



OHIO AUDITOR OF STATE  
**KEITH FABER**





**OTTAWA COUNTY  
DECEMBER 31, 2020**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Management's Discussion and Analysis .....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position - Cash Basis December 31, 2020.....	17
Statement of Activities - Cash Basis For the Year Ended December 31, 2020 .....	18
Fund Financial Statements:	
Statement of Assets and Fund Balances - Cash Basis Governmental Funds December 31, 2020 .....	20
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities - Cash Basis December 31, 2020 .....	21
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis Governmental Funds For the Year Ended December 31, 2020 .....	22
Reconciliation of the Statement of Receipts, Disbursements and Changes in Fund Balances of Governmental Funds - Cash Basis to the Statement of Activities - Cash Basis For the Year Ended December 31, 2020 .....	23
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance Governmental Funds - Budgetary Basis For the Year Ended December 31, 2020	
General Fund.....	24
Road and Bridge Fund .....	25
Board of Developmental Disabilities Fund .....	26
Statement of Net Position - Cash Basis Proprietary Funds December 31, 2020 .....	28
Statement of Receipts, Disbursements and Changes in Net Position - Cash Basis Proprietary Funds For the Year Ended December 31, 2020 .....	30
Statement of Fiduciary Net Position - Cash Basis Custodial Funds December 31, 2020 .....	32

**OTTAWA COUNTY  
DECEMBER 31, 2020**

**TABLE OF CONTENTS  
(Continued)**

<b>TITLE</b>	<b>PAGE</b>
Statement of Changes in Fiduciary Net Position - Cash Basis Custodial Funds For the Year Ended December 31, 2020 .....	33
Notes to the Basic Financial Statements .....	34
Schedule of Expenditures of Federal Awards .....	81
Notes to the Schedule of Expenditures of Federal Awards .....	85
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	87
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 .....	89
Schedule of Findings.....	91
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	93
Corrective Action Plan .....	94

# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Ottawa County  
315 Madison Street, Suite 103  
Port Clinton, Ohio 43452-1942

To the Board of County Commissioners:

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

We have audited the accompanying cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Ottawa County, Ohio (the County), as of and for the year ended December 31, 2020, 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 cash accounting basis Note 2 describes. This responsibility includes determining that the 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 cash financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2020, and the respective changes in cash financial position and the respective budgetary comparison for the General, Road and Bridge, and Board of Developmental Disabilities 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 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 17 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 Information***

We applied no procedures to management's discussion and analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2021, 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 4, 2021

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## OTTAWA COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)

The management's discussion and analysis of Ottawa County's (the County) financial performance provides an overall review of the County's financial activities for the year ended December 31, 2020. The intent of the management's discussion and analysis is to look at the County's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the County's financial performance.

#### **Financial Highlights**

Key financial highlights for 2020 are as follows:

- In total, net cash position increased \$7,864,553, which represents a 14.67% increase from the 2019 net position of \$53,608,995.
- The 2020 General fund cash receipts and other financing sources of \$21,835,332 exceeded cash disbursements and other financing uses of \$18,162,960 by \$3,672,372, which represents a 51.99% increase from the 2019 cash balance. Of the \$18,162,960 in General fund cash disbursements, \$2,591,128 represents transfers to other funds. The 2019 ending general fund cash balance was \$7,063,238, whereas the ending cash balance for 2020 was \$10,735,610.
- The County's major governmental funds include the General fund, the Road and Bridge fund and the Board of Developmental Disabilities fund. The County's major business-type funds include the Riverview Nursing Home fund, the Danbury Sewer Operations fund, the Regional Water Operations fund and the Catawba Portage Sewer fund.

#### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the County's cash basis of accounting.

The annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the County as a financial whole, or, as an entire operating entity.

#### **Report Components**

The Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds, with all other non-major funds presented in total in a single column. For the County, the General fund is the most significant fund. The County's major governmental funds are the General, Road and Bridge, and Board of Developmental Disabilities.

#### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The County has elected to present its financial statements on a cash basis of accounting. The County uses the cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America. Under the County's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

## OTTAWA COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)

#### Reporting the County as a Whole

##### Statement of Net Position and Statement of Activities

The Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis answer the question, "How did we do financially during 2020?" These statements include only net cash position using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year receipts and disbursements if the cash is actually received or paid.

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

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not 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. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

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

Governmental Activities - Most of the County's programs and services are reported here, which include legislative and executive and judicial general government, human services, health, public safety, and public works. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the cash disbursements for the goods or services provided. The Riverview Nursing Home, Danbury Sewer Operations, Regional Water Operations, and Catawba Portage Sewer are reported as major enterprise funds and are reported as business activities.

##### Fund Financial Statements

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

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the General, Road and Bridge and Board of Developmental Disabilities funds.

## OTTAWA COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)

#### **Governmental Funds**

Most of the County's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various County programs. Since the County is reporting on the cash basis of accounting, the only item resulting in a difference between the amount of net cash position and fund cash balances or changes in net cash position and changes in fund cash balances is the consolidation of the County's internal service fund with governmental activities. As such, reconciliations are presented between such financial statements. However, differences will be apparent when comparing gross revenues and expenses on the Fund Financial Statements to the Statement of Activities - Cash Basis due to transfers between governmental funds being eliminated for reporting in the Statement of Activities - Cash Basis.

The County's budgetary process accounts for certain transactions on a cash basis. The budgetary statements for the General fund and all annually budgeted major special revenue funds are presented to demonstrate the County's compliance with annually adopted budgets.

#### **Proprietary Funds**

The County maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Riverview Nursing Home, Danbury Sewer Operations, Regional Water Operations, Catawba Portage Sewer, Portage Catawba Water, Sewer District #13 Reserve, Erie Township Sewer Planning, Salem Reserve, Phase II Erie Township Water, Phase III Erie Township Sewer and Water, South Bass Island - Future Water and Sewer Extensions, the Allen & Jerusalem Unsewered, the PLAT 6 – North Starboard Bond, and the Erie Township Sanitary Sewer OPWC Loan. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for a health insurance program for employees of the County.

#### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. Custodial funds are the County's only fiduciary fund type. All the County's fiduciary activities are reported in separate Statements of Fiduciary Net Position.

#### **Notes to the Financial Statements**

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

**OTTAWA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)

**Government-Wide Financial Analysis**

The table below provides a summary of the County's net cash position for 2020 and 2019.

	<b>Net Cash Position</b>					
	Governmental Activities 2020	Business-Type Activities 2020	Governmental Activities 2019	Business-Type Activities 2019	2020 Total	2019 Total
	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>	<u>Total</u>	<u>Total</u>
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 40,198,682	\$ 15,541,344	\$ 31,461,928	\$ 16,271,446	\$ 55,740,026	\$ 47,733,374
Cash in segregated accounts	207,243	65,823	206,105	10,252	273,066	216,357
Restricted equity in pooled cash and cash equivalents	<u>78,618</u>	<u>5,381,838</u>	<u>81,451</u>	<u>5,577,813</u>	<u>5,460,456</u>	<u>5,659,264</u>
Total assets	<u>40,484,543</u>	<u>20,989,005</u>	<u>31,749,484</u>	<u>21,859,511</u>	<u>61,473,548</u>	<u>53,608,995</u>
<u>Net Cash Position</u>						
Restricted	24,571,821	5,381,838	20,167,773	5,577,813	29,953,659	25,745,586
Unrestricted	<u>15,912,722</u>	<u>15,607,167</u>	<u>11,581,711</u>	<u>16,281,698</u>	<u>31,519,889</u>	<u>27,863,409</u>
Total net cash position	<u>\$ 40,484,543</u>	<u>\$ 20,989,005</u>	<u>\$ 31,749,484</u>	<u>\$ 21,859,511</u>	<u>\$ 61,473,548</u>	<u>\$ 53,608,995</u>

The total net cash position of the County increased \$7,864,553. Net cash position of governmental activities increased \$8,735,059, which represents a 27.51% increase from the 2019 balance. This increase is largely attributable to an increase in operating grants and contributions related to COVID-19 funding and an inland trails grant. Net cash position of business-type activities decreased \$870,506 or 3.98% from the 2019 balance. This decrease is due to the charges for services not adequately covering the expenses of various business-type activities.

A portion of the County's governmental activities net cash position, \$24,571,821, represents resources that are subject to external restrictions on how they may be used. The remaining balance of governmental activities unrestricted net cash position of \$15,912,722 may be used to meet the County's ongoing obligations to citizens and creditors.

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**OTTAWA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)**

The table below shows the changes in net cash position for 2019 and 2020.

	<b>Change in Net Cash Position</b>					
	Governmental Activities 2020	Business-Type Activities 2020	Governmental Activities 2019	Business-Type Activities 2019	2020 Total	2019 Total
	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>	<u>Total</u>	<u>Total</u>
<b>Cash Receipts:</b>						
Program receipts:						
Charges for services and sales	\$ 8,763,113	\$ 19,787,870	\$ 10,331,431	\$ 19,190,151	\$ 28,550,983	\$ 29,521,582
Operating grants and contributions	19,137,386	1,060,315	13,914,305	207,096	20,197,701	14,121,401
Capital grants and contributions	1,594,631	-	689,884	-	1,594,631	689,884
<b>Total program receipts</b>	<u>29,495,130</u>	<u>20,848,185</u>	<u>24,935,620</u>	<u>19,397,247</u>	<u>50,343,315</u>	<u>44,332,867</u>
General receipts:						
Property taxes	8,866,468	824,219	8,794,274	818,753	9,690,687	9,613,027
Sales taxes	8,702,416	-	8,743,381	-	8,702,416	8,743,381
Other local taxes	905,954	-	893,455	-	905,954	893,455
Unrestricted grants	1,536,627	-	1,708,335	-	1,536,627	1,708,335
Proceeds of loans	-	-	172,254	686,529	-	858,783
Proceeds of capital lease transaction	10,120	-	3,938	-	10,120	3,938
Investment receipts	789,337	-	1,317,821	-	789,337	1,317,821
Miscellaneous	4,056,210	436,292	3,131,729	347,892	4,492,502	3,479,621
<b>Total general receipts</b>	<u>24,867,132</u>	<u>1,260,511</u>	<u>24,765,187</u>	<u>1,853,174</u>	<u>26,127,643</u>	<u>26,618,361</u>
<b>Total receipts</b>	<u>54,362,262</u>	<u>22,108,696</u>	<u>49,700,807</u>	<u>21,250,421</u>	<u>76,470,958</u>	<u>70,951,228</u>

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**OTTAWA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)

**Change in Net Cash Position - Continued**

	Governmental Activities 2020	Business-Type Activities 2020	Governmental Activities 2019	Business-Type Activities 2019	2020 Total	2019 Total
<b>Cash Disbursements:</b>						
General government:						
Legislative and executive	5,878,539	-	5,800,602	-	5,878,539	5,800,602
Judicial	3,406,753	-	3,407,756	-	3,406,753	3,407,756
Public safety	7,278,258	-	8,718,563	-	7,278,258	8,718,563
Public works	6,747,682	-	5,784,144	-	6,747,682	5,784,144
Health	2,767,134	-	234,520	-	2,767,134	234,520
Human services	15,968,246	-	14,874,866	-	15,968,246	14,874,866
Conservation and recreation	-	-	51	-	-	51
Economic development	1,978	-	2,104	-	1,978	2,104
Other	504,720	-	466,334	-	504,720	466,334
Capital outlay	2,477,362	-	2,769,116	-	2,477,362	2,769,116
Debt service:						
Principal retirement	1,115,776	-	1,720,636	-	1,115,776	1,720,636
Interest and fiscal charges	93,195	-	151,406	-	93,195	151,406
Riverview nursing home	-	11,679,532	-	14,152,873	11,679,532	14,152,873
Danbury sewer operations	-	3,162,604	-	2,577,213	3,162,604	2,577,213
Regional water operations	-	4,948,814	-	5,839,547	4,948,814	5,839,547
Catawba portage sewer	-	2,446,856	-	2,845,627	2,446,856	2,845,627
Nonmajor enterprise	-	128,956	-	131,588	128,956	131,588
Total cash disbursements	<u>46,239,643</u>	<u>22,366,762</u>	<u>43,930,098</u>	<u>25,546,848</u>	<u>68,606,405</u>	<u>69,476,946</u>
Advances	1,303	(1,303)	97,796	(97,796)	-	-
Transfers	611,137	(611,137)	(13,705)	13,705	-	-
Change in net cash position	8,735,059	(870,506)	5,854,800	(4,380,518)	7,864,553	1,474,282
Net cash position						
at beginning of year	<u>31,749,484</u>	<u>21,859,511</u>	<u>25,894,684</u>	<u>26,240,029</u>	<u>53,608,995</u>	<u>52,134,713</u>
Net cash position at end of year	<u>\$ 40,484,543</u>	<u>\$ 20,989,005</u>	<u>\$ 31,749,484</u>	<u>\$ 21,859,511</u>	<u>\$ 61,473,548</u>	<u>\$ 53,608,995</u>

**Governmental Activities**

Governmental net cash position increased by \$8,735,059 in 2020 from the 2019 balance.

General government represents activities related to the governing body as well as activities that directly support County programs. In 2020, general government cash disbursements totaled \$9,285,292 or 20.08%, of total governmental activities cash disbursements. General government programs were supported by \$3,626,159 in direct charges to users and \$253,697 in operating grants and contributions.

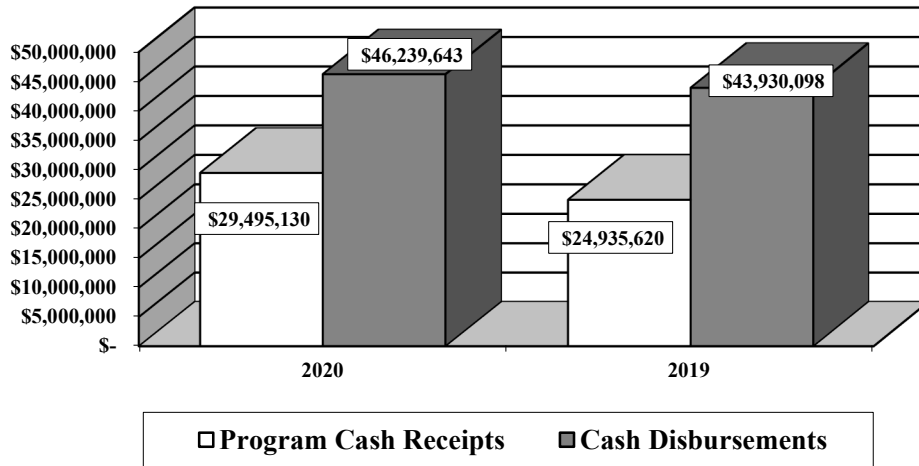
The County's human services programs accounted for \$15,968,246, or 34.53%, of total governmental activities cash disbursements. Human service programs include Public Assistance, Board of Developmental Disabilities, Child Support Enforcement, and Children Services. Human service programs are supported by \$1,112,089 in direct charges to users and \$9,946,756 in operating grants and contributions.

**OTTAWA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)

The Statement of Activities - Cash Basis shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2020 and 2019. That is, it identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

**Governmental Activities - Program Cash Receipts vs. Total Cash Disbursements**



The table below shows the changes in net cost of services for 2020 and 2019.

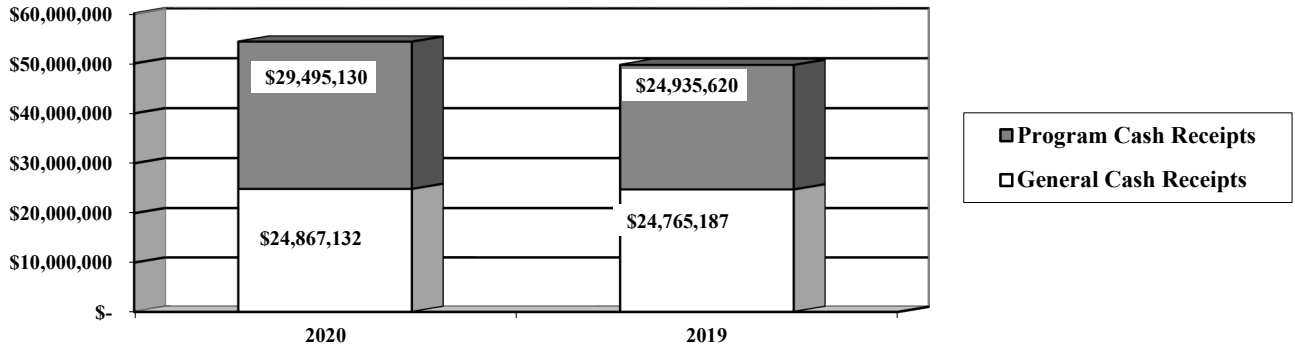
	<b>Governmental Activities</b>			
	Total Cost of Services 2020	Net Cost of Services 2020	Total Cost of Services 2019	Net Cost of Services 2019
	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
<b>Cash disbursements:</b>				
General government:				
Legislative and executive	\$ 5,878,539	\$ 3,487,927	\$ 5,800,602	\$ 3,199,572
Judicial	3,406,753	1,917,509	3,407,756	2,052,247
Public safety	7,278,258	4,667,360	8,718,563	5,823,008
Public works	6,747,682	(346,107)	5,784,144	126,794
Health	2,767,134	(27,530)	234,520	40,370
Human services	15,968,246	4,909,401	14,874,866	5,077,787
Conservation and recreation	-	-	51	(573)
Economic development	1,978	-	2,104	-
Other	504,720	357,956	466,334	358,848
Capital outlay	2,477,362	569,062	2,769,116	1,746,416
Debt service:				
Principal retirement	1,115,776	1,115,776	1,720,636	1,720,636
Interest and fiscal charges	93,195	93,159	151,406	(1,150,627)
<b>Total</b>	<u><u>\$ 46,239,643</u></u>	<u><u>\$ 16,744,513</u></u>	<u><u>\$ 43,930,098</u></u>	<u><u>\$ 18,994,478</u></u>

The dependence upon general cash receipts for governmental activities is apparent, with 36.21% of cash disbursements supported through taxes and other general cash receipts during 2020.

**OTTAWA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)

**Governmental Activities - General and Program Cash Receipts**



**Business-Type Activities**

The Riverview Nursing Home, Danbury Sewer Operations, Regional Water Operations, Catawba Portage Sewer, Portage Catawba Water, Sewer District #13 Reserve, Erie Township Sewer Planning, Salem Reserve, Phase II Erie Township Water, Phase III Erie Township Sewer and Water, South Bass Island - Future Water and Sewer Extensions, the Allen & Jerusalem Unsewered, the PLAT 6 – North Starboard Bond, and the Erie Township Sanitary Sewer OPWC Loan are the County’s enterprise funds.

These programs had cash receipts (both operating and non-operating) of \$22,108,696, cash disbursements (both operating and non-operating) of \$22,366,762, advances in of \$7,425, advances out of \$8,728, transfers in of \$166,358 and transfers out of \$777,495 for 2020. The net cash position of the programs decreased \$870,506 from the 2019 net position.

**Financial Analysis of the Government’s Funds**

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

**Governmental Funds**

The County’s governmental funds are accounted for using the cash basis of accounting.

The County’s governmental funds reported a combined fund cash balance of \$37,124,940, which is \$8,048,815 above last year’s balance of \$29,076,125.

The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2020 and December 31, 2019 for all major and nonmajor governmental funds.

	<u>Fund Cash Balance December 31, 2020</u>	<u>Fund Cash Balance December 31, 2019</u>	<u>Increase</u>
Major Funds:			
General	\$ 10,735,610	\$ 7,063,238	\$ 3,672,372
Road and Bridge	6,550,231	4,605,052	1,945,179
Board of Developmental Disabilities	6,891,993	6,133,340	758,653
Other Nonmajor Governmental Funds	<u>12,947,106</u>	<u>11,274,495</u>	<u>1,672,611</u>
Total	<u>\$ 37,124,940</u>	<u>\$ 29,076,125</u>	<u>\$ 8,048,815</u>



**OTTAWA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)

**General Fund**

The General fund, the County's largest major fund, had cash receipts and other financing sources of \$21,835,332 in 2020. The cash disbursements and other financing uses of the General fund totaled \$18,162,960 in 2020. Of the \$18,162,960 in General fund cash disbursements, \$2,591,128 represents transfers to other funds. The General fund's cash balance increased \$3,672,372 from the 2019 balance.

The table that follows assists in illustrating the cash receipts of the General fund.

	2020 Amount	2019 Amount	Percentage Change
<b><u>Cash Receipts:</u></b>			
Taxes	\$ 12,375,587	\$ 12,380,651	(0.04) %
Charges for services	3,166,294	3,089,655	2.48 %
Licenses and permits	209,079	219,688	(4.83) %
Fines and forfeitures	407,265	453,679	(10.23) %
Intergovernmental	1,536,627	1,708,335	(10.05) %
Investment income	789,337	1,317,821	(40.10) %
Rental income	32,048	32,088	(0.12) %
Reimbursements	487,089	530,574	(8.20) %
Other	1,698,638	534,317	217.91 %
Total	<u>\$ 20,701,964</u>	<u>\$ 20,266,808</u>	2.15 %

Tax receipts decreased during 2020 due to a decrease in the collection of sales taxes. Receipts related to charges for services increased due to an increase in property transfer tax. Intergovernmental receipts decreased due to a decrease in revenues from the state. Investment income decreased due to a decrease in the amount earned on investments. Other receipts increased during 2020 due to an increase in miscellaneous refunds and reimbursements. All other receipts remained comparable to the prior year.

The table that follows assists in illustrating the cash disbursements of the General fund.

	2020 Amount	2019 Amount	Percentage Change
<b><u>Cash Disbursements</u></b>			
General government:			
Legislative and executive	\$ 4,640,487	\$ 4,853,165	(4.38) %
Judicial	3,102,607	3,142,971	(1.28) %
Public safety	5,767,866	7,140,431	(19.22) %
Public works	433,080	456,292	(5.09) %
Health	26,829	47,801	(43.87) %
Human services	874,786	970,456	(9.86) %
Other	491,288	464,488	5.77 %
Capital outlay	-	3,938	(100.00) %
Debt service	5,795	5,795	-
Total	<u>\$ 15,342,738</u>	<u>\$ 17,085,337</u>	(10.20) %

## OTTAWA COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)

General government disbursements decreased due to decrease in costs related to juvenile court, board of elections and maintenance and operations. Public safety disbursements decreased due to reimbursements that were received from the federal government as part of a COVID grant. Human services disbursements decreased due to a decrease in costs related to public assistance. Other disbursements increased due to costs related to agriculture disbursements. Capital outlay and debt service disbursements fluctuated due to a new capital leases in the prior year and related capital lease payments. All other disbursements remained comparable to the prior year.

#### **Road and Bridge Fund**

The Road and Bridge fund, a major fund, had cash receipts and other financing sources of \$8,064,563 in 2020. The Road and Bridge fund had cash disbursements and other financing uses of \$6,119,384 in 2020. The Road and Bridge fund cash balance increased \$1,945,179 from 2019 to 2020. This increase was due to an increase in receipts related to charges for services and intergovernmental revenues.

#### **Board of Developmental Disabilities Fund**

The Board of Developmental Disabilities fund, a major fund, had cash receipts of \$6,057,441 in 2020. The fund had cash disbursements and other financing uses of \$5,298,788 in 2020. The fund cash balance increased \$758,653 from 2019 to 2020. This increase was due to a decrease in human services disbursements.

#### **Budgeting Highlights - General Fund**

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

During each year the General fund budget is revised as needs arise. Records of the revisions are found in the Commissioners' Journals.

Original estimated receipts and other financing sources of \$18,604,573 remained consistent in the final budget. Actual revenues and other financing sources of \$21,448,687 were \$2,844,114 higher than final budgeted estimates. The budgetary receipt variances can be attributed to an increase in budgeted property taxes, sales taxes, charges for services, rental income, other receipts, transfers, and unbudgeted advances. Original appropriations and other financing uses of \$18,575,925 were increased to \$20,477,984 in the final budget. Actual disbursements and other financing uses of \$18,672,884 were \$1,805,100 lower than the final budget. The County variances can be attributed to over budgeting for disbursements and due to not having to budget for advances between funds since they are to be repaid.

#### **Capital Assets and Debt Administration**

##### **Capital Assets**

The County does not report capital assets in the accompanying basic financial statements, but records payments for capital assets as cash disbursements. The County had capital outlay disbursements of \$2,477,362 for governmental activities and \$2,609,068 for business-type activities during 2020.

##### **Debt Administration**

At December 31, 2020, the County had \$2,460,000 in general obligation bonds, \$569,557 in Ohio Public Works Commission (OPWC) loans and \$404,996 in loans payable outstanding related to governmental activities. For business-type activities, there was \$14,965,000 in general obligation bonds, \$142,000 in special assessment bonds, \$12,145,098 in OWDA loans, \$1,121,320 in OPWC loans and \$1,114,268 in Ohio Water & Sewer Loans outstanding at year end.

In addition, the County long-term obligations also include capital leases. For further information, regarding the County's debt, refer to Notes 8 and 9 to the basic financial statements.

## **OTTAWA COUNTY, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)**

#### **Economic Factors and Next Year's Budgets and Rates**

The County's current population as of the 2019 census is 40,525.

The County's unemployment rate as of December 31, 2020 is 6.5%, compared to the 5.7% State average and the 6.7% national average.

These economic factors were considered in preparing the County's budgets for 2020. With the continuation of conservative budgeting practices, the County's financial position should remain strong in future years.

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 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.

#### **Contacting the County's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jennifer Widmer, Ottawa County Auditor, 315 Madison Street, Suite 202, Port Clinton, Ohio 43452.

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**OTTAWA COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS  
DECEMBER 31, 2020

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash, cash equivalents, and investments . . .	\$ 40,198,682	\$ 15,541,344	\$ 55,740,026
Cash in segregated accounts . . . . .	207,243	65,823	273,066
Restricted assets:			
Equity in pooled cash, cash equivalents, and investments . . .	78,618	5,381,838	5,460,456
<b>Total assets.</b> . . . . .	<b>40,484,543</b>	<b>20,989,005</b>	<b>61,473,548</b>
<b>Net position:</b>			
Restricted for:			
Capital projects . . . . .	159,303	-	159,303
Debt service. . . . .	39,315	-	39,315
Public safety programs . . . . .	1,950,669	-	1,950,669
Public works projects . . . . .	7,393,283	-	7,393,283
Health services . . . . .	1,102,621	-	1,102,621
Human services programs. . . . .	11,253,650	-	11,253,650
Economic development . . . . .	1,350	-	1,350
Repairs and replacements . . . . .	-	5,070,020	5,070,020
Revenue bond current debt service. . . . .	-	91,363	91,363
Revenue bond future debt service . . . . .	-	220,455	220,455
Other purposes . . . . .	2,671,630	-	2,671,630
Unrestricted . . . . .	15,912,722	15,607,167	31,519,889
<b>Total net position.</b> . . . . .	<b>\$ 40,484,543</b>	<b>\$ 20,989,005</b>	<b>\$ 61,473,548</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OTTAWA COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Cash Disbursements	Program Cash Receipts		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government:				
Legislative and executive. . . . .	\$ 5,878,539	\$ 2,291,276	\$ 99,336	\$ -
Judicial. . . . .	3,406,753	1,334,883	154,361	-
Public safety. . . . .	7,278,258	1,681,957	928,941	-
Public works. . . . .	6,747,682	1,698,436	5,395,353	-
Health. . . . .	2,767,134	203,025	2,591,639	-
Human services. . . . .	15,968,246	1,112,089	9,946,756	-
Economic development and assistance. . . . .	1,978	1,978	-	-
Other. . . . .	504,720	125,764	21,000	-
Capital outlay. . . . .	2,477,362	313,669	-	1,594,631
Debt service:				
Principal retirement. . . . .	1,115,776	-	-	-
Interest and fiscal charges. . . . .	93,195	36	-	-
Total governmental activities. . . . .	<u>46,239,643</u>	<u>8,763,113</u>	<u>19,137,386</u>	<u>1,594,631</u>
<b>Business-type activities:</b>				
Riverview nursing home. . . . .	11,679,532	8,811,405	1,060,315	-
Danbury sewer operations. . . . .	3,162,604	2,562,474	-	-
Regional water operations. . . . .	4,948,814	5,588,542	-	-
Catawba portage sewer. . . . .	2,446,856	2,663,618	-	-
Nonmajor enterprise funds. . . . .	128,956	161,831	-	-
Total business-type activities. . . . .	<u>22,366,762</u>	<u>19,787,870</u>	<u>1,060,315</u>	<u>-</u>
Total primary government. . . . .	<u>\$ 68,606,405</u>	<u>\$ 28,550,983</u>	<u>\$ 20,197,701</u>	<u>\$ 1,594,631</u>

**General cash receipts, advances and transfers:**

Property taxes levied for:	
General purposes. . . . .	
Developmental disabilities human services. . . . .	
Senior program human services. . . . .	
Riverview nursing home. . . . .	
Sales taxes. . . . .	
Other local taxes. . . . .	
Grants and entitlements not restricted to specific programs. . . . .	
Proceeds of capital lease transaction. . . . .	
Investment receipts. . . . .	
Miscellaneous. . . . .	
Total general cash receipts. . . . .	
Advances. . . . .	
Transfers. . . . .	
<b>Total general cash receipts, advances and transfers. . . . .</b>	
<b>Change in net position. . . . .</b>	
<b>Net position at beginning of year. . . . .</b>	
<b>Net position at end of year. . . . .</b>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net Cash Receipts (Cash Disbursements)  
and Changes in Net Position**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$	(3,487,927)	\$ -	\$ (3,487,927)
	(1,917,509)	-	(1,917,509)
	(4,667,360)	-	(4,667,360)
	346,107	-	346,107
	27,530	-	27,530
	(4,909,401)	-	(4,909,401)
	-	-	-
	(357,956)	-	(357,956)
	(569,062)	-	(569,062)
	(1,115,776)	-	(1,115,776)
	(93,159)	-	(93,159)
	<u>(16,744,513)</u>	<u>-</u>	<u>(16,744,513)</u>
	-	(1,807,812)	(1,807,812)
	-	(600,130)	(600,130)
	-	639,728	639,728
	-	216,762	216,762
	-	32,875	32,875
	-	<u>(1,518,577)</u>	<u>(1,518,577)</u>
	<u>(16,744,513)</u>	<u>(1,518,577)</u>	<u>(18,263,090)</u>
	3,673,171	-	3,673,171
	4,396,683	-	4,396,683
	796,614	-	796,614
	-	824,219	824,219
	8,702,416	-	8,702,416
	905,954	-	905,954
	1,536,627	-	1,536,627
	10,120	-	10,120
	789,337	-	789,337
	<u>4,056,210</u>	<u>436,292</u>	<u>4,492,502</u>
	24,867,132	1,260,511	26,127,643
	1,303	(1,303)	-
	<u>611,137</u>	<u>(611,137)</u>	<u>-</u>
	25,479,572	648,071	26,127,643
	8,735,059	(870,506)	7,864,553
	<u>31,749,484</u>	<u>21,859,511</u>	<u>53,608,995</u>
\$	<u>40,484,543</u>	<u>\$ 20,989,005</u>	<u>\$ 61,473,548</u>

**OTTAWA COUNTY, OHIO**

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020

	<u>General</u>	<u>Road and Bridge</u>	<u>Board of Developmental Disabilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents . . . . .	\$ 10,493,926	\$ 6,550,231	\$ 6,891,993	\$ 12,902,929	\$ 36,839,079
Cash in segregated accounts. . . . .	163,066	-	-	44,177	207,243
Restricted assets:					
Equity in pooled cash and cash equivalents . . . . .	78,618	-	-	-	78,618
Total assets . . . . .	<u>\$ 10,735,610</u>	<u>\$ 6,550,231</u>	<u>\$ 6,891,993</u>	<u>\$ 12,947,106</u>	<u>\$ 37,124,940</u>
<b>Fund cash balances:</b>					
Nonspendable. . . . .	\$ 78,618	\$ -	\$ -	\$ -	\$ 78,618
Restricted . . . . .	-	6,550,231	6,891,993	11,129,597	24,571,821
Committed. . . . .	597,943	-	-	1,817,509	2,415,452
Assigned. . . . .	1,003,657	-	-	-	1,003,657
Unassigned. . . . .	9,055,392	-	-	-	9,055,392
Total fund cash balances. . . . .	<u>\$ 10,735,610</u>	<u>\$ 6,550,231</u>	<u>\$ 6,891,993</u>	<u>\$ 12,947,106</u>	<u>\$ 37,124,940</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**OTTAWA COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES - CASH BASIS  
DECEMBER 31, 2020

**Total governmental fund balances** \$ 37,124,940

*Amounts reported for governmental activities on the statement  
of net position - cash basis are different because:*

An internal service fund is used by management to charge the cost  
of insurance to individual funds. The assets of the internal service  
fund are included in governmental activities in the statement of  
net position - cash basis.

3,359,603

**Net position of governmental activities**

\$ 40,484,543

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

	General	Road and Bridge	Board of Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
<b>Cash receipts:</b>					
Property taxes . . . . .	\$ 3,673,171	\$ -	\$ 4,396,683	\$ 796,614	\$ 8,866,468
Sales taxes . . . . .	8,702,416	-	-	-	8,702,416
Other local taxes . . . . .	-	898,047	-	7,907	905,954
Charges for services . . . . .	3,166,294	1,192,139	133,740	2,055,902	6,548,075
Licenses and permits . . . . .	209,079	41,150	-	256,378	506,607
Fines and forfeitures . . . . .	407,265	20,664	-	83,484	511,413
Intergovernmental . . . . .	1,536,627	4,949,813	1,449,215	14,332,989	22,268,644
Special assessments . . . . .	-	-	-	419,376	419,376
Investment income . . . . .	789,337	-	-	-	789,337
Rental income . . . . .	32,048	-	-	71,960	104,008
Reimbursements . . . . .	487,089	-	-	186,545	673,634
Davis Besse lease agreement . . . . .	-	-	-	250,245	250,245
First Energy public radio agreement . . . . .	-	-	-	241,643	241,643
Other . . . . .	1,698,638	51,841	77,803	1,637,046	3,465,328
Total cash receipts . . . . .	<u>20,701,964</u>	<u>7,153,654</u>	<u>6,057,441</u>	<u>20,340,089</u>	<u>54,253,148</u>
<b>Cash disbursements:</b>					
Current:					
General government:					
Legislative and executive . . . . .	4,640,487	-	-	1,352,820	5,993,307
Judicial . . . . .	3,102,607	-	-	400,567	3,503,174
Public safety . . . . .	5,767,866	-	-	1,688,810	7,456,676
Public works . . . . .	433,080	5,594,650	-	789,509	6,817,239
Health . . . . .	26,829	-	-	2,741,976	2,768,805
Human services . . . . .	874,786	-	5,102,813	10,216,441	16,194,040
Economic development and assistance . . . . .	-	-	-	1,978	1,978
Other . . . . .	491,288	-	-	13,432	504,720
Capital outlay . . . . .	-	-	-	2,477,362	2,477,362
Debt service:					
Principal retirement . . . . .	5,134	123,769	-	986,873	1,115,776
Interest and fiscal charges . . . . .	661	-	-	92,534	93,195
Total cash disbursements . . . . .	<u>15,342,738</u>	<u>5,718,419</u>	<u>5,102,813</u>	<u>20,762,302</u>	<u>46,926,272</u>
Excess (deficiency) of cash receipts over (under) cash disbursements . . . . .	<u>5,359,226</u>	<u>1,435,235</u>	<u>954,628</u>	<u>(422,213)</u>	<u>7,326,876</u>
<b>Other financing sources (uses):</b>					
Proceeds from capital lease transaction . . . . .	-	-	-	10,120	10,120
Sale of capital assets . . . . .	20,134	44,955	-	-	65,089
Other financing sources . . . . .	-	-	-	33,905	33,905
Advances in . . . . .	427,661	793,758	-	923,957	2,145,376
Advances out . . . . .	(229,094)	(400,965)	-	(1,514,014)	(2,144,073)
Transfers in . . . . .	685,573	72,196	-	4,680,416	5,438,185
Transfers out . . . . .	(2,591,128)	-	(195,975)	(2,039,560)	(4,826,663)
Total other financing sources (uses) . . . . .	<u>(1,686,854)</u>	<u>509,944</u>	<u>(195,975)</u>	<u>2,094,824</u>	<u>721,939</u>
Net change in fund balance - cash basis . . . . .	3,672,372	1,945,179	758,653	1,672,611	8,048,815
<b>Fund balance - cash basis, January 1 . . . . .</b>	<u>7,063,238</u>	<u>4,605,052</u>	<u>6,133,340</u>	<u>11,274,495</u>	<u>29,076,125</u>
<b>Fund balance - cash basis, December 31 . . . . .</b>	<u>\$ 10,735,610</u>	<u>\$ 6,550,231</u>	<u>\$ 6,891,993</u>	<u>\$ 12,947,106</u>	<u>\$ 37,124,940</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OTTAWA COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS - CASH BASIS  
TO THE STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**Net change in fund balance - cash basis - total governmental funds** \$ 8,048,815

*Amounts reported for governmental activities in the statement  
of activities - cash basis are different because:*

The internal service fund used by management to charge the costs  
of insurance to individual funds is not reported in the government-wide  
statement of activities - cash basis. Governmental fund disbursements  
and the related internal service fund receipts are eliminated. The total  
change in net position of the internal service fund is allocated among  
the governmental activities.

686,244

**Change in net position of governmental activities**

\$ 8,735,059

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OTTAWA COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE  
GOVERNMENTAL FUNDS - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary basis receipts:</b>				
Property taxes . . . . .	\$ 3,457,000	\$ 3,457,000	\$ 3,673,171	\$ 216,171
Sales taxes . . . . .	8,250,000	8,250,000	8,702,416	452,416
Charges for services . . . . .	2,326,140	2,326,140	2,728,597	402,457
Licenses and permits. . . . .	223,850	223,850	209,079	(14,771)
Fines and forfeitures. . . . .	511,800	511,800	407,265	(104,535)
Intergovernmental . . . . .	1,606,793	1,606,793	1,536,627	(70,166)
Investment income . . . . .	1,050,000	1,050,000	789,337	(260,663)
Rental income . . . . .	30,000	30,000	32,048	2,048
Reimbursements. . . . .	487,089	487,089	487,089	-
Other . . . . .	379,011	379,011	1,673,222	1,294,211
Total budgetary basis receipts . . . . .	<u>18,321,683</u>	<u>18,321,683</u>	<u>20,238,851</u>	<u>1,917,168</u>
<b>Budgetary basis disbursements:</b>				
General government:				
Legislative and executive . . . . .	4,938,326	4,999,604	4,850,348	149,256
Judicial. . . . .	3,093,508	3,069,151	2,916,271	152,880
Public safety . . . . .	7,187,816	7,531,011	5,951,941	1,579,070
Public works . . . . .	464,872	457,860	433,660	24,200
Health . . . . .	78,737	73,737	58,460	15,277
Human services . . . . .	982,993	1,100,560	1,026,501	74,059
Other . . . . .	438,733	433,933	433,757	176
Debt service:				
Principal retirement . . . . .	4,430	4,430	4,430	-
Interest and fiscal charges . . . . .	514	514	514	-
Total budgetary basis disbursements. . . . .	<u>17,189,929</u>	<u>17,670,800</u>	<u>15,675,882</u>	<u>1,994,918</u>
Excess of budgetary basis receipts over budgetary basis disbursements . . . . .	<u>1,131,754</u>	<u>650,883</u>	<u>4,562,969</u>	<u>3,912,086</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	282,890	282,890	774,236	491,346
Transfers out. . . . .	(1,385,996)	(2,807,184)	(2,780,075)	27,109
Advances in . . . . .	-	-	415,466	415,466
Advances out . . . . .	-	-	(216,927)	(216,927)
Sale of capital assets. . . . .	-	-	20,134	20,134
Total other financing sources (uses) . . . . .	<u>(1,103,106)</u>	<u>(2,524,294)</u>	<u>(1,787,166)</u>	<u>737,128</u>
Net change in fund balance - budgetary basis . . . . .	28,648	(1,873,411)	2,775,803	4,649,214
<b>Fund balance, January 1 . . . . .</b>	5,548,950	5,548,950	5,548,950	-
<b>Prior year encumbrances appropriated . . . . .</b>	364,191	364,191	364,191	-
<b>Fund balance, December 31 . . . . .</b>	<u>\$ 5,941,789</u>	<u>\$ 4,039,730</u>	<u>\$ 8,688,944</u>	<u>\$ 4,649,214</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OTTAWA COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE  
GOVERNMENTAL FUNDS - BUDGETARY BASIS  
ROAD AND BRIDGE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Budgetary basis receipts:</b>				
Other local taxes . . . . .	\$ 900,000	\$ 900,000	\$ 898,047	\$ (1,953)
Charges for services . . . . .	843,678	843,678	1,192,139	348,461
Licenses and permits . . . . .	25,250	25,250	41,150	15,900
Fines and forfeitures . . . . .	20,000	20,000	20,664	664
Intergovernmental . . . . .	5,165,396	5,165,396	4,949,813	(215,583)
Other . . . . .	-	-	51,841	51,841
Total budgetary basis receipts . . . . .	<u>6,954,324</u>	<u>6,954,324</u>	<u>7,153,654</u>	<u>199,330</u>
<b>Budgetary basis disbursements:</b>				
Current:				
Public works . . . . .	8,741,976	8,741,976	6,579,516	2,162,460
Debt service:				
Principal retirement . . . . .	123,771	123,771	123,771	-
Total budgetary basis disbursements . . . . .	<u>8,865,747</u>	<u>8,865,747</u>	<u>6,703,287</u>	<u>2,162,460</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements . . . . .	<u>(1,911,423)</u>	<u>(1,911,423)</u>	<u>450,367</u>	<u>2,361,790</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets . . . . .	-	-	44,955	44,955
Transfers in . . . . .	80,000	80,000	72,196	(7,804)
Advances in . . . . .	-	-	793,758	793,758
Advances out . . . . .	-	-	(400,965)	(400,965)
Total other financing sources (uses) . . . . .	<u>80,000</u>	<u>80,000</u>	<u>509,944</u>	<u>429,944</u>
Net change in fund balance - budgetary basis . . . . .	(1,831,423)	(1,831,423)	960,311	2,791,734
<b>Fund balance, January 1 . . . . .</b>	4,445,069	4,445,069	4,445,069	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>159,983</u>	<u>159,983</u>	<u>159,983</u>	<u>-</u>
<b>Fund balance, December 31 . . . . .</b>	<u>\$ 2,773,629</u>	<u>\$ 2,773,629</u>	<u>\$ 5,565,363</u>	<u>\$ 2,791,734</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OTTAWA COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE  
 GOVERNMENTAL FUNDS - BUDGETARY BASIS  
 BOARD OF DEVELOPMENTAL DISABILITIES FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary basis receipts:</b>				
Property taxes . . . . .	\$ 4,540,000	\$ 4,540,000	\$ 4,396,683	\$ (143,317)
Charges for services. . . . .	85,000	85,000	133,740	48,740
Intergovernmental. . . . .	478,045	478,045	1,449,215	971,170
Other . . . . .	12,600	12,600	77,803	65,203
Total budgetary basis receipts . . . . .	<u>5,115,645</u>	<u>5,115,645</u>	<u>6,057,441</u>	<u>941,796</u>
<b>Budgetary basis disbursements:</b>				
Current:				
Human services . . . . .	<u>6,504,340</u>	<u>6,611,589</u>	<u>5,446,590</u>	<u>1,164,999</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements . . . . .	<u>(1,388,695)</u>	<u>(1,495,944)</u>	<u>610,851</u>	<u>2,106,795</u>
<b>Other financing (uses):</b>				
Transfers out. . . . .	<u>(198,500)</u>	<u>(198,500)</u>	<u>(195,975)</u>	<u>2,525</u>
Net change in fund balance - budgetary basis . . . .	(1,587,195)	(1,694,444)	414,876	2,109,320
<b>Fund balance, January 1 . . . . .</b>	5,966,350	5,966,350	5,966,350	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>166,990</u>	<u>166,990</u>	<u>166,990</u>	<u>-</u>
<b>Fund balance, December 31 . . . . .</b>	<u>\$ 4,546,145</u>	<u>\$ 4,438,896</u>	<u>\$ 6,548,216</u>	<u>\$ 2,109,320</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**OTTAWA COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2020

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Riverview Nursing Home</b>	<b>Danbury Sewer Operations</b>	<b>Regional Water Operations</b>	<b>Catawba Portage Sewer</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 1,581,426	\$ 2,583,754	\$ 9,034,354	\$ 2,029,949
Cash in segregated accounts . . . . .	52,303	-	-	13,520
Restricted assets:				
Equity in pooled cash and cash equivalents . . . . .	-	3,951,771	-	1,430,067
Total assets. . . . .	<u>1,633,729</u>	<u>6,535,525</u>	<u>9,034,354</u>	<u>3,473,536</u>
<b>Net position:</b>				
Restricted for:				
Repairs and replacements . . . . .	-	3,951,771	-	1,118,249
Revenue bond current debt service. . .	-	-	-	91,363
Revenue bond future debt service . . .	-	-	-	220,455
Unrestricted . . . . .	<u>1,633,729</u>	<u>2,583,754</u>	<u>9,034,354</u>	<u>2,043,469</u>
Total net position. . . . .	<u>\$ 1,633,729</u>	<u>\$ 6,535,525</u>	<u>\$ 9,034,354</u>	<u>\$ 3,473,536</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 311,861	\$ 15,541,344	\$ 3,359,603
-	65,823	-
-	5,381,838	-
<u>311,861</u>	<u>20,989,005</u>	<u>3,359,603</u>
-	5,070,020	-
-	91,363	-
-	220,455	-
<u>311,861</u>	<u>15,607,167</u>	<u>3,359,603</u>
<u>\$ 311,861</u>	<u>\$ 20,989,005</u>	<u>\$ 3,359,603</u>

**OTTAWA COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN NET POSITION - CASH BASIS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Riverview Nursing Home</b>	<b>Danbury Sewer Operations</b>	<b>Regional Water Operations</b>	<b>Catawba Portage Sewer</b>
<b>Operating receipts:</b>				
Charges for services . . . . .	\$ 8,811,405	\$ 2,562,474	\$ 5,547,602	\$ 2,618,149
Other . . . . .	169,753	71,409	137,267	55,138
Total operating receipts. . . . .	<u>8,981,158</u>	<u>2,633,883</u>	<u>5,684,869</u>	<u>2,673,287</u>
<b>Operating disbursements:</b>				
Personal services . . . . .	6,538,169	982,887	1,708,922	907,821
Contract services . . . . .	2,160,698	574,319	563,625	489,844
Materials and supplies . . . . .	747,338	172,612	487,661	152,260
Capital outlay. . . . .	1,651,668	877,503	31,721	48,176
Claims . . . . .	-	-	-	-
Other . . . . .	22,853	88,272	132,261	288,430
Total operating disbursements. . . . .	<u>11,120,726</u>	<u>2,695,593</u>	<u>2,924,190</u>	<u>1,886,531</u>
Operating income (loss). . . . .	<u>(2,139,568)</u>	<u>(61,710)</u>	<u>2,760,679</u>	<u>786,756</u>
<b>Nonoperating receipts (disbursements):</b>				
Debt service:				
Principal retirement . . . . .	(205,000)	(392,310)	(1,739,329)	(415,700)
Interest and fiscal charges. . . . .	(353,806)	(74,701)	(285,295)	(144,625)
Intergovernmental receipts . . . . .	1,060,315	-	-	-
Property tax receipts. . . . .	824,219	-	-	-
Special assessment receipts . . . . .	-	-	40,940	45,469
Total nonoperating receipts (disbursements). . . . .	<u>1,325,728</u>	<u>(467,011)</u>	<u>(1,983,684)</u>	<u>(514,856)</u>
Income (loss) before transfers and advances. . . . .	<u>(813,840)</u>	<u>(528,721)</u>	<u>776,995</u>	<u>271,900</u>
Transfers in . . . . .	-	120,166	45,892	-
Transfers out . . . . .	-	(162)	(757,244)	(3,599)
Advances in . . . . .	-	7,425	-	-
Advances out. . . . .	-	(7,975)	-	-
Change in net position. . . . .	<u>(813,840)</u>	<u>(409,267)</u>	<u>65,643</u>	<u>268,301</u>
<b>Net position at beginning of year . . . . .</b>	<u>2,447,569</u>	<u>6,944,792</u>	<u>8,968,711</u>	<u>3,205,235</u>
<b>Net position at end of year . . . . .</b>	<u>\$ 1,633,729</u>	<u>\$ 6,535,525</u>	<u>\$ 9,034,354</u>	<u>\$ 3,473,536</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Governmental Activities - Internal Service Fund</b>
\$ 13,064	\$ 19,552,694	\$ 7,345,509
2,725	436,292	24,314
<u>15,789</u>	<u>19,988,986</u>	<u>7,369,823</u>
1,377	10,139,176	-
-	3,788,486	586,341
-	1,559,871	-
-	2,609,068	-
-	-	6,096,853
7,986	539,802	-
<u>9,363</u>	<u>18,636,403</u>	<u>6,683,194</u>
<u>6,426</u>	<u>1,352,583</u>	<u>686,629</u>
(100,429)	(2,852,768)	-
(19,164)	(877,591)	-
-	1,060,315	-
-	824,219	-
148,767	235,176	-
<u>29,174</u>	<u>(1,610,649)</u>	<u>-</u>
<u>35,600</u>	<u>(258,066)</u>	<u>686,629</u>
300	166,358	-
(16,490)	(777,495)	(385)
-	7,425	-
(753)	(8,728)	-
<u>18,657</u>	<u>(870,506)</u>	<u>686,244</u>
<u>293,204</u>	<u>21,859,511</u>	<u>2,673,359</u>
<u>\$ 311,861</u>	<u>\$ 20,989,005</u>	<u>\$ 3,359,603</u>

**OTTAWA COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS  
CUSTODIAL FUNDS  
DECEMBER 31, 2020

	<u>Custodial</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 6,934,784
Cash in segregated accounts . . . . .	<u>871,764</u>
Total assets . . . . .	<u>7,806,548</u>
<b>Net position:</b>	
Restricted for individuals, organizations and other governments. .	<u><u>7,806,548</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OTTAWA COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS  
CUSTODIAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<b>Custodial</b>
<b>Additions:</b>	
Intergovernmental . . . . .	\$ 7,860,121
Amounts received as fiscal agent . . . . .	3,207,520
Amounts held for employees . . . . .	89,177
Licenses, permits and fees for other governments . . . . .	389,075
Property tax collection for other governments . . . . .	74,666,605
Sheriff collections for others . . . . .	295,980
Earnings on investments . . . . .	825
Amounts received through court fines, forfeitures, and fees. . . . .	8,766,478
Other custodial fund collections . . . . .	205,237
Total additions . . . . .	95,482,018
<b>Deductions:</b>	
Distributions of state funds to other governments . . . . .	5,137,642
Distributions as fiscal agent . . . . .	2,754,994
Distributions on behalf of employees . . . . .	85,105
Licenses, permits and fees distributions to other governments . . . . .	361,196
Property tax distributions to other governments . . . . .	73,836,170
Sheriff distributions to others . . . . .	309,389
Distribution of court fines, forfeitures, and fees to others. . . . .	8,681,956
Distribution of federal funds . . . . .	2,740,636
Other custodial fund disbursements . . . . .	151,487
Total deductions . . . . .	94,058,575
Change in net position . . . . .	1,423,443
<b>Net position beginning of year . . . . .</b>	<b>6,383,105</b>
<b>Net position end of year . . . . .</b>	<b>\$ 7,806,548</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

## OTTAWA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

#### NOTE 1 - DESCRIPTION OF THE COUNTY

Ottawa County, Ohio (the County), was created in 1840. The County is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, a Municipal Court Judge, and a Probate/Juvenile Court Judge.

Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the entire County.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the County are not misleading.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the County are presented on a cash basis of accounting, as discussed further in section D. Basis of Accounting in this note disclosure. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

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

##### A. Reporting Entity

The County's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the basic financial statements are not misleading. The primary government includes all funds, agencies, boards, commissions, and component units for which the County and the County Commissioners are "accountable". Accountability was evaluated based on financial accountability, and the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's basic financial statements to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of the PCU's board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County.

**OTTAWA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

Based on the foregoing criteria, the financial activities of the following PCU's have been reflected in the accompanying basic financial statements as follows:

*POTENTIAL COMPONENT UNIT NOT REPORTED*

Riverview Industries, Inc. - Riverview Industries is a legally separate, not-for-profit corporation served by a self-appointing board of trustees. Riverview Industries, under a contractual agreement with the Ottawa County Department of Development Disabilities (DD), Ottawa, Erie, Sandusky, Wood, and Lucas Counties, provides adult day services, vocational habilitation, employment, and supportive living for adults with intellectual/developmental disabilities in Ottawa and surrounding counties. It has been determined that excluding Riverview Industries as a component unit would not have a significant impact on the County's financials. Riverview Industries operates on a fiscal year ending December 31. Financial information for Riverview Industries can be obtained from Mark Yost, 8380 West State Route 163, Oak Harbor, Ohio 43449.

*POTENTIAL COMPONENT UNITS REPORTED AS CUSTODIAL FUNDS*

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

Ottawa County Soil and Water Conservation District  
Ottawa County District Board of Health  
Ottawa County Family and Children First Council

The County participates in several joint ventures, two jointly governed organizations, and an insurance pool as follows:

*JOINT VENTURES*

Joint Solid Waste District

The Joint Solid Waste District (the District) is a joint venture between Ottawa, Sandusky, and Seneca Counties. The joint venture was formed to make disposal of waste in the three-county area more comprehensive in terms of recycling, incinerating, and waste disposal.

The District is governed and operated by the three counties. Each of the counties has contractual obligations with the District and shares in the equity of the District based on the percentages of population within the three counties. In the event of dissolution of the District, all members will share in net obligations or asset liquidations in a ratio proportionate to their percentages of population within the member counties at the time of dissolution. The District does not have any outstanding debt.

## OTTAWA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

The District consists of a nine-member board of directors, comprised of the three commissioners from each county, who are responsible for the District's financial matters. Each county's degree of control over the District is limited to its representation on the board of directors. The District operates autonomously from the County, the County has no financial responsibility from the operations of the District, and the County does not subsidize the District in any way. The District has not accumulated significant financial resources nor is it experiencing fiscal stress that may cause an additional financial benefit to or burden on the County in the future.

The District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste. A sixteen-member policy committee, consisting of five members from each county and one at large member appointed by the board of directors, is responsible for preparing the solid waste management plan of the District in conjunction with a sixteen-member Technical Advisory Council (members appointed by the policy committee). As of December 31, 2020, the County's equity interest in the Joint Solid Waste District was \$825,111. Financial information can be obtained from Jerri Miller, Sandusky County Auditor, 100 North Park Avenue, Fremont, Ohio, 43420.

#### Mental Health and Recovery Board of Erie and Ottawa Counties

The Erie-Ottawa Mental Health and Recovery Board (MHRB) is a joint venture between Erie and Ottawa Counties. The joint venture was formed to provide mental health education, consultation, training, and referral services to the public. Each county supports the joint venture through a tax levy. The MHRB is controlled by a board whose membership consists of eight appointees from the State Board of Mental Health, and ten appointees from Erie and Ottawa Counties. The continued existence of the MHRB is dependent on the combined participation of the counties. The MHRB has not accumulated significant financial resources nor is the MHRB experiencing fiscal stress that may cause an additional financial benefit to or burden on the County in the future. During 2020, the County did not make any contributions to the MHRB.

The MHRB of Erie and Ottawa Counties disbanded effective October 1, 2021 and became two separate boards. Ottawa County has joined with MHRB of Seneca, Sandusky, and Wyandot Counties. Financial information can be obtained from Mircea Handru, Executive Director, 1200 North State Route 53, Tiffin, Ohio, 44883.

#### Erie-Ottawa International Airport Authority

The Erie-Ottawa International Airport Authority (the Airport Authority) is a joint venture between Ottawa and Erie Counties. The Airport Authority was formed to provide maintenance of runways and taxiways at the Airport facility. The Airport Authority operates under the direction of a nine-member board of trustees. Four members are appointed by the County Commissioners in each county. The ninth member is appointed at large by the other eight. The members serve without compensation as outlined in Section 308.04 of the Ohio Revised Code. The continued existence of the Airport Authority is dependent upon Ottawa County's participation. The Airport Authority has not accumulated significant financial resources nor is the Airport Authority experiencing fiscal stress that may cause an additional financial benefit to or burden on the County in the future. During 2020, the County provided \$30,000 for airport operations. Financial information for the Airport Authority can be obtained from Beverly Shenkel, Office Manager, 3255 East State Road, Port Clinton, Ohio, 43452.



**OTTAWA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

*JOINTLY GOVERNED ORGANIZATIONS*

*Ottawa County Regional Planning Commission*

The County participates in the Ottawa County Regional Planning Commission (the "Commission"), which is a statutorily created political subdivision of the State. The Commission is jointly governed among Ottawa County, the City of Port Clinton, six villages, and twelve townships within the County. Each member's control over the operation of the Commission is limited to its representation on 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. In 2020, the County contributed \$96,207 to the Regional Planning Commission.

*Clearwater Council of Governments*

The Clearwater Council of Governments (Clearwater) is a regional council of governments comprised of the Boards of Developmental Disabilities (DD) of Crawford, Erie, Huron, Marion, Morrow, Ottawa, and Seneca Counties. The Board of Directors is made up of the superintendents from each of these DD Boards. Clearwater is the administrator of various grant monies for each these Boards of DD. The degree of control exercised by any participating government is limited to its representation of the Board. Financial information can be obtained from the Clearwater Council of Governments, 235 N. Toussaint South Rd, Oak Harbor, Ohio, 43449. In 2020, the Ottawa County Board of Developmental Disabilities paid \$170,317 to Clearwater for services provided.

*INSURANCE POOL*

*County Risk Sharing Authority, Inc. (CORSA)*

The County Risk Sharing Authority, Inc. is a jointly governed organization among 66 counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

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

The County's payment to CORSA for insurance in 2020 was \$303,757, which included a credit given to the County for its proportional share of a distribution from member equity. CORSA's net position as of fiscal year ended April 30, 2020 was \$94,439,273. CORSA's audited financial statements may be obtained by contacting the County Commissioners' Association of Ohio in Columbus, Ohio.

## OTTAWA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

##### **B. Basis of Presentation**

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

***Government-Wide Financial Statements*** - The statement of net position – cash basis and the statement of activities – cash basis display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” receipts and disbursements. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

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

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

The financial statements for governmental funds are a statement of assets and fund balances – cash basis, and a statement of receipts, disbursements and changes in fund balances – cash basis which reports on the sources (i.e., receipts and other financing sources) and uses (i.e., disbursements and other financing uses) of current financial resources.

The financial statements for proprietary funds are a statement of net position – cash basis, and a statement of receipts, disbursements and changes in net position – cash basis which presents increases (i.e., receipts) and decreases (i.e., disbursements) in net position.

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

The financial statements for the custodial funds are a statement of fiduciary net position-cash basis, and a statement of changes in fiduciary net position-cash basis.

## OTTAWA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

##### C. Fund Accounting

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

##### *GOVERNMENTAL FUNDS*

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The following are the County's major governmental funds:

General Fund - The general fund is used to account for all activities of the County not required to be included in another fund. The general fund cash balance is available to the County for any purpose provided it is disbursed or transferred according to the general laws of Ohio.

Road and Bridge Fund - This fund accounts for monies derived from gasoline taxes and the sale of motor vehicle licenses. Disbursements are restricted by State law to county road and bridge repair/improvement programs.

Board of Developmental Disabilities Fund - This fund accounts for a county-wide tax levy and federal and state grants that are used for developing and implementing programs for developmentally disabled citizens.

Other governmental funds of the County are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (b) for the accumulation of resources for, and the repayment of, general long-term debt principal, interest and related costs; and, (c) for grants and other resources, the use of which is restricted or committed to a particular purpose.

##### *PROPRIETARY FUNDS*

Proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector. Proprietary funds are classified as either enterprise or internal service.

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

Riverview Nursing Home Fund - This fund accounts for the daily operations of the County nursing home. Receipts are generated from resident fees and charges for services and are used to pay other agencies for services, to fund the daily costs of operations, and to provide services to the residents such as laundry, transportation, personal care items, and incidental medical supplies.

## OTTAWA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

Danbury Sewer Operations Fund - This fund accounts for sanitary sewer services provided to individuals and commercial users in Danbury Township and the Village of Marblehead.

Regional Water Operations Fund - This fund accounts for water services provided to individuals and commercial users in Bay, Catawba, Danbury, Erie, Harris, Portage, and Salem Townships, the City of Port Clinton, and the Village of Oak Harbor.

Catawba Portage Sewer Fund - This fund accounts for sanitary sewer services provided to individuals and commercial users in portions of Catawba and Portage Townships.

Internal Service Fund - 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 fund accounts for monies received for the activities of the self insurance program for employee health benefits.

#### *FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on cash basis assets, net cash position, and changes in net cash position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The County's only fiduciary funds are custodial funds that account for assets held by the County for political subdivisions for which the County acts as fiscal agent, amounts held for employees, Sheriff collections for others, and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

#### **D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. The County's basic financial statements are prepared using the cash basis of accounting. Receipts are recorded in the County's financial records and reported in the basic financial statements when cash is received, rather than when earned. Disbursements are recorded in the County's financial records and reported in the basic financial statements when cash is paid, rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as receivables and revenues for goods and services provided and billed but not yet collected) and certain liabilities and their related expenses/expenditures (such as payables and expenses/expenditures for goods and services received but not yet paid, and accrued liabilities and expenses/expenditures) are not reported in these basic financial statements.

## OTTAWA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

##### **E. Budgetary Data**

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the alternate tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The alternate tax budget indicates the projected receipts and disbursements for those funds receiving tax monies. 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 disbursements 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 levels for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts 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 amended certificate of estimated resources in effect at the time final appropriations were passed by the County Commissioners.

The appropriations 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 appropriations 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, and also include amounts automatically carried forward from prior years.

##### **F. Cash and Investments**

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

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

During 2020, investments were limited to federal agency securities, negotiable certificates of deposit, and the State Treasury Asset Reserve of Ohio (STAR Ohio). On the cash basis of accounting, investments are reported at cost.

During 2020, the County invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The County measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

## OTTAWA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, 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.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest receipts credited to the general fund during 2020 amounted to \$789,337, which includes \$680,891 assigned from other County funds.

For presentation on the basic financial statements, investments of the cash management pool of the County are considered to be cash equivalents.

#### **G. Inventories of Materials and Supplies**

On the cash basis of accounting, inventories of materials and supplies are recorded as disbursements when purchased. These items are not reported as assets in the basic financial statements.

#### **H. Capital Assets**

On the cash basis of accounting, acquisitions of capital assets are recorded as disbursements when paid. These items are not reported as assets in the basic financial statements.

#### **I. Prepaid Items**

On the cash basis of accounting, payments made to vendors for services that will benefit periods beyond December 31, 2020 are recorded as disbursements when paid. These items are not reported as assets in the basic financial statements.

#### **J. Loss on Advance Refunding**

On the cash basis of accounting, for advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is recorded as a reduction of disbursement when the transaction occurs. This amount is not reported as a reduction of a liability in the basic financial statements.

#### **K. Compensated Absences**

On the cash basis of accounting, compensated absences consisting of vacation leave and sick leave are not accrued as a liability and are recorded as disbursements when paid. These amounts are not reported as liabilities in the basic financial statements.

## OTTAWA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

##### L. Fund Balance

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the County Commissioners or a County official delegated that authority by resolution or by State Statute.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

##### M. Long-Term Obligations

On the cash basis of accounting, issuances of debt are recorded as receipts and debt service payments of principal and interest are recorded as disbursements when these transactions occur. Long-term debt and other long-term obligations are not reported as liabilities in the basic financial statements.

## OTTAWA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

##### **N. Interfund Transactions**

During the normal course of operations, the County has numerous transactions between funds. Transfers represent the movement of resources from the fund receiving those resources to the fund through which those resources will be disbursed and are recorded as other financing sources and uses in governmental funds and as transfers in proprietary funds. Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

On the cash basis of accounting, advances are reported as other financing sources and uses in governmental funds and as nonoperating receipts and disbursements in proprietary funds. Exchange transactions between funds are recorded as receipts in the fund providing the goods or services and as disbursements in the fund receiving the goods or services. Interfund loans (advances in / out) are not reflected as assets/liabilities in the accompanying financial statements.

##### **O. Operating Receipts and Disbursements**

Operating receipts are those receipts that are generated directly from the primary activities of the proprietary funds. For the County, these receipts are charges for services for the County nursing home, water and sewer services, and charges for health care premiums in the internal service fund. Operating disbursements are necessary costs incurred to provide the goods or services that are the primary activities of the proprietary funds. All receipts and disbursements not meeting these definitions are reported as nonoperating.

##### **P. Net Position**

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. As of December 31, 2020, there was no net position restricted by enabling legislation.

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

##### **Q. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Restricted assets in the enterprise funds represent certain resources which are segregated from other resources of the County to comply with various covenants established by bond financing agreements. These assets are generally held in separate accounts of the County or by a trustee. The various covenants place restrictions on the use of these resources, require minimum balances to be maintained in certain accounts, and establish annual amounts to be accumulated for specific purposes.



## OTTAWA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

##### R. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the 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 plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

##### S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County administration and that are either unusual in nature or infrequent in occurrence. The County had no extraordinary or special items during 2020.

#### NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

##### A. Change in Accounting Principles

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

Certain provisions contained in the following pronouncements were scheduled to be implemented for the fiscal year ended December 31, 2020. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed. The following pronouncement is postponed by one year and the County has elected delaying implementation until the fiscal year ended December 31, 2021:

- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

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

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

##### B. Compliance

Ohio Administrative Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its basic financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying basic financial statements omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

## OTTAWA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

#### 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 demands 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 provided a written investment policy has been filed with the Ohio Auditor of State:

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, or any book entry zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, 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 items (1) or (2) above, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange securities, or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following:
  - a. Commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed 10 percent of the value of the outstanding commercial paper of the issuing corporation and which mature within two hundred seventy days after purchase;
  - b. Bankers acceptances eligible for purchase by the federal reserve system and which mature within one hundred eighty days after purchase;

## OTTAWA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

10. Up to 15 percent of the County's average portfolio in notes issued by United States corporations or by depository institutions that are doing business under authority granted by the United States provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper; and,
12. Up to 1 percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

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

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.

#### A. Cash on Hand

At year-end, the County had \$15,110 in undeposited cash on hand, which is included on the financial statements of the County as part of "equity in pooled cash and cash equivalents".

#### B. Cash in Segregated Accounts

At year-end, the County deposited \$1,144,830 in accounts separate from the County's internal investment pool. The balances in these depository accounts are included in "deposits with financial institutions" below.

#### C. Deposits with Financial Institutions

At December 31, 2020, the carrying amount of all County deposits was \$23,191,286. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2020, \$16,097,760 of the County's bank balance of \$24,113,760 was covered by the FDIC, while \$8,016,000 was exposed to custodial risk as discussed below.

**OTTAWA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

Custodial credit risk is the risk that, in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the County and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the 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. For fiscal year 2020, several of the County's financial institutions were approved for a reduced collateral rate below 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the County to a successful claim by the FDIC.

**D. Investments**

As of December 31, 2020, the County had the following investments and maturities:

<u>Investment type</u>	<u>Amount</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 - 12 months</u>	<u>13 - 18 months</u>	<u>19 - 24 months</u>	<u>More than 24 months</u>
FFCB	\$ 2,533,606	\$ 1,511,418	\$ -	\$ 522,353	\$ -	\$ 499,835
FHLMC	1,901,376	1,002,230	-	-	-	899,146
FNMA	1,253,364	-	501,566	-	-	751,798
Negotiable CDs	7,349,648	1,287,953	457,968	497,981	696,773	4,408,973
STAR Ohio	33,035,706	33,035,706	-	-	-	-
<b>Total</b>	<b>\$ 46,073,700</b>	<b>\$ 36,837,307</b>	<b>\$ 959,534</b>	<b>\$ 1,020,334</b>	<b>\$ 696,773</b>	<b>\$ 6,559,752</b>

The weighted average maturity of investments at December 31, 2020 is 0.55 years. The County's investments in federal agency securities and negotiable certificates of deposit are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs). The County's investments in STAR Ohio are valued at the daily redemption value as reported by the underlying fund (Level 1 inputs).

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the County's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The County's investments were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. STAR Ohio must maintain the highest letter or numerical rating provided by at least one nationally recognized standard rating service.

The County has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

**OTTAWA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

*Concentration of Credit Risk:* The County places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the County at December 31, 2020:

<u>Investment type</u>	<u>Amount</u>	<u>Percent of Total</u>
FFCB	\$ 2,533,606	5.50%
FHLMC	1,901,376	4.13
FNMA	1,253,364	2.72
Negotiable CDs	7,349,648	15.95
STAR Ohio	<u>33,035,706</u>	<u>71.70</u>
Total	<u>\$ 46,073,700</u>	<u>100%</u>

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

The following is a reconciliation of cash and investments as reported in the note disclosure above to cash and investments as reported on the statement of net position - cash basis as of December 31, 2020:

<u>Cash and investments per note disclosure</u>	
Carrying amount of deposits	\$ 23,191,286
Investments	46,073,700
Cash on hand	<u>15,110</u>
Total	<u>\$ 69,280,096</u>

<u>Cash and investments per statement of net position - cash basis</u>	
Governmental activities	\$ 40,484,543
Business-type activities	20,989,005
Custodial funds	<u>7,806,548</u>
Total	<u>\$ 69,280,096</u>

**OTTAWA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Transfers for the year ended December 31, 2020 consisted of the following, as reported in the fund financial statements:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Major governmental funds:</u>		
General	\$ 685,573	\$ 2,591,128
Road and bridge	72,196	-
Board of developmental disabilities	-	195,975
Nonmajor governmental funds	4,680,416	2,039,560
Total governmental funds	<u>5,438,185</u>	<u>4,826,663</u>
<u>Major enterprise funds:</u>		
Danbury sewer operations	120,166	162
Regional water operations	45,892	757,244
Catawba portage sewer	-	3,599
Nonmajor enterprise funds	300	16,490
Total enterprise funds	<u>166,358</u>	<u>777,495</u>
Internal service fund	-	385
Total	<u>\$ 5,604,543</u>	<u>\$ 5,604,54</u>

Transfers are used to (1) move receipts from the fund that statute or budget required to collect them to the fund that statute or budget requires to disburse them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Nonroutine transfers from the Major Board of Developmental Disabilities fund and other nonmajor governmental funds were in compliance with Ohio Revised Code to properly account for interfund reimbursements.

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**OTTAWA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

- B.** Advances for the year ended December 31, 2020 consisted of the following, as reported in the fund financial statements:

<u>Fund</u>	<u>Advances In</u>	<u>Advances Out</u>
<u>Major governmental funds:</u>		
General	\$ 427,661	\$ 229,094
Road and bridge	793,758	400,965
Nonmajor governmental funds	923,957	1,514,014
Total governmental funds	<u>2,145,376</u>	<u>2,144,073</u>
<u>Major enterprise funds:</u>		
Danbury sewer operations	7,425	7,975
Nonmajor enterprise funds	-	753
Total enterprise funds	<u>7,425</u>	<u>8,728</u>
Total	<u>\$ 2,152,801</u>	<u>\$ 2,152,801</u>

These advances will be repaid in the next year as resources become available. Advances between governmental funds are eliminated for reporting on the government-wide statement of net position – cash basis.

**NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2020 for real and public utility property taxes represents collections of 2019 taxes.

2020 real property taxes are levied after October 1, 2020, on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2020 real property taxes are collected in and intended to finance 2021.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2020 public utility property taxes which became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.

**OTTAWA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 6 - PROPERTY TAXES - (Continued)**

The full tax rate for all County operations for the year ended December 31, 2020, was \$8.40 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2020 property tax receipts were based are as follows:

<u>Real Property</u>	
Residential/Agricultural	\$ 1,638,732,420
Commercial/Industrial/Mineral	259,470,960
<u>Public Utility</u>	
Real	591,330
Personal	169,395,160
	<hr/>
Total Assessed Value	\$ 2,068,189,870
	<hr/> <hr/>

**NOTE 7 - PERMISSIVE SALES AND USE TAX**

The County Commissioners, by resolution, imposed a 1% percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles 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 Ohio Department of Taxation certifies payment amounts to the Ohio Department of Budget and Management (OBM) so that OBM can issue the amount of the tax to be returned to the County. The Ohio Department of Taxation's certification must be made within forty-five days after the end of each month. On July 1, 2013, the County added an additional 0.25% permanent sales tax.

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**OTTAWA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 8 - LONG-TERM OBLIGATIONS**

Long-term obligation activity for the fiscal year ended December 31, 2020 was as follows:

<u>Governmental Activities:</u>	<u>Interest Rate</u>	<u>Balance 12/31/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/20</u>	<u>Amount Due In One Year</u>
<u>General Obligation Bonds:</u>						
2013 Various Purpose Refunding Bonds (original amount \$3,140,000)	1.00-4.00	\$ 1,370,000	\$ -	\$ (175,000)	\$ 1,195,000	\$ 175,000
2016 Board of DD Facility Refunding Bonds (original amount \$1,205,000)	2.00-3.00	970,000	-	(110,000)	860,000	110,000
2016 Riverview Industries Building Refunding Bonds (original amount \$565,000)	2.00-3.00	455,000	-	(50,000)	405,000	55,000
<b>Total General Obligation Bonds</b>		<u>2,795,000</u>	<u>-</u>	<u>(335,000)</u>	<u>2,460,000</u>	<u>340,000</u>
<u>OWDA Loans (Direct Borrowings / Direct Placements):</u>						
(original amount \$47,710)						
1999 Perryview Estates (original amount \$127,826)	6.13	5,422	-	(5,422)	-	-
1999 Regional Water (original amount \$17,942,681)	4.02	644,083	-	(644,083)	-	-
<b>Total OWDA Loans</b>		<u>649,505</u>	<u>-</u>	<u>(649,505)</u>	<u>-</u>	<u>-</u>
<u>OPWC Loans (Direct Borrowings / Direct Placements):</u>						
2007 Port Clinton Eastern Road (original amount \$157,431)	0.00	66,907	-	(7,871)	59,036	7,872
2007 Port Clinton Eastern Road (original amount \$382,692)	0.00	162,644	-	(19,134)	143,510	19,135
2009 Lemon Road Bridge Replacement (original amount \$152,891)	0.00	56,060	-	(10,193)	45,867	10,193
(original amount \$125,937)	0.00	44,078	-	(12,594)	31,484	12,594
2013 Fremont Road Reconstruction (original amount \$65,030)	0.00	29,263	-	(6,503)	22,760	6,503
2015 Duff-Washa Road Safety Improvement (original amount \$58,680)	0.00	38,142	-	(5,868)	32,274	5,868
2016 Portage River South Road CR #18 Reconstruction (original amount \$63,620)	0.00	50,365	-	(5,301)	45,064	5,302
2016 Replacement of Bridge (original amount \$255,115)	0.00	165,824	-	(25,511)	140,313	25,511
2018 Gypsum Road Pavement & Drainage (original amount \$57,940)	0.00	55,043	-	(5,794)	49,249	5,794
<b>Total OPWC Loans</b>		<u>668,326</u>	<u>-</u>	<u>(98,769)</u>	<u>569,557</u>	<u>98,772</u>
Capital Lease Obligation	5.00	18,323	10,120	(7,502)	20,941	8,136
Loan Payable	0.00	429,996	-	(25,000)	404,996	25,000
<b>Total Governmental Activities</b>		<u>\$ 4,561,150</u>	<u>\$ 10,120</u>	<u>\$ (1,115,776)</u>	<u>\$ 3,455,494</u>	<u>\$ 471,908</u>

**OTTAWA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)**

<b><u>Business-Type Activities:</u></b>	<b><u>Interest Rate</u></b>	<b><u>Balance 12/31/19</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>Balance 12/31/20</u></b>	<b><u>Amount Due In One Year</u></b>
<b><u>General Obligation Bonds:</u></b>						
2016 Catawba Portage Sewer Refunding (original amount \$4,450,000)	1.00-3.50	\$ 4,100,000	\$ -	\$ (190,000)	\$ 3,910,000	\$ 210,000
2017 Riverview Home Improvement Project (original amount \$10,040,000)	3.12-4.0	9,840,000	-	(205,000)	9,635,000	210,000
2017 Water System Refunding (original amount \$1,325,000)	3.12-4.0	1,205,000	-	(60,000)	1,145,000	65,000
2017 Sewer System Refunding (original amount \$1,325,000)	3.25	405,000	-	(130,000)	275,000	120,000
Total General Obligation Bonds		15,550,000	-	(585,000)	14,965,000	605,000
<b><u>Special Assessment Bonds:</u></b>						
2005 Sanitary Sewer Improvements (original amount \$815,000)	5.00	167,000	-	(25,000)	142,000	26,000
Total Special Assessment Bonds		167,000	-	(25,000)	142,000	26,000
<b><u>OWDA Loans (Direct Borrowings / Direct Placements):</u></b>						
1997 Regional Water (original amount \$29,991,085)	2.00	7,240,931	-	(1,391,325)	5,849,606	1,419,151
2001 Camp Perry Western Road (original amount \$17,145)	5.74	3,338	-	(1,279)	2,059	1,353
2004 Danbury Township Wastewater (original amount \$4,632,743)	3.76	1,610,801	-	(298,616)	1,312,185	309,950
2004 Golf Lane Waterline (original amount \$69,018)	4.56	25,512	-	(4,180)	21,332	4,374
2004 Water Plant Expansion (original amount \$3,065,360)	4.51	2,173,445	-	(104,098)	2,069,347	108,845
2006 South Bass Island Waterline (original amount \$968,848)	2.00	454,046	-	(49,518)	404,528	50,513
2007 Sewer Construction (original amount \$245,936)	3.82	114,473	-	(13,452)	101,021	13,971
2008 Ductile Iron Cathode Protection (original amount \$1,216,200)	3.36	615,365	-	(59,621)	555,744	61,641
2009 Phase III Water Main Corrosion (original amount \$434,264)	3.52	183,642	-	(15,617)	168,025	16,172
2009 Phase II Erie Twp. Water & Sewer (original amount \$223,761)	4.79	132,422	-	(11,305)	121,117	11,853
2009 Sand Road Waterline Replacement (original amount \$420,319)	4.79	248,744	-	(21,235)	227,509	22,264
2016 North Starboard Water & Sewer Replacement (original amount \$420,319)	2.92	210,698	-	(9,378)	201,320	9,654
2018 WWTP & Collection System Improvement (original amount \$632,977)	3.50	1,167,759	-	(56,454)	1,111,305	58,250
Total OWDA Loans		14,181,176	-	(2,036,078)	12,145,098	2,087,991

**OTTAWA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)**

<b><u>Business-Type Activities (continued):</u></b>	<u>Interest Rate</u>	<u>Balance 12/31/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/20</u>	<u>Amount Due In One Year</u>
<b><u>OPWC Loans (Direct Borrowings / Direct Placements):</u></b>						
2003 Gypsum Water Replacements (original amount \$83,933)	0.00	18,885	-	(4,197)	14,688	4,197
2003 Clay Center Sanitary Sewer (original amount \$222,352)	0.00	61,147	-	-	61,147	11,117
2004 Regional Water System Repair (original amount \$174,000)	0.00	52,200	-	(8,700)	43,500	8,700
2004 State Road Sanitary Sewer (original amount \$133,798)	0.00	43,484	-	(6,689)	36,795	6,690
2006 S.R. 269 Sanitary Sewer Main (original amount \$143,018)	0.00	53,632	-	(7,151)	46,481	7,150
2009 Phase III Erie Twp. Sewer Improvements (original amount \$238,440)	0.00	137,103	-	(11,922)	125,181	11,922
2013 SBI Langram Rd Waterline Extension (original amount \$294,755)	0.00	213,696	-	(14,738)	198,958	14,738
2014 Barnum Road Sanitary Sewer Extension (original amount \$128,075)	0.00	96,056	-	(6,404)	89,652	6,404
2015 Erie Township Sanitary Sewer Extension (original amount \$323,180)	0.00	315,100	-	(16,159)	298,941	16,159
2018 Elevated Water Tower Tank Repairs (original amount \$138,142)	0.00	137,872	-	(6,894)	130,978	6,894
2019 RWTP Clarifier Mechanism Recoating (original amount \$76,922)	0.00	<u>76,922</u>	<u>-</u>	<u>(1,923)</u>	<u>74,999</u>	<u>3,846</u>
Total OPWC Loans		<u>1,206,097</u>	<u>-</u>	<u>(84,777)</u>	<u>1,121,320</u>	<u>97,817</u>
<b><u>Ohio Water &amp; Sewer Loans (Direct Borrowings / Direct Placements):</u></b>						
1991 Portage Catawba Water (original amount \$185,855)	0.00	63,775	-	-	63,775	-
1992 Danbury Sewer (original amount \$216,741)	0.00	73,807	-	-	73,807	-
1992 Catawba Portage Sewer (original amount \$28,662)	0.00	5,762	-	(1,153)	4,609	-
1999 Regional Water (original amount \$1,108,668)	0.00	888,670	-	(3,214)	885,456	-
2001 Camp Perry Western Road (original amount \$37,929)	0.00	28,436	-	-	28,436	-
2004 Clay Center (original amount \$13,128)	0.00	12,066	-	-	12,066	-
2005 State Road Sewer (original amount \$28,990)	0.00	19,672	-	-	19,672	-
2008 Allen/Clay Phase IV (original amount \$21,207)	0.00	18,026	-	-	18,026	-
2008 SBI Waterline (original amount \$8,421)	0.00	<u>8,421</u>	<u>-</u>	<u>-</u>	<u>8,421</u>	<u>-</u>
Total Ohio Water & Sewer Loans		<u>1,118,635</u>	<u>-</u>	<u>(4,367)</u>	<u>1,114,268</u>	<u>-</u>

**OTTAWA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)**

<b><u>Business-Type Activities (continued):</u></b>	<u>Interest Rate</u>	<u>Balance 12/31/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/20</u>	<u>Amount Due In One Year</u>
<b><u>OEPA Loans (Direct Borrowings / Direct Placements):</u></b>						
1999 Regional Water (original amount \$3,274,564)	4.02	\$ 117,546	\$ -	\$ (117,546)	\$ -	\$ -
Total OEPA Loans		117,546	-	(117,546)	-	-
<b>Total Business-Type Activities</b>		<b>\$ 32,340,454</b>	<b>\$ -</b>	<b>\$ (2,852,768)</b>	<b>\$ 29,487,686</b>	<b>\$ 2,816,808</b>

**General Obligation Bonds**

General obligation bonds are supported by the full faith and credit of Ottawa County. General obligation bonds will be paid from property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

**2016 Various Purpose Refunding Bonds**

On June 16, 2016, the County issued \$6,220,000 in general obligation bonds with interest rates from 4.0 percent to 4.75 percent. The proceeds of the bonds were used to refund \$1,310,000 of the County's 2006 Board of DD Facility Bonds, \$615,000 of the 2006 Riverview Industries Building Bonds and \$4,375,000 of the 2008 Catawaba Portage Sewer Refunding Bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position - cash basis. The balance of the refunded bonds outstanding at December 31, 2020 was \$5,175,000.

The refunding bonds are comprised of current interest bonds, par value \$6,220,000. Interest payments on the bonds are due on March 1 and September 1 each year. The final maturity stated in the issues range from September 1, 2027 to September 1, 2031. Payments of principal and interest are recorded as disbursements of the DD building bond fund (a nonmajor governmental fund) in the governmental funds and as disbursements of the Catawba Portage sewer fund in the business-type funds.

The refunding resulted in \$682,558 in gross debt service savings.

**2013 Various Improvement Refunding Bonds**

On September 18, 2013, the County issued \$3,140,000 in general obligation refunding bonds - Series 2013 for the purpose of refunding a portion (\$2,995,000) of the 2003 various improvement bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position - cash basis.

The refunding bonds are comprised of serial bonds, par value \$2,465,000 and term bonds, par value \$675,000. The bonds bear interest rates ranging from 1.00% - 4.00%. Principal and interest payments are due on December 1 and June 1 of each year. The bonds mature on December 1, 2027.

The refunding resulted in \$236,148 in gross debt service savings.

**OTTAWA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)**

The bonds maturing on December 1, 2025, are subject to mandatory sinking fund redemption in part on December 1, 2014, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 160,000

The remaining principal, in the amount of \$165,000, is payable at stated maturity.

The bonds maturing on December 1, 2027, are subject to mandatory sinking fund redemption in part on December 1, 2026, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

<u>Year</u>	<u>Amount</u>
2026	\$ 170,000

The remaining principal, in the amount of \$180,000, is payable at stated maturity.

**Special Assessment Bonds**

The special assessment bonds will be paid from the proceeds of the special assessments levied against those property owners who primarily benefited from the project. In the event that property owners fail to make their special assessment payments, the County is responsible for providing the resources to meet annual principal and interest payments. Special assessment debt is supported by the full faith and credit of Ottawa County.

**Capital Lease Obligation**

Capital lease obligations will be paid from the fund that maintains the related asset. See Note 9.

**General Obligation Revenue Bonds**

The general obligation revenue bonds are liabilities of the various enterprise funds and pledge their respective receipts for repayment. The bonds also pledge the full faith and credit and taxing ability of the County in the event that the enterprise funds' receipts are not sufficient to meet the principal and interest requirements.

**Catawba Portage Sanitary Sewer Revenue Refunding Bonds**

The bonds maturing on December 1, 2022, are subject to mandatory sinking fund redemption on each December 1, commencing December 1, 2022, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 120,000
2017	130,000
2018	145,000
2019	145,000
2020	160,000
2021	150,000

The remaining principal, in the amount of \$195,000, is payable at stated maturity.

## OTTAWA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

#### NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

##### 2011 Catawaba Portage Sanitary Sewer Refunding Bonds

On June 5, 2011, the County issued \$1,400,000 in refunded general obligation bonds with interest rates from 1.3 percent to 3.7 percent. The proceeds of the bonds were used to refund \$1,655,000 of the County's outstanding 1998 Catawaba Portage Sanitary Sewer bonds. During 2017, these bonds were refunded with the 2017 Sewer System Refunding Bonds.

##### 2017 Sewer System Refunding Bonds

On December 18, 2017, the County issued \$655,000 in general obligation bonds with an interest rate of 3.253 percent. The proceeds of the bonds were used to refund \$660,000 of the County's 2011 Catawaba Portage Sanitary Sewer Refunding Bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position - cash basis.

The refunding bonds are comprised of serial bonds, par value \$655,000. Interest payments on the bonds are due on June 1 and December 1 each year. The final stated maturity is December 1, 2022. Payments of principal and interest are recorded as disbursements of the Catawaba Portage Sewer fund in the business-type funds.

##### 2011 Regional Water System Improvement Bonds

On March 9, 2011, the County issued \$1,730,000 in general obligation bonds with interest rates from 2.5 percent to 4.875 percent. The proceeds of the bonds were used to pay \$1,673,100 of the County's outstanding 1999 Regional Water Development bonds. During 2017, these bonds were refunded with the 2017 Water System Refunding Bonds.

##### 2017 Water System Refunding Bonds

On December 18, 2017, the County issued \$1,325,000 in general obligation bonds with interest rates from 3.125 percent to 4.00 percent. The proceeds of the bonds were used to refund \$1,355,000 of the County's 2011 Regional Water System Improvement Bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position - cash basis.

The refunding bonds are comprised of serial and term bonds, par value \$1,325,000. Interest payments on the bonds are due on June 1 and December 1 each year. The final stated maturity is December 1, 2034. Payments of principal and interest are recorded as disbursements of the Regional Water Operations fund in the business-type funds.

The refunding resulted in \$157,782 in gross debt service savings.

##### 2017 Riverview Home Improvement Project Bonds

On December 18, 2017, the County issued \$10,040,000 in general obligation bonds with interest rates from 3.125 percent to 4.00 percent. The proceeds of the bonds were used for improvement projects.

The bonds are comprised of serial and term bonds, par value \$10,040,000. Interest payments on the bonds are due June 1 and December 1 each year. The final stated maturity is December 1, 2047. Payments of principal and interest are recorded as disbursements of the Riverview Nursing Home fund in the business-type funds.

## OTTAWA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

#### NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

##### **Ohio Water and Sewer Loans**

The Ohio Water and Sewer Loans were provided to the County for the deferral of special assessment collections on agricultural land. The loan principal is being deferred as long as the land is used for agriculture purposes. If the land is ever used for other than agriculture purposes, the loan is due and payable, the special assessments are then due and collectible by the County, and the monies collected are to be remitted to the Ohio Water and Sewer Rotary Commission (OWSRC) within one year of collection.

The loans are non-interest bearing as long as the land is used for agriculture purposes. If the land is ever used for other than agriculture purposes and the required special assessments are not remitted to OWSRC, the loans become interest bearing at an interest rate to be determined by OWSRC. Several of these loans were used for purposes outside the loan and were required to submit monies to OWSRC.

##### **OWDA Loans**

OWDA loans consist of monies owed to the Ohio Water Development Authority for various water and sewer projects. OWDA loans are payable solely from special assessments and the gross receipts of the enterprise funds. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the County to pay any fines, penalties, interest, or late charges associated with the default.

During 2020, the County's OWDA loans related to the County's governmental funds were paid in full. These loans were issued to aid in the finance of various construction projects. They were paid from the debt service fund (a nonmajor governmental funds) using special assessment receipts.

At December 31, 2020, the County also had OWDA loans related to business-type activities. The County has pledged future water and sewer receipts to repay these OWDA loans. The loans are payable solely from water and sewer fund receipts and are payable through 2037. Annual principal and interest payments on the loans are expected to require 65.97 percent of net receipts and 20.92 percent of total receipts. The total principal and interest remaining to be paid on the loans is \$13,524,433. Principal and interest paid for the current year were \$2,375,553, total net receipts revenues were \$3,485,732 and total revenues were \$10,992,121.

##### **OPWC Loans**

OPWC loans consist of monies owed to the Ohio Public Works Commission for various water and sewer projects. OPWC loans are payable solely from the gross receipts of the enterprise funds.

In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the County for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the County is located to pay the amount of the default from funds that would otherwise be appropriated to the County from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

##### **OEPA Loan**

The OEPA loan consists of monies owed to the Ohio Environmental Protection Agency (OEPA) for the Regional Water Project. The OEPA loan is payable from receipts from the Regional Water enterprise fund. In the event of default, the OEPA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the County to pay any fines, penalties, interest, or late charges associated with the default.

**OTTAWA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)**

**Loan Payable**

In 2015, the County entered into a loan agreement with the State of Ohio’s Development Services Agency to borrow up to \$500,000 for highway garage renovations. At December 31, 2020, the outstanding loan amount was \$404,996. The loan shall mature in ten years and carry interest at 0 % interest rate.

**Legal Debt Margins**

The Ohio Revised Code provides that net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors, should not exceed 1 percent of the total assessed valuation of the County. The Ohio Revised Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, should not exceed a sum equal to 3 percent of the first \$100,000,000 of assessed valuation, plus 1.5 percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus 2.5 percent of such valuation in excess of \$300,000,000.

The assessed valuation used in determining the County’s legal debt margins has been modified by House Bill 530, which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the County’s legal debt margin calculations excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

The effects of these debt limitations at December 31, 2020 are a legal voted debt margin of \$45,969,868 (including available funds of \$39,315) and a legal unvoted debt margin of \$18,987,947.

The following is a summary of the County’s future annual debt service requirements for governmental activities.

<u>Year Ended</u>	<u>General Obligation Bonds</u>		<u>Loan Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 340,000	\$ 72,225	\$ 25,000	\$ -
2022	365,000	64,550	25,000	-
2023	330,000	55,349	25,000	-
2024	340,000	46,324	25,000	-
2025	345,000	36,544	25,000	-
2026 - 2030	740,000	38,900	125,000	-
2031 - 2035	-	-	125,000	-
2036 - 2037	-	-	29,996	-
Total	<u>\$ 2,460,000</u>	<u>\$ 313,892</u>	<u>\$ 404,996</u>	<u>\$ -</u>

<u>Year Ended</u>	<u>OPWC Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 98,772	\$ -
2022	98,771	-
2023	92,474	-
2024	82,924	-
2025	74,577	-
2026 - 2029	122,039	-
Total	<u>\$ 569,557</u>	<u>\$ -</u>



**OTTAWA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a summary of the County's future annual debt service requirements for business-type activities.

<u>Year Ended</u>	<u>General Obligation Bonds</u>		<u>Special Assessment Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 605,000	\$ 519,656	\$ 26,000	\$ 6,807
2022	640,000	499,656	27,000	5,569
2023	640,000	478,056	29,000	4,284
2024	670,000	457,631	30,000	2,904
2025	690,000	436,306	30,000	1,476
2026 - 2030	3,790,000	1,806,956	-	-
2031 - 2035	2,480,000	1,167,550	-	-
2036 - 2040	2,010,000	786,375	-	-
2041 - 2045	2,375,000	425,250	-	-
2046 - 2047	1,065,000	54,169	-	-
Total	<u>\$ 14,965,000</u>	<u>\$ 6,631,605</u>	<u>\$ 142,000</u>	<u>\$ 21,040</u>

<u>Year Ended</u>	<u>OWDA Loans</u>		<u>OPWC Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 2,087,991	\$ 298,216	\$ 97,817	\$ -
2022	2,139,016	249,406	97,818	-
2023	2,191,451	199,298	97,818	-
2024	2,246,536	147,390	95,720	-
2025	403,808	98,547	88,063	-
2026 - 2030	1,737,780	301,465	325,005	-
2031 - 2035	1,100,187	82,838	217,646	-
2036 - 2040	238,329	2,175	101,433	-
Total	<u>\$ 12,145,098</u>	<u>\$ 1,379,335</u>	<u>\$ 1,121,320</u>	<u>\$ -</u>

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**OTTAWA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 9 - CAPITAL LEASES**

The County has entered into capitalized leases for equipment. The leases meet the criteria of a capital lease as defined by accounting principles generally accepted in the United States, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service disbursements on the statement of cash receipts, cash disbursements, and changes in fund cash balance for the governmental funds.

Principal payments in 2020 were \$7,502 for governmental funds.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2020.

<u>Year Ended</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 8,136	\$ 893
2022	5,194	538
2023	2,731	319
2024	2,222	189
2025	2,113	85
2026	<u>545</u>	<u>4</u>
Total	<u>\$ 20,941</u>	<u>\$ 2,028</u>

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**OTTAWA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 10 - RISK MANAGEMENT**

**A. General Insurance**

The County is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2020, the County contracted with County Risk Sharing Authority (CORSA) for liability, property and crime insurance. The CORSA program has a \$2,500 deductible. Coverages provided by CORSA are as follows:

<u>Type of Coverage</u>	<u>Amount</u>
General Liability	\$ 1,000,000
Excess Liability	10,000,000
Law Enforcement Professional Liability	1,000,000
Automobile Liability and Physical Damage:	
Liability	1,000,000
Uninsured Motorist	250,000
Public Officials Errors and Omissions	1,000,000
Ohio Stop Gap (Additional Workers' Compensation Coverage)	1,000,000
Building and Contents	100,000,000
Other Property Insurance:	
Extra Expense	2,500,000
Contractors Equipment	Replacement or actual cash value
Valuable Papers and Records	2,500,000
Miscellaneous Floaters	
Automobile Physical Damage	Actual cash value
Flood and Earthquake	100,000,000
Comprehensive Boiler and Machinery	100,000,000
Crime	1,000,000
Unmanned Aircraft General Liability	11,000,000

With the exceptions of medical coverage and workers' compensation, all insurance is held with CORSA (See Note 2). The County pays all elected officials' bonds in accordance with statute. There has been no significant reduction in insurance coverage from 2019 and no insurance settlement has exceeded insurance coverage during the last three years.

**B. Workers Compensation**

Workers' compensation coverage is provided by the State of Ohio. The County pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**C. Medical Insurance**

The County manages health, vision, dental, and drug card insurance for its employees on a self-insured basis. A third-party administrator processes the claims, which the County pays. The Self Insurance internal service fund allocates the cost of providing claims servicing and claims payments by charging a monthly premium to each individual enrolled in the health insurance program. These premiums, along with the premium the County pays for each employee enrolled in the program, are paid into the Self Insurance internal service fund. Claims and services are paid from the Self Insurance internal service fund.

**OTTAWA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

Under the health insurance program, the Self Insurance internal service fund provides in accordance with the Affordable Care Act. The County purchased commercial insurance for claims in excess of coverage provided by the Self Insurance internal service fund. Settled claims have not exceeded this commercial coverage in the past three years.

All funds of the County participate in the program and make payments to the Self Insurance internal service fund based on actuarial estimates of the amounts needed to pay prior and current-year claims. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payments for the year ended December 31, 2020 were \$6,096,853.

The changes in the cash balance of the Self Insurance internal service fund for 2020 and 2019 were:

<u>Year</u>	<u>Beginning Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance</u>
2020	\$ 2,673,359	\$ 7,369,823	\$ (6,683,579)	\$ 3,359,603
2019	1,401,079	7,599,809	(6,327,529)	2,673,359

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

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

***Net Pension Liability/Asset and Net OPEB Liability/Asset***

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

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

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

**OTTAWA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

The net pension/net OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

The remainder of this note includes the pension disclosures. See Note 12 for the OPEB disclosures.

***Plan Description - Ohio Public Employees Retirement System (OPERS)***

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

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

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**OTTAWA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

**OTTAWA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), 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.

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

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**OTTAWA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

	State and Local	Public Safety	Law Enforcement
<b>2020 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
<b>2020 Actual Contribution Rates</b>			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0 %	0.0 %	0.0 %
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

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

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

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

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

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

The County's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$3,382,068 for 2020.

***Net Pension Liabilities/Assets***

The net pension liability and net pension asset for the OPERS were measured as of December 31, 2019, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. STRS's total pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability or asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities.



**OTTAWA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Following is information related to the proportionate share:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
Proportion of the net pension liability/asset prior measurement date	0.16738600%	0.17623300%	0.09628900%	
Proportion of the net pension liability/asset current measurement date	<u>0.16155400%</u>	<u>0.17000500%</u>	<u>0.10373900%</u>	
Change in proportionate share	<u>-0.00583200%</u>	<u>-0.00622800%</u>	<u>0.00745000%</u>	
Proportionate share of the net pension liability	\$ 31,932,244	\$ -	\$ -	\$ 31,932,244
Proportionate share of the net pension asset	-	(354,501)	(3,921)	(358,422)

***Actuarial Assumptions - OPERS***

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019, are presented below.

Wage inflation	3.25%
Future salary increases, including inflation	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 1.40%, simple through 2020, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

**OTTAWA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 3.00% simple through 2018 then 2.15% simple to 1.40% simple through 2020 the 2.15% simple.

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

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.20% for 2019.

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**OTTAWA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	25.00 %	1.83 %
Domestic equities	19.00	5.75
Real estate	10.00	5.20
Private equity	12.00	10.70
International equities	21.00	7.66
Other investments	13.00	4.98
Total	<u>100.00 %</u>	<u>5.61 %</u>

**Discount Rate** - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2019 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County's Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate** - The following table presents the proportionate share of the net pension liability/(asset) calculated using the current period discount rate assumption of 7.20%, as well as what the proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 52,666,604	\$ 31,932,244	\$ 13,292,663
Combined Plan	(214,206)	(354,501)	(455,613)
Member-Directed Plan	(2,075)	(3,921)	(5,187)

## OTTAWA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

#### NOTE 12 - DEFINED BENEFIT OPEB PLANS

##### *Net OPEB Liability*

See Note 11 for a description of the net OPEB liability.

##### *Plan Description - Ohio Public Employees Retirement System (OPERS)*

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, 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 allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined plans. 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.

**OTTAWA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$27,538 for 2020.

***Net OPEB Liability***

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OPERS's total OPEB asset was measured as of June 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB asset 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:

	OPERS
Proportion of the net OPEB liability	
prior measurement date	0.16481600%
Proportion of the net OPEB liability	
current measurement date	<u>0.15949500%</u>
Change in proportionate share	<u>-0.00532100%</u>
Proportionate share of the net OPEB liability	\$ 22,030,403

***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.

**OTTAWA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	3.16%
Prior Measurement date	3.96%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	2.75%
Prior Measurement date	3.71%
Health Care Cost Trend Rate	
Current measurement date	10.00% initial, 3.50% ultimate in 2030
Prior Measurement date	7.50%, initial 3.25%, ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

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.

**OTTAWA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.70% for 2019.

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

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.90
<b>Total</b>	<b>100.00 %</b>	<b>4.55 %</b>

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**OTTAWA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

**Discount Rate** - A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. 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% and a municipal bond rate of 2.75%. 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 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, 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 proportionate share of the net OPEB liability calculated using the single discount rate of 3.16%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16%) or one-percentage-point higher (4.16%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net OPEB liability	\$ 28,830,316	\$ 22,030,403	\$ 16,585,885

**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 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB liability	\$ 21,380,305	\$ 22,030,403	\$ 22,672,214



**OTTAWA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

*Changes between Measurement Date and Reporting Date*

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

**NOTE 13 - BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The statement of cash receipts, cash disbursements and changes in fund cash balance - governmental funds - budgetary basis presented for the general fund and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the cash basis are that:

- (a) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund cash balance for that portion of outstanding encumbrances (cash basis); and
- (b) Some funds are included in the general fund (cash basis) but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the net change in fund cash balance for the year on the budget basis to the cash basis for the general fund and major special revenue funds are as follows:

	<b>Net Change in Fund Balances</b>		
	<u>Governmental Funds</u>		
	<u>General</u>	<u>Road and Bridge</u>	<u>Board of Developmental Disabilities</u>
Budget basis	\$ 2,775,803	\$ 960,311	\$ 414,876
Net adjustment for cash in segregated accounts	(2,879)	-	-
Net adjustment for funds budgeted elsewhere	59,031	-	-
Encumbrances (budget-basis)	<u>840,417</u>	<u>984,868</u>	<u>343,777</u>
Cash basis	<u>\$ 3,672,372</u>	<u>\$ 1,945,179</u>	<u>\$ 758,653</u>

**OTTAWA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 14 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

Several claims and lawsuits are pending against the County. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the County's financial condition.

**NOTE 15 - OTHER COMMITMENTS**

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

<u>Fund</u>	<u>Year - End Encumbrances</u>
General	\$ 840,591
Road and bridge	984,868
Board of developmental disabilities	343,777
Other governmental	<u>2,451,464</u>
Total	<u>\$ 4,620,700</u>

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**OTTAWA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 16 - FUND BALANCE**

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

Fund balance	General	Road and Bridge	Board of Developmental Disabilities	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Unclaimed monies	\$ 78,618	\$ -	\$ -	\$ -	\$ 78,618
Total nonspendable	<u>78,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,618</u>
Restricted:					
Capital projects	-	-	-	159,303	159,303
Debt service	-	-	-	39,315	39,315
Public safety programs	-	-	-	1,950,669	1,950,669
Public works projects	-	6,550,231	-	843,052	7,393,283
Health services	-	-	-	212,047	212,047
Human services programs	-	-	6,891,993	5,252,231	12,144,224
Economic development	-	-	-	1,350	1,350
Other purposes	-	-	-	2,671,630	2,671,630
Total restricted	<u>-</u>	<u>6,550,231</u>	<u>6,891,993</u>	<u>11,129,597</u>	<u>24,571,821</u>
Committed:					
Capital projects	-	-	-	1,774,690	1,774,690
Other purposes	597,943	-	-	42,819	640,762
Total committed	<u>597,943</u>	<u>-</u>	<u>-</u>	<u>1,817,509</u>	<u>2,415,452</u>
Assigned:					
Public safety programs	163,066	-	-	-	163,066
Other purposes	840,591	-	-	-	840,591
Total assigned	<u>1,003,657</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,003,657</u>
Unassigned	<u>9,055,392</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,055,392</u>
Total fund balances	<u>\$ 10,735,610</u>	<u>\$ 6,550,231</u>	<u>\$ 6,891,993</u>	<u>\$ 12,947,106</u>	<u>\$ 37,124,940</u>

## OTTAWA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

#### **NOTE 17 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. 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 pension and other employee benefits plan in which the County participate fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the County's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the County received CARES Act funding. Of the amounts received, \$2,740,636 was sub-granted to other governments and organizations.

During 2020, the County received CARES Act funding. Of the amounts received, \$6,674 was returned to the granting agency and \$209,969 was spent on-behalf of other governments. These amounts are reflected as health expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

#### **NOTE 18 - Other Receipts**

General fund and Nonmajor governmental funds other receipts consisted primarily of proceeds from workers compensation refunds.

OTTAWA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number/Additional Award Identification	Provided Through to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Job and Family Services:</i>				
<u>SNAP Cluster</u>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
FAET 100%	10.561	JFSCF120		\$1,788
FAET 100%		JFSCF521		9,201
FAET 50% Operating		JFSCF520		4,152
FAET 50% Operating		JFSCF521		617
Food Assistance		JFSCFB20		95,419
Food Assistance		JFSCFB21		45,992
Total SNAP Cluster				<u>157,169</u>
<b>Total U.S. Department of Agriculture</b>				<b>157,169</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<i>Passed Through Ohio Development Service Agency:</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				
Community Development Block Grants - Improvement Program Housing Assistance and Rehab	14.228	B-C-18-ICE-1		123,760
Community Development Block Grants - Allocation		B-F-18-ICE-1		57,252
Community Development Block Grants - Allocation		B-F-20-ICE-1		134
Total CFDA #14.228				<u>181,146</u>
Home Investment Partnerships Program	14.239	B-C-18-ICE-2		196,004
<b>Total U.S. Department of Housing and Urban Development</b>				<b>377,150</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
<i>Passed Through Office of Criminal Justice Services:</i>				
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-CE-CTF-2121		7,053
COVID-19 Coronavirus Emergency Supplemental Funding Program		2020-CE-PPF-2133		13,002
Total CFDA #16.034				<u>20,055</u>
<i>Passed Through Ohio Attorney General's Office:</i>				
Crime Victim Assistance	16.575	2020-VOCA-132922067		33,884
Crime Victim Assistance		2021-VOCA-133914780		7,958
Total CFDA #16.575				<u>41,842</u>
<b>Total U.S. Department of Justice</b>				<b>61,897</b>
<b>U.S. DEPARTMENT OF LABOR</b>				
<i>Passed Through Workforce Investment Act, Area 7:</i>				
<u>WIOA Cluster:</u>				
WIA Adult Program (SFY2020)	17.258	SO762		27
WIA Adult Program (FY2020)		SO762	\$38,415	77,999
WIA Adult Program (SFY2021)		SO762		9
Total CFDA #17.258			<u>38,415</u>	<u>78,035</u>
WIA Youth Activities (PY2018)	17.259	SO762	66,501	66,501
WIA Youth Activities (PY2019)		SO762	161,759	161,759
Total CFDA #17.259			<u>228,260</u>	<u>228,260</u>
WIA Dislocated Worker Formula Grants (PY2019)	17.278	SO762		22,173
WIA Dislocated Worker Formula Grants (FY2019)		SO762		50,000
WIA Dislocated Worker Formula Grants (SFY2020)		SO762		54
WIA Dislocated Worker Formula Grants (FY2020)		SO762	100,137	222,795
WIA Dislocated Worker Formula Grants (SFY2021)		SO762	9,046	9,059
Total CFDA #17.278			<u>109,183</u>	<u>304,081</u>
Total WIOA Cluster:			<u>375,858</u>	<u>610,376</u>
Workforce Innovation Fund	17.283	SO762		(6,433)
<u>Employment Service Cluster:</u>				
Employment Service/Wagner-Peyser Funded Activities (FY2019)	17.207	SO762		1,038
Employment Service/Wagner-Peyser Funded Activities (FY2020)		SO762		354
Total Employment Service Cluster				<u>1,392</u>
Trade Adjustment Assistance (FY2018)	17.245	SO762		188
Trade Adjustment Assistance (FY2019)		SO762		61
Total CFDA #17.245				<u>249</u>
Workforce Investment Act (WIA) National Emergency Grants				
COVID-19 NDWG Employment Recovery	17.277	SO762		14,701
NDWG Opioid #3		SO762		22,606
NDWG #3 Increase		SO762		1,558
Total CFDA #17.277				<u>38,865</u>
<b>Total U.S. Department of Labor</b>			<b>375,858</b>	<b>644,449</b>

OTTAWA COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number/Additional Award Identification	Provided Through to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
<i>Passed Through Ohio Department of Transportation:</i>				
<u>Highway Planning and Construction Cluster:</u>				
Highway Planning and Construction				
OTT Sign Upgrade	20.205	111056		6,802
OTT Curve Sign Upgrade		111062		2,502
Total Highway Planning and Construction Cluster				<u>9,304</u>
Formula Grants for Rural Areas and Tribal Transit Program				
COVID-19 CARES Act Rural Transit Operating	20.509	CARE-4114-024-201		1,101,158
Formula Grants for Rural Areas and Tribal Transit Program - Operating		RPTF-4114-005-201		189,852
Formula Grants for Rural Areas and Tribal Transit Program - Maintenance		RPTM-0114-005-201		42,830
Total CFDA #20.509				<u>1,333,840</u>
<u>Federal Transit Cluster:</u>				
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Program				
Replacement LTV-HC	20.526	BABF-0114-010-201		53,436
Replacement LTV-HC		BABF-0114-010-202		54,121
Replacement LTV-HC		BABF-0114-010-203		54,669
Replacement LTV-HC		BABF-0114-010-204		54,652
Total Federal Transit Cluster				<u>216,878</u>
<b>Total U.S. Department of Transportation</b>				<b><u>1,560,022</u></b>
<b>U.S. DEPARTMENT OF TREASURY</b>				
<i>Passed Through Ohio Office of Budget and Management:</i>				
COVID-19 Coronavirus Relief Fund	21.019	HB481-CRF-Local		2,510,246
<i>Passed Through The Area Office of Aging of Northwest Ohio:</i>				
COVID-19 Coronavirus Relief Fund - Adult Day Service and Senior Center Provider Relief	21.019	OBM0100138-CRF-AGE		36,952
<i>Passed Through Supreme Courts of Ohio:</i>				
COVID-19 Coronavirus Relief Fund - Remote Tech Grant	21.019	20-RTG-0100		10,742
Total CFDA #21.019				<u>2,557,940</u>
<b>Total U.S. Department of Treasury</b>				<b><u>2,557,940</u></b>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Developmental Disabilities:</i>				
Special Education - Grants for Infants and Families	84.181	H181A180024		20,750
Special Education - Grants for Infants and Families		H181A190024		19,625
Total CFDA #84.181				<u>40,375</u>
<b>Total U.S. Department of Education</b>				<b><u>40,375</u></b>
<b>U.S. ELECTION ASSISTANCE COMMISSION</b>				
<i>Passed Through Ohio Secretary of State:</i>				
2018 HAVA Election Security Grants				
COVID-19 Election Security Supplemental Grant	90.404	N/A		13,358
HAVA Election Security		N/A		35,303
Total CFDA #90.404				<u>48,661</u>
<b>Total U.S. Election Assistance Commission</b>				<b><u>48,661</u></b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<i>Passed Through The Area Office of Aging of Northwest Ohio:</i>				
<u>Aging Cluster:</u>				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	N/A		23,506
Special Programs for the Aging - Title III - Part C - Nutrition Services				
COVID19 - Special Programs for the Aging - Title III - Nutrition Services, Families First Coronavirus Relief Act Funding	93.045	N/A		39,867
COVID-19 CARES Act Special Programs for the Aging - Title III, Part C2 - Nutrition Service		N/A		48,640
Special Programs for the Aging - Title III, Part C1 - Nutrition Service		N/A		22,200
Special Programs for the Aging - Title III, Part C2 - Nutrition Service		N/A		79,821
Total CFDA #93.045				<u>190,528</u>
Nutrition Services Incentive Program	93.053	N/A		38,511
Total Aging Cluster				<u>252,545</u>
<i>Passed Through Ohio Department of Job and Family Services:</i>				
Promoting Safe and Stable Families				
Caseworker Visits	93.556	JFSCMC20		718
Casework Visits Admin		JFSCMC20		72
ESSA Preservation		JFSCPF21		955
ESSA Reunification		JFSCPF20		4,853
ESSA Reunification		JFSCPF21		741
ESSA Preservation Operating		JFSCPF20		2,353
ESSA Reunification Operating		JFSCPF20		4,432
Total CFDA #93.556				<u>14,124</u>

OTTAWA COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number/Additional Award Identification	Provided Through to Subrecipients	Total Federal Expenditures
Temporary Assistance for Needy Families (TANF)				
TANF Administration	93.558	JFSCTF20		232,903
TANF Administration		JFSCTF21		64,998
TANF Regular (Program)		JFSCTF20		191,066
TANF Regular (Program)		JFSCTF21		9,389
CCMEP TANF Regular		JFSCTF20	196,410	196,410
CCMEP TANF Regular		JFSCTF21	18,941	18,941
Kinship Caregiver		JFSCTF19		133,271
Fraud Awareness		JFSCTF20		2,030
TANF Summer Youth		JFSCTF20		40,159
Total CFDA #93.558			<u>215,351</u>	<u>889,167</u>
Child Support Enforcement				
Federal Child Support	93.563	JFSCCS20	30,162	308,062
Federal Child Support		JFSCCS21	25,627	89,615
Child Support Awareness Month		JFSFCS20I		60
Federal Child Support Training Allocation		JFSFCS20I		257
Federal Incentive		JFSFCS57		63,121
Federal Incentive		JFSFCS57		22,797
Total CFDA #93.563			<u>55,789</u>	<u>483,912</u>
<u>CCDF Cluster:</u>				
Child Care Development Block Grant				
Child Care Administration	93.575	JFSCCD20		1,095
Child Care Non-Admin		JFSCCD20		16,253
Child Care Non-Admin		JFSCCD21		1,149
Total CCDF Cluster				<u>18,497</u>
Grants to States for Access and Visitation Programs				
Visitation Access	93.597	JFSFC604	59,900	59,900
Visitation Access		JFSFC604	16,400	16,400
Total CFDA #93.597			<u>76,300</u>	<u>76,300</u>
Stephanie Tubbs Jones Child Welfare Services Program				
IV-B	93.645	JFSCCW20		30,726
IV-B		JFSCCW21		8,768
IV-B Admin		JFSCCW20		4,159
Total CFDA #93.645				<u>43,653</u>
Foster Care Title IV-E				
IV-E Admin & Training Foster Care	93.658	JFSFCF20		93,446
IV-E Admin & Training Foster Care		JFSFCF21		6,079
Title IV-E Foster Care Services Maintenance		JFSFCF20		1,519
Title IV-E Foster Care Services Maintenance		JFSFCF21		147,540
Total CFDA #93.658				<u>248,584</u>
Adoption Assistance				
IV-E Contracted Services Adoption Assistance	93.659	JFSCAA20		3,004
IV-E Contracted Services Adoption Assistance		JFSCAA21		65
IV-E Admin & Training Adoption Assistance		JFSCAA20		41,523
IV-E Admin & Training Adoption Assistance		JFSCAA21		14,405
Total CFDA #93.659				<u>58,997</u>
Social Services Block Grant				
Title XX - Base Subsidy	93.667	JFSCSS20		148,446
Title XX - Base Subsidy		JFSCSS21		52,093
Title XX - Transfer Subsidy		JFSCTX20		210,306
Title XX - Transfer Subsidy		JFSCTX21		67,794
<b>Passed Through Ohio Department of Developmental Disabilities</b>				
Social Services Block Grant	93.667	200IHSOSR		37,474
Total CFDA #93.667				<u>516,113</u>
<b>Passed Through Ohio Department of Job and Family Services</b>				
John H. Chafee Foster Care Program for Successful Transition to Adulthood				
Federal Chafee	93.674	JFSCIL20		57
Children's Health Insurance Program	93.767	MCDFSH20		2,970
<u>Medicaid Cluster:</u>				
Medical Assistance Program				
Medicaid 50% and 75	93.778	MCDFMT20		212,118
Medicaid 50% and 75		MCDFMT21		59,969
Medicaid Combined		MCDFMT20		55,947
Medicaid Combined		MCDFMT21		15,214
Medicaid NET		MCDFMT20		34,192
Medicaid NET		MCDFMT21		13,161
<b>Passed Through Ohio Department of Developmental Disabilities</b>				
Medical Assistance Program	93.778	2005OHSADM		137,596
Medical Assistance Program		2105OHSADM		38,791
Total Medicaid Cluster				<u>566,988</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>347,440</u>	<u>3,171,907</u>

OTTAWA COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number/Additional Award Identification	Provided Through to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
<i>Passed Through Ohio Emergency Management Agency:</i>				
Emergency Management Performance Grants	97.042	DPSFE-247		14,659
Emergency Management Performance Grants		DPSFE-258		19,678
Total CFDA #97.042				<u>34,337</u>
Homeland Security Grant Program	97.067	EMW-2017-SS-00065		38,542
Homeland Security Grant Program		EMW-2018-SS-00038		50,582
Total CFDA #97.067				<u>89,124</u>
<b>Total U.S. Department of Homeland Security</b>				<u><b>123,461</b></u>
<b>Total Expenditures of Federal Awards</b>			<u><b>\$723,298</b></u>	<u><b>\$8,743,031</b></u>

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



**OTTAWA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE A - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Ottawa County, Ohio (the County) under programs of the federal government for the year ended December 31, 2020. 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 or changes in net position of the County.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE C - INDIRECT COST RATE**

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

**NOTE D - SUBRECIPIENTS**

The County passes certain federal awards received from Workforce Investment Act, Area, 7 and the Ohio Department of Job and Family Services to other governments or not-for-profit agencies (subrecipients). As Note B describes, the County reports expenditures of federal awards to subrecipients when paid in cash.

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

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

The current cash balance on the County's local program income account as of December 31, 2020 is \$548,879.

**NOTE F - MATCHING REQUIREMENTS**

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

OTTAWA COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)

**NOTE G - TRANSFERS BETWEEN PROGRAM YEARS**

During fiscal year 2020, the County made allowable transfers of \$278,099 from the Temporary Assistance for Needy Families (TANF) (93.558) program to the Social Services Block Grant (SSBG) (93.667) program. The Schedule shows the County spent approximately \$889,167 on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 2020 and the amount transferred to the SSBG program.

Temporary Assistance for Needy Families	\$ 1,167,266
Transfer to Social Services Block Grant	<u>(\$278,099)</u>
Total Temporary Assistance for Needy Families	<u>\$ 889,167</u>

# OHIO AUDITOR OF STATE KEITH FABER



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NorthwestRegion@ohioauditor.gov

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

Ottawa County  
315 Madison Street, Suite 103  
Port Clinton, Ohio 43452-1942

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 cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ottawa County, Ohio (the County) as of and for the year ended December 31, 2020, 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 4, 2021, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures which 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-001.

### ***County's Response to Finding***

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

### ***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 4, 2021

# OHIO AUDITOR OF STATE KEITH FABER



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Toledo, Ohio 43604-2246  
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NorthwestRegion@ohioauditor.gov

## 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

Ottawa County  
315 Madison Street, Suite 103  
Port Clinton, Ohio 43452-1942

To the Board of County Commissioners:

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

We have audited Ottawa County, Ohio'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 Ottawa County's major federal programs for the year ended December 31, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

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

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

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

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal Program***

In our opinion, Ottawa 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, 2020.

**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 4, 2021

**OTTAWA COUNTY**  
**SCHEDULE OF FINDINGS**  
**2 CFR § 200.515**  
**DECEMBER 31, 2020**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Formula Grants for Rural Areas and Tribal Transit Program - CFDA #20.509  Coronavirus Relief Fund - CFDA #21.019
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

**FINDING NUMBER 2020-001**

**Noncompliance Citation**

**Ohio Rev. Code § 117.38** 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.

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

The County prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting, 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 may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the County's ability to evaluate and monitor the overall financial condition of the County. To help provide the users with more meaningful financial statements, the County should prepare its annual financial statements according to generally accepted accounting principles.

**Officials' Response:**

Ottawa County has decided to not report in GAAP to save hundreds of hours of staff time and thousands of dollars in consulting fees. Our bond rating has been reviewed multiple times since we have made this move and they have never made note of it. At this time we do not intend to convert.

**3. FINDINGS FOR FEDERAL AWARDS**

None



# OTTAWA COUNTY BOARD OF COMMISSIONERS

**MARK W. STAHL**  
419-734-6706

**MARK E. COPPELER**  
419-734-6707

**DONALD A. DOUGLAS**  
419-734-6705



**COUNTY ADMINISTRATOR/CLERK**  
**RHONDA SLAUTERBECK**  
419-734-6720

**Main Office: 419-734-6710**

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR 200.511(b)

DECEMBER 31, 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	<b>Ohio Rev. Code § 117.38</b> and <b>Ohio Admin. Code § 117-2-03(B)</b> for reporting on a basis other than generally accepted accounting principles initially reported as Finding 2009-001.	Not corrected and reissued as Finding 2020-001 in this report.	This is due to the County choosing to report on a basis other than generally accepted accounting principles due to the additional costs of preparing the financial statements according to generally accepted accounting principles and the current reporting basis having no impact on the County's debt. No corrective action is planned.

# OTTAWA COUNTY BOARD OF COMMISSIONERS

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**COUNTY ADMINISTRATOR/CLERK**  
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**Main Office: 419-734-6710**

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## CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

DECEMBER 31, 2020

**Finding Number:** 2020-001

**Planned Corrective Action:** No planned corrective action, as management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient and does not present a higher risk for the County's assets and debt.

**Anticipated Completion Date:** N/A

**Responsible Contact Person:** N/A

# OHIO AUDITOR OF STATE KEITH FABER



**OTTAWA 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 11/18/2021**

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