p>	03/01/20	Jeff McIntosh - Treasurer

2019-003	Starting March 2020, cash is no longer an acceptable form of payment for real estate taxes in the treasury department. At the end of the day, if an employee took in cash from a pay-in, there is a slip to put exactly how much cash was received and it must balance with the actual cash on hand. That amount of cash is then deposited that same day into the Active Funds bank account, by the treasurer who will physically take the money to the bank.	03/01/20	Jeff McIntosh - Treasurer
2019-004	Starting March 2020, cash is no longer an acceptable form of payment for real estate taxes in the treasury department. There is always constant cash on hand in a money drawer in the amount of \$300.00 to make change for county departments. The only time the treasurer's office accepts cash is with a pay-in from a county department. There is also a constant \$3,300.00 of historical monies in the vault at all times and is accounted for in our daily cash count. At the end of the day, if an employee took in cash from a pay-in, there is a slip to put exactly how much cash was received and it must balance with the actual cash on hand. That amount of cash is then deposited that same day into the Active Funds bank account, by the treasurer who will physically take the money to the bank.	03/01/20	Jeff McIntosh - Treasurer
2019-005	Bev Fuerst paid \$200 on Nov. 16, 2020	Nov.16, 2020	Bev Fuerst – Former Treasurer
2019-006	Responded directly to State Auditor: Van Wert County Department of Job and Family Services has developed a Corrective Action Plan to ensure that a severance overpayment does not occur again in the future. An agency procedure has been created for determining severance payments to ensure accuracy. The severance payouts will be calculated by the Van Wert County Department of Job & Family Services Business Administrator. The Business Administrator will review their calculations with the Van Wert County Department of Job & Family Services Director who will check calculations and ensure that the Policy Handbook For Employees of Van Wert County, Ohio- Section VI A Sick Leave Policy has been followed. The Director will approve the severance payment and it will be forwarded to the County Human Resources Manager.	Nov. 2019	Erinn Sellers – JFS Director

OHIO AUDITOR OF STATE KEITH FABER



VAN WERT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/17/2020

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

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