

DEFIANCE COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED
DECEMBER 31, 2021

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Commissioners
Defiance County
500 Second Street
Suite 301
Defiance, Ohio 43512

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

August 18, 2022

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DEFIANCE COUNTY

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Independent Auditor's Report

Defiance County
500 Court Street, Suite A
Defiance, Ohio 43512

To the Board of Commissioners:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Defiance County, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, and the Developmental Disabilities, Motor Vehicle License and Gas Tax, Emergency 911, Senior Center, and American Rescue Plan Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note 27 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of Defiance County. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Defiance County's basic financial statements. The Schedule of Expenditures of Federal Awards ("the Schedule"), 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* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2022, on our consideration of Defiance 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Defiance County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Defiance County's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
June 22, 2022

DEFIANCE COUNTY, OHIO

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

The management's discussion and analysis of Defiance County's (the "County") financial performance provides an overall review of the County's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the notes to the basic financial statements and the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- The total net position of the County increased \$14,099,339 over the 2020's net position of \$116,236,622. Net position of governmental activities increased \$12,616,935, which represents a 16.15% increase from the 2020 net position of \$78,121,407. Net position of business-type activities increased \$1,482,404 or 3.89% over the 2020 net position of \$38,115,215.
- General revenues accounted for \$18,985,416 or 50.18% of total governmental activities revenue. Program specific revenues accounted for \$18,852,804 or 49.82% of total governmental activities revenue.
- The County had \$25,221,285 in expenses related to governmental activities; \$18,852,804 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$18,985,416 were adequate to provide for these programs.
- The general fund, the County's largest major governmental fund, had revenues and other financing sources of \$15,030,702 in 2021. The general fund had expenditures and other financing uses of \$14,060,501 in 2021. The fund balance of the general fund increased \$970,201 from the 2020 fund balance of \$13,471,469.
- The developmental disabilities (DD) fund, a major governmental fund, had revenues of \$4,887,755 in 2021. The DD fund had expenditures of \$4,747,064 in 2021. The DD fund balance increased \$140,691 from 2020 to 2021.
- The motor vehicle license and gas tax fund, a major governmental fund, had revenues and other financing sources of \$7,879,798 in 2021. The motor vehicle license and gas tax fund had expenditures of \$7,649,433 in 2021. The motor vehicle license and gas tax fund balance increased \$230,365 from 2020 to 2021.
- The emergency 911 fund, a major governmental fund, had revenues of \$1,308,984 in 2021. The emergency 911 fund had expenditures of \$1,500,587 in 2021. The emergency 911 fund balance decreased \$191,603 from 2020 to 2021.
- The senior center fund, a major governmental fund, had revenues of \$1,617,458 in 2021. The senior center fund had expenditures of \$1,214,539 in 2021. The senior center fund balance increased \$402,919 from 2020 to 2021.
- The American rescue plan act fund, a major governmental fund, had revenues of \$190,982 in 2021. The American rescue plan act fund had expenditures of \$190,982 in 2021 resulting in no change to the fund balance during 2021.
- The county improvement fund, a major governmental fund, had expenditures of \$362,651 in 2021. The county improvement fund balance decreased \$362,651 from 2020 to 2021.
- Net position for the business-type activities, which consists of the landfill and sewer enterprise funds, increased in 2021 by \$1,482,404. This increase is mainly due to charges for services continuing to outpace the enterprise fund expenses.
- In the general fund, the actual revenues and other financing sources were \$2,953,194 greater than originally budgeted, and actual expenditures and other financing uses were \$5,825,808 less than originally budgeted. These positive variances are a result of the County's conservative budgeting process.

DEFIANCE COUNTY, OHIO

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

Using the Basic Financial Statements (BFS)

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

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

Reporting the County as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

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

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

Reporting the County's Most Significant Funds

Fund Financial Statements

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

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the general fund, developmental disabilities (DD) fund, motor vehicle license and gas tax fund, emergency 911 fund, senior center fund, American rescue plan act fund, and county improvement fund. The County's major enterprise funds are the landfill fund and sewer fund.

DEFIANCE COUNTY, OHIO

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

Governmental Funds

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

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

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

Proprietary Funds

The County maintains proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its landfill and sewer operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County's internal service fund accounts for the activities of the self-insurance program for employee health care benefits. It also accounts for the activities of the County clinic.

Fiduciary Funds

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

The required supplementary information provides detailed information regarding the District's proportionate share of the net pension liability/asset and net OPEB liability/asset of the retirement systems and a ten-year schedule of the County's contributions to the retirement systems to fund pension and OPEB obligations.

DEFIANCE COUNTY, OHIO

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

Government-Wide Financial Analysis

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

	Net Position					
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities	Total	Total
	2021	2021	2020	2020	2021	2020
<u>Assets</u>						
Current and other assets	\$ 57,190,290	\$ 26,605,062	\$ 49,192,383	\$ 25,419,137	\$ 83,795,352	\$ 74,611,520
Capital assets, net	66,760,193	21,708,755	65,442,737	21,318,381	88,468,948	86,761,118
Total assets	<u>123,950,483</u>	<u>48,313,817</u>	<u>114,635,120</u>	<u>46,737,518</u>	<u>172,264,300</u>	<u>161,372,638</u>
<u>Deferred Outflows of Resources</u>						
	2,853,267	241,068	3,879,065	233,156	3,094,335	4,112,221
Total assets and deferred outflows of resources	<u>126,803,750</u>	<u>48,554,885</u>	<u>118,514,185</u>	<u>46,970,674</u>	<u>175,358,635</u>	<u>165,484,859</u>
<u>Liabilities</u>						
Other liabilities	5,685,829	386,628	1,650,618	260,791	6,072,457	1,911,409
Long-term liabilities	14,252,189	8,046,076	26,753,443	8,312,242	22,298,265	35,065,685
Total liabilities	<u>19,938,018</u>	<u>8,432,704</u>	<u>28,404,061</u>	<u>8,573,033</u>	<u>28,370,722</u>	<u>36,977,094</u>
<u>Deferred Inflows of Resources</u>						
	16,127,390	524,562	11,988,717	282,426	16,651,952	12,271,143
Total liabilities and deferred inflows of resources	<u>36,065,408</u>	<u>8,957,266</u>	<u>40,392,778</u>	<u>8,855,459</u>	<u>45,022,674</u>	<u>49,248,237</u>
<u>Net Position</u>						
Net investment in capital assets	64,252,441	19,837,257	63,693,731	19,513,328	84,089,698	83,207,059
Restricted	16,164,448	1,421,875	11,847,631	1,626,275	17,586,323	13,473,906
Unrestricted	10,321,453	18,338,487	2,580,045	16,975,612	28,659,940	19,555,657
Total net position	<u>\$ 90,738,342</u>	<u>\$ 39,597,619</u>	<u>\$ 78,121,407</u>	<u>\$ 38,115,215</u>	<u>\$ 130,335,961</u>	<u>\$ 116,236,622</u>

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

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

DEFIANCE COUNTY, OHIO

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2021, the County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$130,335,961. This amounts to \$90,738,342 in the governmental activities and \$39,597,619 in the business-type activities. This is an indication that the County's finances remained strong during 2021.

Capital assets reported on the government-wide statements represent the largest portion of the County's assets. At year-end, capital assets represented 51.36% of total governmental and business-type assets. Capital assets include land, easements, construction and progress, land improvements, buildings and improvements, machinery and equipment, vehicles, and infrastructure. The County's net investment in capital assets at December 31, 2021 was \$84,089,698. These capital assets are used to provide services to citizens and are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

As of December 31, 2021, the County is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

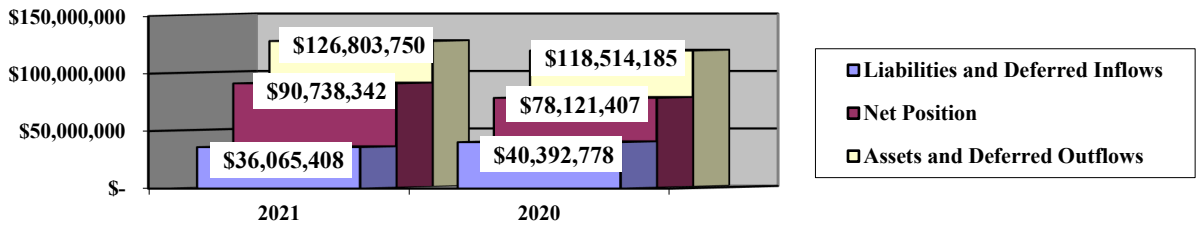
DEFIANCE COUNTY, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

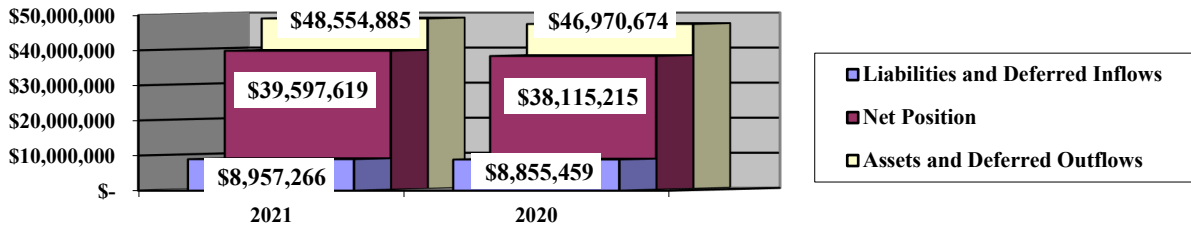
A portion of the County’s net position, \$17,586,323 or 13.49%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$28,659,940 or 21.99% may be used to meet the government’s ongoing obligations to citizens and creditors.

The graphs below illustrate the County’s assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position at December 31, 2021 and December 31, 2020 for the governmental activities and business-type activities.

Governmental Activities



Business-type Activities



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DEFIANCE COUNTY, OHIO

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

The following tables show the changes in net position for 2021 and 2020.

	Change in Net Position					
	Governmental	Business-type	Governmental	Business-type	Total	Total
	Activities	Activities	Activities	Activities	Total	Total
	<u>2021</u>	<u>2021</u>	<u>2020</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Revenues</u>						
Program revenues:						
Charges for services and sales	\$ 5,471,920	\$ 6,037,826	\$ 4,837,421	\$ 5,917,293	\$ 11,509,746	\$ 10,754,714
Operating grants and contributions	12,669,346	-	14,222,028	-	12,669,346	14,222,028
Capital grants and contributions	<u>711,538</u>	<u>-</u>	<u>1,004,534</u>	<u>-</u>	<u>711,538</u>	<u>1,004,534</u>
Total program revenues	<u>18,852,804</u>	<u>6,037,826</u>	<u>20,063,983</u>	<u>5,917,293</u>	<u>24,890,630</u>	<u>25,981,276</u>
General revenues:						
Property taxes	8,428,719	-	8,107,359	-	8,428,719	8,107,359
Sales taxes	7,061,207	-	6,462,608	-	7,061,207	6,462,608
Unrestricted grants	2,250,820	-	1,837,684	-	2,250,820	1,837,684
Investment income	543,452	101,411	1,190,376	184,140	644,863	1,374,516
Miscellaneous	<u>701,218</u>	<u>28,663</u>	<u>1,963,554</u>	<u>42,328</u>	<u>729,881</u>	<u>2,005,882</u>
Total general revenues	<u>18,985,416</u>	<u>130,074</u>	<u>19,561,581</u>	<u>226,468</u>	<u>19,115,490</u>	<u>19,788,049</u>
Total revenues	<u>37,838,220</u>	<u>6,167,900</u>	<u>39,625,564</u>	<u>6,143,761</u>	<u>44,006,120</u>	<u>45,769,325</u>
<u>Expenses</u>						
Program expenses:						
General government						
Legislative and executive	3,937,080	-	8,214,217	-	3,937,080	8,214,217
Judicial	1,841,708	-	2,782,605	-	1,841,708	2,782,605
Public safety	4,233,143	-	6,019,668	-	4,233,143	6,019,668
Public works	7,329,967	-	10,596,697	-	7,329,967	10,596,697
Health	3,996,078	-	4,469,774	-	3,996,078	4,469,774
Human services	2,125,270	-	3,082,796	-	2,125,270	3,082,796
Conservation and recreation	-	-	1,603	-	-	1,603
Economic development	1,658,882	-	786,929	-	1,658,882	786,929
Interest and fiscal charges	99,157	-	140,810	-	99,157	140,810
Landfill	-	3,757,465	-	3,305,760	3,757,465	3,305,760
Sewer	<u>-</u>	<u>928,031</u>	<u>-</u>	<u>982,591</u>	<u>928,031</u>	<u>982,591</u>
Total expenses	<u>25,221,285</u>	<u>4,685,496</u>	<u>36,095,099</u>	<u>4,288,351</u>	<u>29,906,781</u>	<u>40,383,450</u>
Change in net position	12,616,935	1,482,404	3,530,465	1,855,410	14,099,339	5,385,875
Net position at beginning of year	<u>78,121,407</u>	<u>38,115,215</u>	<u>74,590,942</u>	<u>36,259,805</u>	<u>116,236,622</u>	<u>110,850,747</u>
Net position at end of year	<u>\$ 90,738,342</u>	<u>\$ 39,597,619</u>	<u>\$ 78,121,407</u>	<u>\$ 38,115,215</u>	<u>\$ 130,335,961</u>	<u>\$ 116,236,622</u>

DEFIANCE COUNTY, OHIO

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

Governmental Activities

Governmental activities net position increased by \$12,616,935 from the 2020 net position. The net position of the governmental activities increased mainly due to an increase in charges for service and property and sales taxes during 2021.

Expenses of the governmental activities decreased \$10,873,814 or 30.13%. This decrease is primarily the result of the decrease in OPEB expense for the Ohio Public Employees Retirement System (OPERS). On an accrual basis, the County had OPEB expense of (\$7,081,817) in 2021 compared to \$927,279 in 2020. On January 15, 2020, OPERS approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation which are reported by the County at December 31, 2021. These changes along with changes in assumptions related to an increase in discount rate from 3.16% to 6.00% significantly decreased the total OPEB liability for the measurement date December 31, 2020.

Public works expenses largely support the operations of the engineer's department, and accounts for \$7,329,967 or 29.06% of the total governmental expenses of the County. These expenses were funded by \$518,309 in direct charges to users, \$8,050,412 in operating grants and contributions, and \$711,538 in capital grants and contributions during 2021. General government expenses, which include legislative and executive and judicial programs, accounted for \$5,778,788 or 22.91% of the total governmental expenses of the County. General government expenses were covered by \$4,248,271 in direct charges to users and \$414,876 in operating grants and contributions during 2021.

The State and federal government contributed to the County revenues of \$12,669,346 in operating grants and contributions and \$711,538 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Operating grants and contributions of \$1,666,611 or 13.15% subsidized County health programs. Operating grants and contributions of \$8,050,412 or 63.54%, as well as the entire amount of capital grants and contributions, subsidized public works projects.

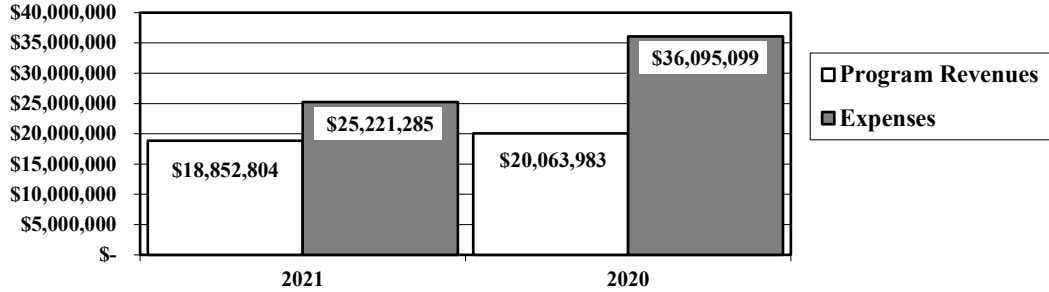
General revenues totaled \$18,985,416 and amounted to 50.18% of the total revenues of \$37,838,220. These revenues primarily consist of property and sales tax revenue of \$15,489,926 or 81.59% of total general revenues in 2021. The other primary source of general revenues is grants and entitlements not restricted to specific programs, with operating grants consisting of local government and local government revenue assistance, making up \$2,250,820 or 11.86% of the total general revenues.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following graph and table show, for governmental activities, the total cost of services and the net cost of services for 2021 and 2020. That is, it identifies the cost of these services supported by general revenues (such as tax revenue and unrestricted State grants and entitlements). As can be seen in the graph below, the County is reliant upon general revenues to finance operations as program revenues are not sufficient to cover total expenses.

DEFIANCE COUNTY, OHIO

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

Governmental Activities – Program Revenues vs. Total Expenses



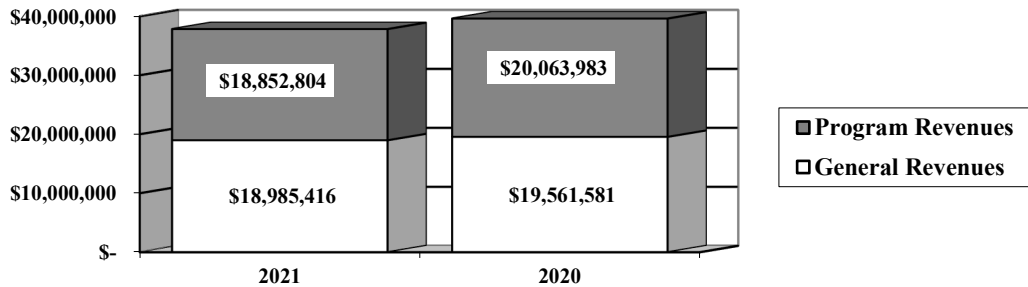
Governmental Activities

	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
Program expenses:				
General government				
Legislative and executive	\$ 3,937,080	\$ 220,321	\$ 8,214,217	\$ 4,765,522
Judicial	1,841,708	895,320	2,782,605	1,472,345
Public safety	4,233,143	3,560,239	6,019,668	3,964,045
Public works	7,329,967	(1,950,292)	10,596,697	1,285,741
Health	3,996,078	2,041,381	4,469,774	2,485,926
Human services	2,125,270	876,778	3,082,796	1,670,238
Conservation and recreation	-	-	1,603	1,603
Economic development	1,658,882	625,577	786,929	244,886
Interest and fiscal charges	99,157	99,157	140,810	140,810
Total	\$ 25,221,285	\$ 6,368,481	\$ 36,095,099	\$ 16,031,116

The dependence upon general revenues for governmental activities is apparent, with 25.25% of expenses supported through taxes and other general revenues during 2021.

The graph below illustrates the County's reliance upon general revenues for 2021 and 2020.

Governmental Activities – General and Program Revenues



DEFIANCE COUNTY, OHIO

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

Business-type Activities

The landfill fund and sewer fund are the County's enterprise funds. These operations had program revenues of \$6,037,826, general revenues of \$130,074 and expenses of \$4,685,496 during 2021. The net position of the enterprise funds increased \$1,482,404 or 3.89% during 2021.

Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements.

The County's governmental funds reported a combined fund balance of \$34,757,267, which is \$1,927,629 more than last year's total of \$32,829,638.

The table below indicates the fund balance and the total change in fund balance as of December 31, 2021 and December 31, 2020 for all major and nonmajor governmental funds.

	Fund Balance <u>December 31, 2021</u>	Fund Balance <u>December 31, 2020</u>	Increase/ <u>(Decrease)</u>
Major Funds:			
General	\$ 14,441,670	\$ 13,471,469	\$ 970,201
Developmental Disabilities	6,233,027	6,092,336	140,691
Motor Vehicle License and Gas Tax	3,238,016	3,007,651	230,365
Emergency 911	109,289	300,892	(191,603)
Senior Center	1,334,497	931,578	402,919
American Rescue Plan Act	-	-	-
County Improvement	1,772,165	2,134,816	(362,651)
Nonmajor Governmental Funds	<u>7,628,603</u>	<u>6,890,896</u>	<u>737,707</u>
Total	<u>\$ 34,757,267</u>	<u>\$ 32,829,638</u>	<u>\$ 1,927,629</u>

General Fund

The County's general fund balance increased \$970,201 from the 2020 balance. Revenues outpaced expenditures in the general fund during the current year. The table that follows assists in illustrating the revenues of the general fund.

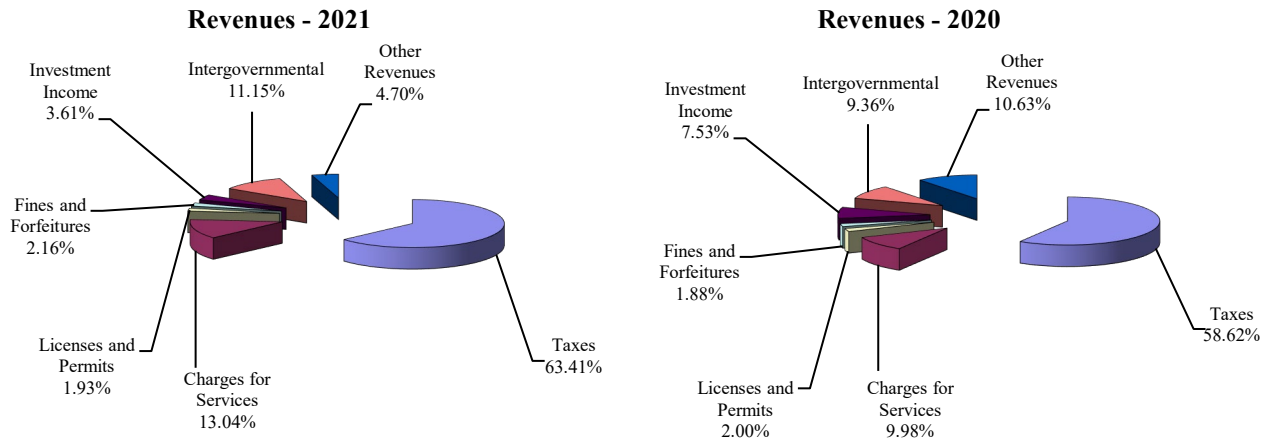
DEFIANCE COUNTY, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u> <u>Amount</u>	<u>2020</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 9,524,690	\$ 8,861,173	\$ 663,517	7.49 %
Charges for services	1,958,376	1,508,335	450,041	29.84 %
Licenses and permits	289,087	301,945	(12,858)	(4.26) %
Fines and forfeitures	324,297	284,046	40,251	14.17 %
Intergovernmental	1,674,858	1,414,560	260,298	18.40 %
Investment income	542,611	1,139,007	(596,396)	(52.36) %
Rental income and other	706,327	1,607,545	(901,218)	(56.06) %
Total	<u>\$ 15,020,246</u>	<u>\$ 15,116,611</u>	<u>\$ (96,365)</u>	<u>(0.64) %</u>

Overall revenues of the general fund decreased \$96,365 or 0.64%. Tax revenues increased \$663,517 or 7.49% mainly due to an increase in sales tax revenues. Charges for services increased \$450,041 or 29.84% mainly due to an increase in auditor, recorder, and clerk of court fees, and indirect costs. Licenses and permits decreased \$12,858 or 4.26% due to a decrease in clerk of court fees. Fines and forfeitures increased \$40,251 or 14.17% mainly due to an increase in clerk of court fines. Intergovernmental revenue increased \$260,298 or 18.40% mainly due to an increase in revenue from grants and other governments. Investment income decreased \$596,396 or 52.36% due to a decrease in interest rates and due to changes in fair market value. Rental and other income decreased \$901,218 or 56.06% due to a decrease in miscellaneous revenues.

The graphs below illustrate the revenues of the general fund for 2021 and 2020.



The table that follows assists in illustrating the expenditures of the general fund.

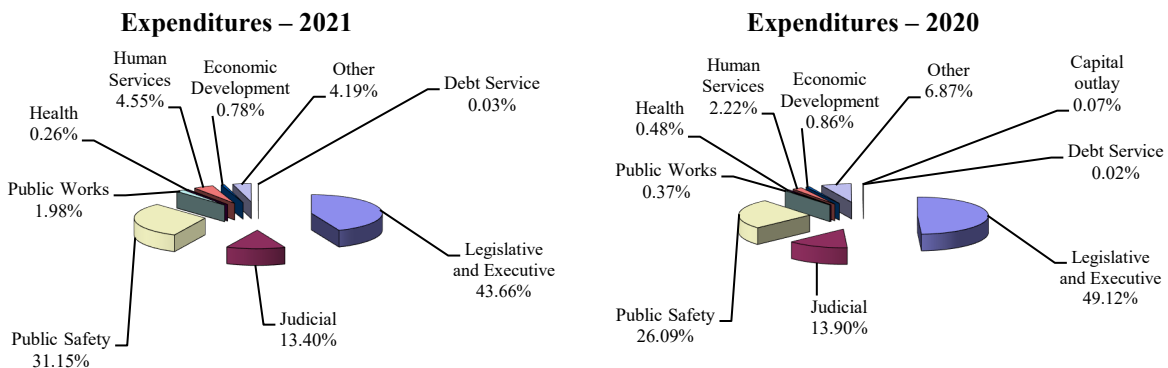
DEFIANCE COUNTY, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u> <u>Amount</u>	<u>2020</u> <u>Amount</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
<u>Expenditures</u>				
General government				
Legislative and executive	\$ 5,718,079	\$ 5,889,738	\$ (171,659)	(2.91) %
Judicial	1,755,747	1,667,167	88,580	5.31 %
Public safety	4,079,270	3,128,817	950,453	30.38 %
Public works	258,911	44,387	214,524	483.30 %
Health	33,888	57,594	(23,706)	(41.16) %
Human services	596,569	265,785	330,784	124.46 %
Economic development	102,733	102,733	-	-
Other	548,303	823,140	(274,837)	(33.39) %
Capital outlay	-	7,936	(7,936)	(100.00) %
Debt service	4,404	3,036	1,368	45.06 %
Total	\$ 13,097,904	\$ 11,990,333	\$ 1,107,571	9.24 %

Overall expenditures of the general fund increased \$1,107,571 or 9.24%. Legislative and executive expenditures decreased \$171,659 or 2.91% due to fluctuations in payments made by the County Commissioners. Judicial expenditures increased \$88,580 or 5.31% due to an increase in payments related to court costs, primarily probate court and common pleas. Public safety expenditures increased \$950,453 or 30.38% primarily due to the increase in sheriff and regional jail costs as well as the costs related to the COVID-19 pandemic. Public works expenditures increased \$214,524 or 483.30% mainly due to an increase in costs related to the County’s renovation and reconstruction projects. Health expenditures decreased \$23,706 or 41.16% due to a decrease in miscellaneous health costs. Human services expenditures increased \$330,784 or 124.46% which can be primarily attributed to fluctuations in expenditures associated with child services provided by the Defiance-Paulding Consolidated Job and Family Services (DPCJFS). The County Commissioners contribute monies to DPCDJFS for child services. Economic development expenditures did not change from the prior year. Other expenditures decreased \$274,837 or 33.39% which can be attributed to fluctuations in miscellaneous costs. Capital outlay decreased \$7,936 as a result of the County beginning a new capital lease during 2020.

The graphs below illustrate the expenditures of the general fund for 2021 and 2020.



DEFIANCE COUNTY, OHIO

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

Developmental Disabilities (DD) Fund

The developmental disabilities (DD) fund, a major governmental fund, had revenues of \$4,887,755 in 2021. The DD fund had expenditures of \$4,747,064 in 2021. The DD fund balance increased \$140,691 from 2020 to 2021, which is mainly attributable to an increase in property taxes and intergovernmental revenues.

Motor Vehicle License and Gas Tax Fund

The motor vehicle license and gas tax fund, a major governmental fund, had revenues and other financing sources of \$7,879,798 in 2021. The motor vehicle license and gas tax fund had expenditures of \$7,649,433 in 2021. The motor vehicle license and gas tax fund balance increased \$230,365 from 2020 to 2021, which is primarily due to a decrease in public work expenditures and an increase in intergovernmental revenues.

Emergency 911 Fund

The emergency 911 fund, a major governmental fund, had revenues of \$1,308,984 in 2021. The emergency 911 fund had expenditures of \$1,500,587 in 2021. The emergency 911 fund balance decreased \$191,603 from 2020 to 2021, which is primarily due to an increase in public safety expenditures offset with an increase in property taxes and intergovernmental revenue.

Senior Center Fund

The senior center fund, a major governmental fund, had revenues of \$1,617,458 in 2021. The senior center fund had expenditures of \$1,214,539 in 2021. The senior center fund balance increased \$402,919 from 2020 to 2021, which is primarily due to an increase in property tax and intergovernmental revenues and a decrease in human services expenditures.

American Rescue Plan Act Fund

The American rescue plan act fund, a major governmental fund, had revenues of \$190,982 and expenditures of \$190,982 in 2021 resulting in no change to the fund balance.

County Improvement Fund

The county improvement fund, a major governmental fund, had expenditures of \$362,651 in 2021. The county improvement fund balance decreased \$362,651 from 2020 to 2021.

Budgeting Highlights - General Fund

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

Budgetary information is presented for the general fund, DD fund, motor vehicle license and gas tax fund, emergency 911 fund, senior center fund, and American rescue plan act fund. In the general fund, the original budgeted revenues and other financing sources were \$11,758,702 and were increased to \$14,302,672 in the final budget. Actual revenues and other financing sources of \$14,711,896 were more than the final budgeted revenues and other financing sources by \$409,224 or 2.86%. In the general fund, the original budgeted appropriations and other financing uses were \$20,094,331. These were increased to \$22,638,302 in the final budget. Actual expenditures and other financing uses of \$14,268,523 were less than final budgeted amounts by \$8,369,779 or 36.97%. This variance is a result of the County's conservative budgeting practices.

DEFIANCE COUNTY, OHIO

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

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail.

Capital Assets and Debt Administration

Capital Assets

At the end of 2021, the County had \$88,468,948 (net of accumulated depreciation) invested in land, easements, construction in progress, land improvements, buildings and improvements, machinery and equipment, vehicles, and infrastructure. Of this total, \$66,760,193 was reported in governmental activities and \$21,708,755 was reported in business-type activities.

The following table shows December 31, 2021 capital asset balances compared to December 31, 2020.

Capital Assets at December 31 (Net of Accumulated Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 1,058,526	\$ 1,058,526	\$ 1,568,701	\$ 1,568,701	\$ 2,627,227	\$ 2,627,227
Easements	250,444	242,641	-	-	250,444	242,641
Land improvements	-	-	10,947,406	7,999,888	10,947,406	7,999,888
Buildings and improvements	16,216,800	16,902,755	1,811,087	1,834,833	18,027,887	18,737,588
Machinery and equipment	1,965,410	1,521,473	1,439,810	1,753,230	3,405,220	3,274,703
Vehicles	2,400,927	2,334,160	463,730	551,169	2,864,657	2,885,329
Roads and bridges	44,841,314	43,257,503	-	-	44,841,314	43,257,503
Water lines	26,772	27,348	-	-	26,772	27,348
Sewer lines	-	-	5,478,021	5,657,672	5,478,021	5,657,672
Construction in progress	-	98,331	-	1,952,888	-	2,051,219
Total	\$ 66,760,193	\$ 65,442,737	\$ 21,708,755	\$ 21,318,381	\$ 88,468,948	\$ 86,761,118

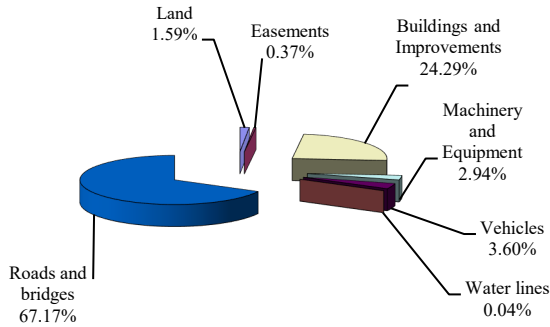
See Note 9 to the basic financial statements for detail on governmental activities and business-type activities capital assets.

DEFIANCE COUNTY, OHIO

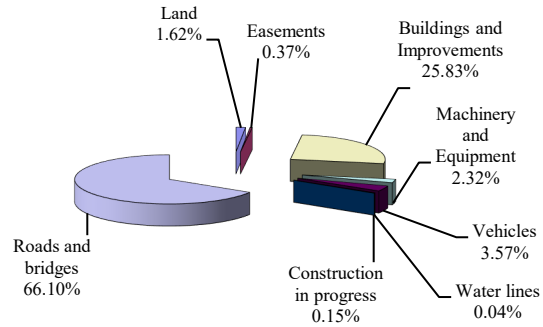
MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021

The following graphs show the breakdown of governmental activities capital assets by category at December 31, 2021 and December 31, 2020.

Capital Assets – Governmental Activities 2021



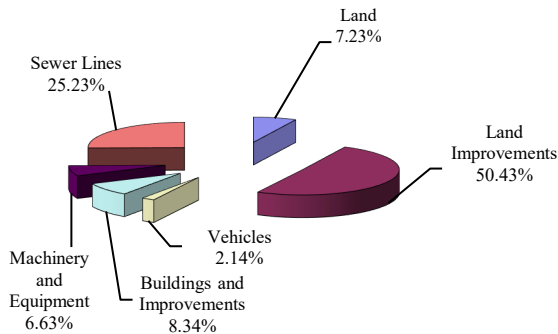
Capital Assets – Governmental Activities 2020



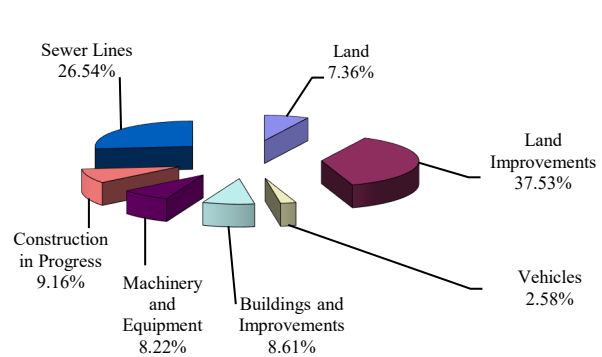
The County’s largest governmental activities capital asset category is infrastructure, which includes roads and bridges. These items are immovable and of value only to the County, however, the annual cost of purchasing these items is quite significant. The net book value of the County’s roads and bridges (cost less accumulated depreciation) represents approximately 67.17% of the County’s total governmental activities capital assets.

The following graphs show the breakdown of business-type activities capital assets by category at December 31, 2021 and December 31, 2020.

Capital Assets – Business-type 2021



Capital Assets – Business-type 2020



The County’s largest business-type activities capital asset category is land improvements. These items play a vital role in the income producing ability of the business-type activities. The net book value of the County’s land improvements (cost less accumulated depreciation) represents approximately 50.43% of the County’s total business-type activities capital assets.

Debt Administration

At December 31, 2021, the County had long-term obligations of \$4,015,000 in general obligation bonds, OWDA loans of \$77,856, capital lease obligations of \$7,787, and closure and postclosure liability outstanding of \$5,481,660. Of this total, \$486,098 is due within one year and \$9,096,205 is due in more than one year.

DEFIANCE COUNTY, OHIO

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

The following table summarizes the short-term and long-term obligations outstanding at December 31, 2021 and December 31, 2020.

	Outstanding Debt, at Year End			
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
	<u>2021</u>	<u>2021</u>	<u>2020</u>	<u>2020</u>
Short-term obligations:				
Bond anticipation notes	\$ -	\$ -	\$ 159,940	\$ -
Long-term obligations:				
General obligation bonds	2,245,000	1,770,000	1,850,000	-
Special assessment bonds	-	-	210,000	-
Sewer revenue bonds	-	-	-	1,781,800
OWDA loans	77,856	-	154,556	-
Capital lease obligations	7,787	-	145,816	-
Closure and postclosure	-	5,481,660	-	5,126,898
Total	<u>\$ 2,330,643</u>	<u>\$ 7,251,660</u>	<u>\$ 2,520,312</u>	<u>\$ 6,908,698</u>

See Notes 16 and 17 to the basic financial statements for detail on governmental activities and business-type activities short-term and long-term obligations (debt administration).

Economic Factors and Next Year's Budgets and Rates

The County's estimated population for 2021 (the latest information available from the U.S. Census Bureau) was approximately 38,286.

As of December 31, 2021, as reported by the Ohio Job and Family Services Office of Workforce Development and Bureau of Labor Market Information, the County's unemployment rate was 3.1%, compared to the 4.5% State rate and the 3.9% national rate.

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 Honorable Jill Little, Defiance County Auditor, 500 Second Street, Suite 301, Defiance, Ohio 43512.

**BASIC
FINANCIAL STATEMENTS**

DEFIANCE COUNTY, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 36,386,054	\$ 18,877,116	\$ 55,263,170
Cash and cash equivalents in segregated accounts	20,047	600	20,647
Receivables (net of allowance for uncollectibles):			
Sales taxes	1,228,092	-	1,228,092
Real estate and other taxes	8,805,501	-	8,805,501
Accounts	654,706	647,770	1,302,476
Due from external parties	26,157	-	26,157
Intergovernmental	4,245,100	-	4,245,100
Special assessments	930,239	-	930,239
Accrued interest	408,747	-	408,747
Loans	1,244,304	-	1,244,304
Internal balances	(14,679)	14,679	-
Prepayments	901,144	63,202	964,346
Materials and supplies inventory	925,434	14,170	939,604
Net pension asset	145,163	9,249	154,412
Net OPEB asset	1,284,281	74,741	1,359,022
Restricted assets:			
Investments	-	6,875,346	6,875,346
Accrued interest	-	28,189	28,189
Capital assets:			
Non-depreciable capital assets	1,308,970	1,568,701	2,877,671
Depreciable capital assets, net	65,451,223	20,140,054	85,591,277
Total capital assets	<u>66,760,193</u>	<u>21,708,755</u>	<u>88,468,948</u>
Total assets	<u>123,950,483</u>	<u>48,313,817</u>	<u>172,264,300</u>
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	38,077	19,939	58,016
Pension	2,000,985	148,984	2,149,969
OPEB	734,205	72,145	806,350
Asset retirement obligation	80,000	-	80,000
Total deferred outflows of resources	<u>2,853,267</u>	<u>241,068</u>	<u>3,094,335</u>
Total assets and deferred outflows of resources	<u>126,803,750</u>	<u>48,554,885</u>	<u>175,358,635</u>
Liabilities:			
Accounts payable	446,663	142,715	589,378
Contracts payable	140,400	99,761	240,161
Accrued wages and benefits	379,556	25,696	405,252
Due to other governments	457,908	115,034	572,942
Accrued interest payable	5,474	3,422	8,896
Asset retirement obligation	80,000	-	80,000
Claims payable	538,377	-	538,377
Payroll withholding payable	123,534	-	123,534
Unearned revenue	3,513,917	-	3,513,917
Long-term liabilities:			
Due within one year	970,447	94,244	1,064,691
Due in more than one year:			
Net pension liability	10,640,498	634,974	11,275,472
Other amounts due in more than one year	2,641,244	7,316,858	9,958,102
Total liabilities	<u>19,938,018</u>	<u>8,432,704</u>	<u>28,370,722</u>
Deferred inflows of resources:			
Real estate and other taxes levied for the next fiscal year	7,393,150	-	7,393,150
Pension	5,007,857	288,978	5,296,835
OPEB	3,726,383	235,584	3,961,967
Total deferred inflows of resources	<u>16,127,390</u>	<u>524,562</u>	<u>16,651,952</u>
Total liabilities and deferred inflows of resources	<u>36,065,408</u>	<u>8,957,266</u>	<u>45,022,674</u>
Net position:			
Net investment in capital assets	64,252,441	19,837,257	84,089,698
Restricted for:			
Debt service	1,263,041	-	1,263,041
Capital projects	620,277	-	620,277
Other purposes	4,384,087	-	4,384,087
Human services programs	864,629	-	864,629
Public works projects	4,142,335	-	4,142,335
Public safety programs	431,338	-	431,338
Health services	4,458,741	-	4,458,741
Landfill closure and postclosure	-	1,421,875	1,421,875
Unrestricted	<u>10,321,453</u>	<u>18,338,487</u>	<u>28,659,940</u>
Total net position	<u>\$ 90,738,342</u>	<u>\$ 39,597,619</u>	<u>\$ 130,335,961</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DEFIANCE COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government:				
Legislative and executive	\$ 3,937,080	\$ 3,716,527	\$ 232	\$ -
Judicial	1,841,708	531,744	414,644	-
Public safety	4,233,143	178,260	494,644	-
Public works	7,329,967	518,309	8,050,412	711,538
Health	3,996,078	288,086	1,666,611	-
Human services	2,125,270	233,069	1,015,423	-
Economic development	1,658,882	5,925	1,027,380	-
Interest and fiscal charges	99,157	-	-	-
Total governmental activities	<u>25,221,285</u>	<u>5,471,920</u>	<u>12,669,346</u>	<u>711,538</u>
Business-type activities:				
Landfill	3,757,465	5,290,189	-	-
Sewer	928,031	747,637	-	-
Total business-type activities	<u>4,685,496</u>	<u>6,037,826</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 29,906,781</u>	<u>\$ 11,509,746</u>	<u>\$ 12,669,346</u>	<u>\$ 711,538</u>

General Revenues:

Property taxes levied for:

 General fund

 Public safety - Emergency 911

 Human services - County Board of DD

 Human services - Senior Center

Sales taxes

Grants and entitlements not restricted to specific programs

Investment income

Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Governmental Activities	Business-type Activities	Total
\$ (220,321)	\$ -	\$ (220,321)
(895,320)	-	(895,320)
(3,560,239)	-	(3,560,239)
1,950,292	-	1,950,292
(2,041,381)	-	(2,041,381)
(876,778)	-	(876,778)
(625,577)	-	(625,577)
(99,157)	-	(99,157)
(6,368,481)	-	(6,368,481)
-	1,532,724	1,532,724
-	(180,394)	(180,394)
-	1,352,330	1,352,330
(6,368,481)	1,352,330	(5,016,151)
2,759,190	-	2,759,190
1,320,828	-	1,320,828
3,066,119	-	3,066,119
1,282,582	-	1,282,582
7,061,207	-	7,061,207
2,250,820	-	2,250,820
543,452	101,411	644,863
701,218	28,663	729,881
18,985,416	130,074	19,115,490
12,616,935	1,482,404	14,099,339
78,121,407	38,115,215	116,236,622
\$ 90,738,342	\$ 39,597,619	\$ 130,335,961

DEFIANCE COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	<u>General</u>	<u>Developmental Disabilities</u>	<u>Motor Vehicle License and Gas Tax</u>	<u>Emergency 911</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 10,168,431	\$ 6,626,470	\$ 2,034,958	\$ 132,683
Cash and cash equivalents in segregated accounts	19,687	45	35	-
Receivables (net of allowance for uncollectibles):				
Sales taxes	1,228,092	-	-	-
Real estate and other taxes	2,826,599	3,194,134	-	1,462,384
Accounts	476,603	-	24,955	-
Due from external parties	26,157	-	-	-
Intergovernmental	688,976	175,592	2,906,885	107,625
Special assessments	-	-	-	-
Accrued interest	408,747	-	-	-
Loans	-	-	-	-
Interfund loans	2,768,791	-	-	-
Due from other funds	47,245	-	26,002	-
Prepayments	768,928	4,853	242	23,023
Materials and supplies inventory	70,262	15,161	804,255	754
Total assets	<u>\$ 19,498,518</u>	<u>\$ 10,016,255</u>	<u>\$ 5,797,332</u>	<u>\$ 1,726,469</u>
Liabilities:				
Accounts payable	\$ 179,970	\$ 77,880	\$ 18,392	\$ 4,439
Contracts payable	140,400	-	-	-
Accrued wages and benefits	180,324	71,251	43,316	22,516
Due to other funds	15,608	12,075	8,615	3,843
Due to other governments	134,546	253,806	20,645	16,937
Interfund loans payable	-	-	-	-
Unearned revenue	-	-	-	-
Payroll withholding payable	123,534	-	-	-
Total liabilities	<u>774,382</u>	<u>415,012</u>	<u>90,968</u>	<u>47,735</u>
Deferred inflows of resources:				
Real estate and other taxes levied for the next fiscal year	2,407,900	2,625,250	-	1,250,000
Sales tax revenue not available	630,095	-	-	-
Delinquent real estate and other tax revenue not available	417,588	567,374	-	211,820
Intergovernmental revenue not available	610,062	175,592	2,468,348	107,625
Special assessments revenue not available	-	-	-	-
Accrued interest not available	216,344	-	-	-
Miscellaneous revenue not available	477	-	-	-
Total deferred inflows of resources	<u>4,282,466</u>	<u>3,368,216</u>	<u>2,468,348</u>	<u>1,569,445</u>
Total liabilities and deferred inflows of resources	<u>5,056,848</u>	<u>3,783,228</u>	<u>2,559,316</u>	<u>1,617,180</u>
Fund balances:				
Nonspendable	3,751,342	20,014	804,497	23,777
Restricted	-	6,213,013	2,433,519	85,512
Committed	64,898	-	-	-
Assigned	7,014,494	-	-	-
Unassigned (deficit)	3,610,936	-	-	-
Total fund balances	<u>14,441,670</u>	<u>6,233,027</u>	<u>3,238,016</u>	<u>109,289</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,498,518</u>	<u>\$ 10,016,255</u>	<u>\$ 5,797,332</u>	<u>\$ 1,726,469</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Senior Center	American Rescue Plan Act	County Improvement	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,387,044	\$ 3,619,675	\$ 1,800,372	\$ 8,598,116	\$ 34,367,749
-	-	-	280	20,047
-	-	-	-	1,228,092
1,322,384	-	-	-	8,805,501
7,543	-	-	143,045	652,146
-	-	-	-	26,157
67,695	-	-	298,327	4,245,100
-	-	-	930,239	930,239
-	-	-	-	408,747
-	-	-	1,244,304	1,244,304
-	-	-	76,296	2,845,087
-	-	-	-	73,247
1,115	-	-	39,623	837,784
4,403	-	-	30,599	925,434
<u>\$ 2,790,184</u>	<u>\$ 3,619,675</u>	<u>\$ 1,800,372</u>	<u>\$ 11,360,829</u>	<u>\$ 56,609,634</u>
\$ 30,517	\$ -	\$ 28,207	\$ 96,530	\$ 435,935
-	-	-	-	140,400
19,607	-	-	42,542	379,556
4,568	105,758	-	11,165	161,632
8,761	-	-	23,213	457,908
-	-	-	2,391,119	2,391,119
-	3,513,917	-	-	3,513,917
-	-	-	-	123,534
<u>63,453</u>	<u>3,619,675</u>	<u>28,207</u>	<u>2,564,569</u>	<u>7,604,001</u>
1,110,000	-	-	-	7,393,150
-	-	-	-	630,095
211,820	-	-	-	1,408,602
70,414	-	-	221,315	3,653,356
-	-	-	930,239	930,239
-	-	-	-	216,344
-	-	-	16,103	16,580
<u>1,392,234</u>	<u>-</u>	<u>-</u>	<u>1,167,657</u>	<u>14,248,366</u>
<u>1,455,687</u>	<u>3,619,675</u>	<u>28,207</u>	<u>3,732,226</u>	<u>21,852,367</u>
5,518	-	-	70,222	4,675,370
1,328,979	-	-	6,843,781	16,904,804
-	-	-	1,127,892	1,192,790
-	-	1,772,165	500,000	9,286,659
-	-	-	(913,292)	2,697,644
<u>1,334,497</u>	<u>-</u>	<u>1,772,165</u>	<u>7,628,603</u>	<u>34,757,267</u>
<u>\$ 2,790,184</u>	<u>\$ 3,619,675</u>	<u>\$ 1,800,372</u>	<u>\$ 11,360,829</u>	<u>\$ 56,609,634</u>

DEFIANCE COUNTY, OHIO

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

Total governmental fund balances	\$	34,757,267
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		66,760,193
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.		
Sales taxes receivable	\$ 630,095	
Real estate and other taxes receivable	1,408,602	
Intergovernmental receivable	3,653,356	
Special assessments receivable	930,239	
Accrued interest receivable	216,344	
Miscellaneous revenue receivable	16,580	
Total	6,855,216	6,855,216
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		1,140,878
An interfund receivable is recorded in governmental activities to reflect underpayments to the internal service fund by the business-type activities.		13,980
Unamortized premiums on bond issuances are not recognized in the funds.		(152,642)
Unamortized deferred amounts on refundings are not recognized in the funds.		38,077
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(5,474)

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DEFIANCE COUNTY, OHIO

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

The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.

Net pension asset	145,163	
Deferred outflows of resources	2,000,985	
Deferred inflows of resources	(5,007,857)	
Net pension liability	(10,640,498)	
Total	(13,502,207)	(13,502,207)

The net OPEB asset is not available to pay for current period expenditures and is not due and payable in the current period, respectively; therefore, the asset and related deferred inflows/outflows are not reported in governmental funds.

Net OPEB asset	1,284,281	
Deferred outflows of resources	734,205	
Deferred inflows of resources	(3,726,383)	
Total	(1,707,897)	(1,707,897)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

General obligation bonds payable	(2,245,000)	
OWDA loan payable	(77,856)	
Compensated absences payable	(1,128,406)	
Capital leases payable	(7,787)	
Total	(3,459,049)	(3,459,049)

Net position of governmental activities		\$ 90,738,342
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DEFIANCE COUNTY, OHIO

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

	<u>General</u>	<u>Developmental Disabilities</u>	<u>Motor Vehicle License and Gas Tax</u>	<u>Emergency 911</u>
Revenues:				
Property taxes	\$ 2,540,588	\$ 2,769,109	\$ -	\$ 1,209,943
Sales taxes	6,984,102	-	-	-
Special assessments	-	-	-	-
Charges for services	1,958,376	119,213	17	-
Licenses and permits	289,087	-	-	-
Fines and forfeitures	324,297	-	23,959	-
Intergovernmental	1,674,858	1,956,245	7,817,292	98,191
Investment income	542,611	-	9,120	-
Rental income	377,929	-	-	-
Contributions and donations	-	9,866	-	-
Other	328,398	33,322	24,411	850
Total revenues	<u>15,020,246</u>	<u>4,887,755</u>	<u>7,874,799</u>	<u>1,308,984</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	5,718,079	-	-	-
Judicial	1,755,747	-	-	-
Public safety	4,079,270	-	-	1,354,246
Public works	258,911	-	7,649,433	-
Health	33,888	4,747,064	-	-
Human services	596,569	-	-	-
Economic development	102,733	-	-	-
Other	548,303	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	3,908	-	-	134,121
Interest and fiscal charges	496	-	-	12,220
Bond issuance costs	-	-	-	-
Total expenditures	<u>13,097,904</u>	<u>4,747,064</u>	<u>7,649,433</u>	<u>1,500,587</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,922,342</u>	<u>140,691</u>	<u>225,366</u>	<u>(191,603)</u>
Other financing sources (uses):				
Issuance of bonds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	10,456	-	4,999	-
Transfers out	(962,597)	-	-	-
Premium on bond issuance	-	-	-	-
Total other financing sources (uses)	<u>(952,141)</u>	<u>-</u>	<u>4,999</u>	<u>-</u>
Net change in fund balances	970,201	140,691	230,365	(191,603)
Fund balances at beginning of year	<u>13,471,469</u>	<u>6,092,336</u>	<u>3,007,651</u>	<u>300,892</u>
Fund balances at end of year	<u>\$ 14,441,670</u>	<u>\$ 6,233,027</u>	<u>\$ 3,238,016</u>	<u>\$ 109,289</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Senior Center</u>	<u>American Rescue Plan Act</u>	<u>County Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,171,697	\$ -	\$ -	\$ -	\$ 7,691,337
-	-	-	-	6,984,102
-	-	-	707,117	707,117
98,260	-	-	1,206,291	3,382,157
-	-	-	-	289,087
-	-	-	125,015	473,271
335,552	185,060	-	3,147,295	15,214,493
-	5,922	-	23,903	581,556
-	-	-	166,181	544,110
695	-	-	40,410	50,971
11,254	-	-	322,600	720,835
<u>1,617,458</u>	<u>190,982</u>	<u>-</u>	<u>5,738,812</u>	<u>36,639,036</u>
-	-	-	699,723	6,417,802
-	-	-	635,214	2,390,961
-	190,982	-	390,284	6,014,782
-	-	-	130,386	8,038,730
-	-	-	156,880	4,937,832
1,214,539	-	-	1,031,112	2,842,220
-	-	-	1,556,149	1,658,882
-	-	-	2,031	550,334
-	-	362,651	1,482,122	1,844,773
-	-	-	496,700	634,729
-	-	-	29,999	42,715
-	-	-	75,284	75,284
<u>1,214,539</u>	<u>190,982</u>	<u>362,651</u>	<u>6,685,884</u>	<u>35,449,044</u>
<u>402,919</u>	<u>-</u>	<u>(362,651)</u>	<u>(947,072)</u>	<u>1,189,992</u>
-	-	-	2,665,000	2,665,000
-	-	-	(2,114,895)	(2,114,895)
-	-	-	959,438	974,893
-	-	-	(12,296)	(974,893)
-	-	-	187,532	187,532
-	-	-	1,684,779	737,637
402,919	-	(362,651)	737,707	1,927,629
931,578	-	2,134,816	6,890,896	32,829,638
<u>\$ 1,334,497</u>	<u>\$ -</u>	<u>\$ 1,772,165</u>	<u>\$ 7,628,603</u>	<u>\$ 34,757,267</u>

DEFIANCE COUNTY, OHIO

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

Net change in fund balances - total governmental funds	\$	1,927,629
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.		
Capital outlay	\$ 4,410,888	
Depreciation expense	<u>(3,067,881)</u>	
Total		1,343,007
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(25,551)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	737,382	
Sales taxes	77,105	
Special assessments	79,807	
Intergovernmental	340,492	
Investment income	(15,985)	
Other	<u>(19,617)</u>	
Total		1,199,184
The issuance of bonds are recorded as an other financing source in the funds, but increase long-term liabilities on the statement of net position.		(2,665,000)
Payment to refunded bond escrow agent for the retirement of bonds is an other financing use in the governmental funds but the payment reduces long-term liabilities on the statement of net position. Deferred charges related to bond refundings are amortized over the life of the issuance in the statement of activities.		
The following refunding transactions occurred during the year:		
Bonds refunded, including refunded unamortized premiums	2,068,115	
Deferred charges on refundings	<u>46,780</u>	
Total		2,114,895
Premiums on bonds are amortized over the life of the issuance in the statement of activities.		(187,532)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported in the statement of activities.		
Decrease in accrued interest payable	4,727	
Amortization of bond premium	34,890	
Amortization of deferred charges on refundings	<u>(20,775)</u>	
Total		18,842
Principal payments are expenditures in the governmental funds, but the repayments reduce long-term liabilities on the statement of net position.		
General obligation bonds payable	420,000	
Loans payable	76,700	
Capital leases payable	<u>138,029</u>	
Total		634,729

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DEFIANCE COUNTY, OHIO

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

Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

Pension	1,477,817	
OPEB	9,983	
Total	1,487,800	1,487,800

Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities.

Pension	(164,645)	
OPEB	7,083,791	
Total	6,919,146	6,919,146

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

126,877

The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund (less the \$41,031 internal activity) is allocated among the governmental activities.

(277,091)

Change in net position of governmental activities

\$ 12,616,935

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DEFIANCE COUNTY, OHIO

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 2,407,500	\$ 2,525,944	\$ 2,525,944	\$ -
Sales taxes	5,200,000	6,350,023	6,914,154	564,131
Charges for services	1,197,750	1,601,798	1,643,277	41,479
Licenses and permits	1,900	2,931	2,931	-
Fines and forfeitures	263,200	329,820	329,820	-
Intergovernmental	1,268,871	1,628,011	1,628,011	-
Investment income	617,981	1,048,154	940,005	(108,149)
Rental income	250,000	305,203	324,621	19,418
Other	550,500	417,576	309,921	(107,655)
Total revenues	<u>11,757,702</u>	<u>14,209,460</u>	<u>14,618,684</u>	<u>409,224</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	6,191,734	6,566,780	5,609,817	956,963
Judicial	1,792,059	1,926,465	1,779,388	147,077
Public safety	4,550,279	4,787,521	4,183,108	604,413
Public works	500,000	500,000	264,686	235,314
Health	111,398	91,398	40,193	51,205
Human services	978,853	998,415	615,185	383,230
Economic development	103,000	103,000	102,733	267
Capital outlay	475,000	475,000	-	475,000
Other	3,365,455	2,836,790	539,603	2,297,187
Total expenditures	<u>18,067,778</u>	<u>18,285,369</u>	<u>13,134,713</u>	<u>5,150,656</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,310,076)</u>	<u>(4,075,909)</u>	<u>1,483,971</u>	<u>5,559,880</u>
Other financing sources (uses):				
Advances in	-	72,356	72,356	-
Advances out	-	(146,700)	(146,700)	-
Transfers in	-	10,456	10,456	-
Transfers out	-	(987,110)	(987,110)	-
Sale of capital assets	1,000	10,400	10,400	-
Contingencies	(2,026,553)	(3,219,123)	-	3,219,123
Total other financing sources (uses)	<u>(2,025,553)</u>	<u>(4,259,721)</u>	<u>(1,040,598)</u>	<u>3,219,123</u>
Net change in fund balances	(8,335,629)	(8,335,630)	443,373	8,779,003
Fund balance at beginning of year	7,700,005	7,700,005	7,700,005	-
Prior year encumbrances appropriated	647,239	647,239	647,239	-
Fund balance at end of year	<u>\$ 11,615</u>	<u>\$ 11,614</u>	<u>\$ 8,790,617</u>	<u>\$ 8,779,003</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DEFIANCE COUNTY, OHIO

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 2,595,250	\$ 2,595,250	\$ 2,751,121	\$ 155,871
Charges for services	-	-	119,213	119,213
Intergovernmental	1,568,260	1,568,260	1,987,274	419,014
Contributions and donations	-	-	9,866	9,866
Other	91,670	91,670	33,329	(58,341)
Total revenues	<u>4,255,180</u>	<u>4,255,180</u>	<u>4,900,803</u>	<u>645,623</u>
Expenditures:				
Current:				
Health	<u>5,716,350</u>	<u>5,716,350</u>	<u>4,441,051</u>	<u>1,275,299</u>
Net change in fund balances	(1,461,170)	(1,461,170)	459,752	1,920,922
Fund balance at beginning of year	6,043,455	6,043,455	6,043,455	-
Prior year encumbrances appropriated	27,988	27,988	27,988	-
Fund balance at end of year	<u>\$ 4,610,273</u>	<u>\$ 4,610,273</u>	<u>\$ 6,531,195</u>	<u>\$ 1,920,922</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DEFIANCE COUNTY, OHIO

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 1,000	\$ 13	\$ 17	\$ 4
Fines and forfeitures	10,000	21,047	21,047	-
Intergovernmental	5,641,000	7,964,208	7,804,798	(159,410)
Investment income	12,000	9,120	9,120	-
Other	2,000	22,004	23,288	1,284
Total revenues	<u>5,666,000</u>	<u>8,016,392</u>	<u>7,858,270</u>	<u>(158,122)</u>
Expenditures:				
Current:				
Public works	<u>7,657,036</u>	<u>10,007,428</u>	<u>8,178,785</u>	<u>1,828,643</u>
Excess of expenditures over revenues	<u>(1,991,036)</u>	<u>(1,991,036)</u>	<u>(320,515)</u>	<u>1,670,521</u>
Other financing sources:				
Transfers in	<u>4,999</u>	<u>4,999</u>	<u>4,999</u>	<u>-</u>
Total other financing sources	<u>4,999</u>	<u>4,999</u>	<u>4,999</u>	<u>-</u>
Net change in fund balances	(1,986,037)	(1,986,037)	(315,516)	1,670,521
Fund balance at beginning of year	1,831,022	1,831,022	1,831,022	-
Prior year encumbrances appropriated	<u>155,015</u>	<u>155,015</u>	<u>155,015</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,670,521</u>	<u>\$ 1,670,521</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DEFIANCE COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 EMERGENCY 911 FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 1,250,000	\$ 1,202,816	\$ 1,202,816	\$ -
Intergovernmental	145,000	98,191	98,191	-
Other	-	850	850	-
Total revenues	<u>1,395,000</u>	<u>1,301,857</u>	<u>1,301,857</u>	<u>-</u>
Expenditures:				
Current:				
Public safety	<u>1,677,451</u>	<u>1,584,308</u>	<u>1,502,426</u>	<u>81,882</u>
Net change in fund balances	(282,451)	(282,451)	(200,569)	81,882
Fund balance at beginning of year	276,868	276,868	276,868	-
Prior year encumbrances appropriated	5,583	5,583	5,583	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,882</u>	<u>\$ 81,882</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DEFIANCE COUNTY, OHIO

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 1,110,000	\$ 1,164,629	\$ 1,164,629	\$ -
Charges for services	81,000	95,531	98,260	2,729
Intergovernmental	353,544	339,679	342,899	3,220
Contributions and donations	1,500	695	695	-
Other	6,000	11,030	11,030	-
Total revenues	<u>1,552,044</u>	<u>1,611,564</u>	<u>1,617,513</u>	<u>5,949</u>
Expenditures:				
Current:				
Human services	<u>2,496,609</u>	<u>2,556,129</u>	<u>1,245,446</u>	<u>1,310,683</u>
Net change in fund balances	(944,565)	(944,565)	372,067	1,316,632
Fund balance at beginning of year	904,142	904,142	904,142	-
Prior year encumbrances appropriated	40,423	40,423	40,423	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,316,632</u>	<u>\$ 1,316,632</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DEFIANCE COUNTY, OHIO

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ 3,698,977	\$ 3,698,977	-
Investment income	-	5,922	5,922	-
Total revenues	-	3,704,899	3,704,899	-
Expenditures:				
Current:				
Public safety	-	3,704,899	85,224	3,619,675
Net change in fund balances	-	-	3,619,675	3,619,675
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,619,675</u>	<u>\$ 3,619,675</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DEFIANCE COUNTY, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Fund
	<u>Landfill</u>	<u>Sewer</u>	<u>Total</u>	
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 17,746,937	\$ 1,130,179	\$ 18,877,116	\$ 2,018,305
Cash and cash equivalents in segregated accounts	500	100	600	-
Receivables (net of allowance for uncollectibles):				
Accounts	532,728	115,042	647,770	2,560
Interfund loans	285,515	-	285,515	-
Due from other funds	21	-	21	105,758
Prepayments	60,658	2,544	63,202	63,360
Materials and supplies inventory	7,156	7,014	14,170	-
Total current assets	<u>18,633,515</u>	<u>1,254,879</u>	<u>19,888,394</u>	<u>2,189,983</u>
Noncurrent assets:				
Net pension asset	7,546	1,703	9,249	-
Net OPEB asset	60,982	13,759	74,741	-
Restricted assets:				
Investments	6,875,346	-	6,875,346	-
Accrued interest receivable	28,189	-	28,189	-
Total restricted assets	<u>6,903,535</u>	<u>-</u>	<u>6,903,535</u>	<u>-</u>
Capital assets:				
Non-depreciable capital assets	1,279,731	288,970	1,568,701	-
Depreciable capital assets, net	11,316,011	8,824,043	20,140,054	-
Total capital assets, net	<u>12,595,742</u>	<u>9,113,013</u>	<u>21,708,755</u>	<u>-</u>
Total noncurrent assets	<u>19,567,805</u>	<u>9,128,475</u>	<u>28,696,280</u>	<u>-</u>
Total assets	<u>38,201,320</u>	<u>10,383,354</u>	<u>48,584,674</u>	<u>2,189,983</u>
Deferred outflows of resources:				
Unamortized deferred charges on debt refunding	-	19,939	19,939	-
Pension	132,034	16,950	148,984	-
OPEB	65,246	6,899	72,145	-
Total deferred outflows of resources	<u>197,280</u>	<u>43,788</u>	<u>241,068</u>	<u>-</u>
Liabilities:				
Current liabilities:				
Accounts payable	80,182	62,533	142,715	10,728
Contracts payable	99,761	-	99,761	-
Accrued wages and benefits	20,839	4,857	25,696	-
Compensated absences payable	41,980	12,264	54,244	-
Due to other funds	13,307	4,087	17,394	-
Due to other governments	112,830	2,204	115,034	-
Interfund loans payable	-	239,483	239,483	500,000
Accrued interest payable	-	3,422	3,422	-
General obligation bonds payable	-	40,000	40,000	-
Claims payable	-	-	-	538,377
Total current liabilities	<u>368,899</u>	<u>368,850</u>	<u>737,749</u>	<u>1,049,105</u>
Long-term liabilities:				
Liabilities payable from restricted assets:				
Closure and postclosure payable	5,481,660	-	5,481,660	-
Compensated absences	51,670	31,852	83,522	-
General obligation bonds payable	-	1,751,676	1,751,676	-
Net pension liability	518,080	116,894	634,974	-
Total long-term liabilities	<u>6,051,410</u>	<u>1,900,422</u>	<u>7,951,832</u>	<u>-</u>
Total liabilities	<u>6,420,309</u>	<u>2,269,272</u>	<u>8,689,581</u>	<u>1,049,105</u>
Deferred inflows of resources:				
Pension	232,753	56,225	288,978	-
OPEB	190,409	45,175	235,584	-
Total deferred inflows of resources	<u>423,162</u>	<u>101,400</u>	<u>524,562</u>	<u>-</u>
Net position:				
Net investment in capital assets	12,495,981	7,341,276	19,837,257	-
Restricted for closure and postclosure	1,421,875	-	1,421,875	-
Unrestricted	17,637,273	715,194	18,352,467	1,140,878
Total net position	<u>\$ 31,555,129</u>	<u>\$ 8,056,470</u>	<u>39,611,599</u>	<u>\$ 1,140,878</u>
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds			(13,980)	
Net position of business-type activities			<u>\$ 39,597,619</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DEFIANCE COUNTY, OHIO

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

	<u>Business-type Activities - Enterprise Funds</u>			Governmental
	<u>Landfill</u>	<u>Sewer</u>	<u>Total</u>	Activities - Internal Service Fund
Operating revenues:				
Charges for services	\$ 5,290,189	\$ 747,637	\$ 6,037,826	\$ 3,823,385
Other	26,507	2,156	28,663	-
Total operating revenues	<u>5,316,696</u>	<u>749,793</u>	<u>6,066,489</u>	<u>3,823,385</u>
Operating expenses:				
Personal services	353,443	101,097	454,540	-
Contract services	880,308	52,383	932,691	288,107
Materials and supplies	218,744	31,132	249,876	-
Other	1,264,810	362,860	1,627,670	-
Claims	-	-	-	3,853,400
Closure and postclosure	354,762	-	354,762	-
Depreciation	657,680	305,934	963,614	-
Total operating expenses	<u>3,729,747</u>	<u>853,406</u>	<u>4,583,153</u>	<u>4,141,507</u>
Operating income (loss)	<u>1,586,949</u>	<u>(103,613)</u>	<u>1,483,336</u>	<u>(318,122)</u>
Nonoperating revenues (expenses):				
Interest revenue	101,411	-	101,411	-
Interest expense and fiscal charges	-	(11,328)	(11,328)	-
Bond issuance costs	-	(49,984)	(49,984)	-
Total nonoperating revenues (expenses)	<u>101,411</u>	<u>(61,312)</u>	<u>40,099</u>	<u>-</u>
Change in net position	1,688,360	(164,925)	1,523,435	(318,122)
Net position at beginning of year	<u>29,866,769</u>	<u>8,221,395</u>		<u>1,459,000</u>
Net position at end of year	<u>\$ 31,555,129</u>	<u>\$ 8,056,470</u>		<u>\$ 1,140,878</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(41,031)	
Change in net position of business-type activities			<u>\$ 1,482,404</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DEFIANCE COUNTY, OHIO

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

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Fund
	<u>Landfill</u>	<u>Sewer</u>	<u>Total</u>	
Cash flows from operating activities:				
Cash received from charges for services	\$ 5,171,063	\$ 773,000	\$ 5,944,063	\$ 3,822,358
Cash received from other operating revenue	26,573	5,579	32,152	-
Cash received from special assessments	-	7,509	7,509	-
Cash payments for personal services	(711,568)	(188,030)	(899,598)	-
Cash payments for contract services	(828,227)	(56,659)	(884,886)	(284,172)
Cash payments for materials and supplies	(191,840)	(36,096)	(227,936)	-
Cash payments for claims	-	-	-	(3,799,883)
Cash payments for other expenses	(1,249,993)	(359,731)	(1,609,724)	-
Net cash provided by (used in) operating activities	<u>2,216,008</u>	<u>145,572</u>	<u>2,361,580</u>	<u>(261,697)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(4,148,225)	(77,760)	(4,225,985)	-
Bonds proceeds	-	1,830,000	1,830,000	-
Premium on bonds	-	22,280	22,280	-
Payment to refunded bond escrow agent	-	(1,802,295)	(1,802,295)	-
Bond issuance costs	-	(49,984)	(49,984)	-
Principal payments on bonds	-	(60,000)	(60,000)	-
Interest payments on bonds	-	(12,531)	(12,531)	-
Net cash used in capital and related financing activities	<u>(4,148,225)</u>	<u>(150,290)</u>	<u>(4,298,515)</u>	<u>-</u>
Cash flows from investing activities:				
Cash received from interest	133,590	-	133,590	-
Net cash provided by maturities of investments	3,313,387	-	3,313,387	-
Net cash payments for purchases of investments	(623,931)	-	(623,931)	-
Net cash provided by investing activities	<u>2,823,046</u>	<u>-</u>	<u>2,823,046</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	890,829	(4,718)	886,111	(261,697)
Cash and cash equivalents at beginning of year	<u>16,856,608</u>	<u>1,134,997</u>	<u>17,991,605</u>	<u>2,280,002</u>
Cash and cash equivalents at end of year	<u>\$ 17,747,437</u>	<u>\$ 1,130,279</u>	<u>\$ 18,877,716</u>	<u>\$ 2,018,305</u>

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DEFIANCE COUNTY, OHIO

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

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Landfill	Sewer	Total	
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 1,586,949	\$ (103,613)	\$ 1,483,336	\$ (318,122)
Adjustments:				
Depreciation	657,680	305,934	963,614	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
(Increase) decrease in accounts receivable	(119,126)	36,295	(82,831)	(1,027)
(Increase) decrease in due from other funds	66	-	66	(105,758)
(Increase) decrease in prepayments	(128)	102	(26)	(3,913)
(Increase) in materials and supplies inventory	(1,726)	(4,677)	(6,403)	-
(Increase) in net pension asset	(3,066)	(534)	(3,600)	-
(Increase) in net OPEB asset	(60,982)	(13,759)	(74,741)	-
(Increase) decrease in deferred outflows - pension	(19,823)	9,712	(10,111)	-
Decrease in deferred outflows - OPEB	11,116	11,022	22,138	-
Increase in accounts payable	25,418	638	26,056	7,848
Increase in contracts payable	76,508	-	76,508	-
Increase in accrued wages and benefits	3,805	805	4,610	-
Increase in closure and postclosure payable	354,762	-	354,762	-
(Decrease) in due to other funds	(22,788)	(160)	(22,948)	-
Increase in claims payable	-	-	-	159,275
(Decrease) increase in due to other governments	20,965	(1,147)	19,818	-
Increase in compensated absences payable	10,194	17,711	27,905	-
(Decrease) in net pension liability	(91,918)	(42,236)	(134,154)	-
(Decrease) in net OPEB liability	(416,026)	(108,529)	(524,555)	-
Increase in deferred inflows - pension	82,968	13,141	96,109	-
Increase in deferred inflows - OPEB	121,160	24,867	146,027	-
Net cash provided by (used in) operating activities	<u>\$ 2,216,008</u>	<u>\$ 145,572</u>	<u>\$ 2,361,580</u>	<u>\$ (261,697)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DEFIANCE COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2021

	<u>Custodial</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 11,176,817
Cash in segregated accounts	756,658
Receivables:	
Real estate and other taxes	56,608,211
Due from other governments	2,367,562
Accounts	2,062
Special assessments	<u>532,820</u>
Total assets	<u>71,444,130</u>
Liabilities:	
Accounts payable	17
Due to external party	26,157
Due to other governments	<u>59,211,204</u>
Total liabilities	<u>59,237,378</u>
Net position:	
Restricted for individuals, organizations and other governments	<u>12,206,752</u>
Total net position	<u>\$ 12,206,752</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DEFIANCE COUNTY, OHIO

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

	Custodial
Additions:	
Intergovernmental	\$ 4,697,837
Amounts received as fiscal agent	19,901,474
Licenses, permits and fees for other governments	13,941,149
Property tax collection for other governments	41,064,186
Earnings on investments	244
Other custodial fund collections	8,279
Total additions	79,613,169
Deductions:	
Distributions of state funds to other governments	4,678,683
Distributions as fiscal agent	18,417,598
Distributions on behalf of employees	17
Licenses, permits and fees distributions to other governments	13,853,689
Property tax distributions to other governments	40,858,590
Other custodial fund disbursements	8,557
Total deductions	77,817,134
Net change in fiduciary net position	1,786,593
Net position beginning of year	10,420,159
Net position end of year	\$ 12,206,752

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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DEFIANCE COUNTY, OHIO

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

NOTE 1 - DESCRIPTION OF THE COUNTY

A. The County

Defiance County, Ohio (the "County") was created in 1845. 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, a Common Pleas Court Judge, a Juvenile/Probate Court Judge, Engineer, Clerk of Courts, Coroner, Prosecuting Attorney and Sheriff. 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 chief administrators of public services for the entire County.

B. Reporting Entity

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

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 basic financial statements include all funds, agencies, boards, commissions and component units for which the County and the County Commissioners are "accountable". Accountability as defined in GASB Statement No. 14, GASB Statement No. 39 and GASB Statement No. 61 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's basic financial statements to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of the PCU's Board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County. The County does not have any component units.

The primary government of the County consists of all funds, departments, boards, and agencies that are not legally separate from the County. For the County, this includes the Board of Developmental Disabilities and all departments and activities that are operated directly by the elected County officials.

The County participates in ten jointly governed organizations, the Northwest Ohio Juvenile Detention, Training, and Rehabilitation Center; Four County Board of Alcohol, Drug Addiction and Mental Health Services; Corrections Commission of Northwest Ohio; Four County Solid Waste District; Multi-Area Narcotics Task Force; Quadco Rehabilitation Center; Maumee Valley Planning Organization; the Community Improvement Corporation of Defiance County; Northwest Ohio Waiver Administration Council and Defiance-Paulding Consolidated Department of Job and Family Services. (See Note 20).

The County participates in two insurance pools, the County Commissioners Association Service Corporation and the Northern Buckeye Health Plan – Northwest Division of Optimal Health Initiative Consortium (See Note 21).

The County is associated with one related organization, the Defiance County Regional Airport Authority (See Note 22).

The financial statements of Defiance County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the County's accounting policies.

DEFIANCE COUNTY, OHIO

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

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

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

B. 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. The funds of the County are reported in three categories: 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. Current liabilities and deferred inflows of resources are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the County's major governmental funds:

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

Developmental disabilities fund - This fund accounts for State monies and tax levy monies used to support Good Samaritan School and help the developmentally disabled within the County in a residential and group home environment. It also provides aid to families who have developmentally disabled family members with challenges such as providing handicap accessibility and associated programs.

DEFIANCE COUNTY, OHIO

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

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

Motor vehicle license and gas tax fund - This fund accounts for revenues derived from the sale of motor vehicle licenses, gasoline taxes and interest which are restricted by State law to county road and bridge repair/improvement programs. This fund also accounts for court fines collected for the county engineer for road and bridge improvements.

Emergency 911 fund - This fund accounts for tax levy monies used for the operation and maintenance of the County's 911 system.

Senior center fund - This fund accounts for tax levy monies, donations, and federal, State and local monies used for senior citizen programs.

American rescue plan act fund - This fund accounts for monies received from the federal government as part of the American Rescue Plan Act of 2021. This Act provides additional relief to address the continued impact of the COVID-19 pandemic.

County improvement fund - This fund accounts for monies used for various capital projects throughout the County.

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

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

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the County's major enterprise funds:

Landfill fund - This fund accounts for the operations of the County landfill.

Sewer fund - This fund accounts for the provision of wastewater treatment services to residential and commercial users within the County.

Internal Service Fund - The internal service fund accounts for the financing of services provided by one department to other departments of the County on a cost reimbursement basis. The County's internal service fund accounts for the activities of the self-insurance program for employee health care benefits.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and 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 did not have any trust funds in 2021. Custodial funds are custodial in nature (assets plus deferred outflows of resources equals liabilities plus deferred inflows of resources) and do not involve measurement of results of operations. The County's custodial funds account for assets held by the County for political subdivisions in which the County acts as fiscal agent, and for taxes, State-levied shared revenues and fines and forfeitures collected and distributed to other political subdivisions.

DEFIANCE COUNTY, OHIO

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

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

C. Measurement Focus

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

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

Like the government-wide financial statements, the proprietary funds are accounted for using a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows reflects how the County finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

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

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

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, sales taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (See Note 8). Revenue from sales taxes is recognized in the year in which the sales are made (See Note 7). Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

DEFIANCE COUNTY, OHIO

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

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

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: sales taxes, charges for services, fines and forfeitures, State-levied locally shared taxes (including gasoline tax and motor vehicle license tax), grants and interest.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the County, See Notes 13 and 14 for deferred outflows of resources related to the County's net pension liability and net OPEB liability, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding and asset retirement obligation. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to asset retirement obligations is originally measured at the amount of the corresponding liability. This amount is amortized in a systematic and rational manner over the tangible asset's useful life.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2021, but which were levied to finance 2022 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the County, unavailable revenue includes, but is not limited to, delinquent property taxes, sales tax, intergovernmental grants, special assessments, and accrued interest. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the County, see Notes 13 and 14 for deferred inflows of resources related to the County's net pension liability (asset) and net OPEB liability (asset), respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis, expenses are recognized at the time they are incurred.

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

E. Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. Budgetary information for the juvenile probation accounts and an account held for a child in custodial care are not reported in the general fund because they are not included in the entity for which the "appropriated budget" is adopted. The major documents prepared are the certificate of estimated resources and the appropriations resolution, both of which are prepared on the budgetary basis of accounting.

The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund, program, department and object level for all funds.

DEFIANCE COUNTY, OHIO

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

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the 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 appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the County Commissioners during the year.

F. Cash and Investments

To improve cash management, cash received by the County is pooled and invested. Individual fund integrity is maintained through County records. Interest in the pool is presented as “equity in pooled cash and cash equivalents”.

Cash and cash equivalents that are held separately within departments of the County and not included in the County Treasury are recorded as “cash and cash equivalents in segregated accounts”.

During 2021, the County invested in nonnegotiable certificates of deposit, negotiable certificates of deposit, money market mutual funds, municipal bonds, federal agency securities, and a repurchase agreement. Investments are reported at fair value, except for nonnegotiable certificates of deposit and the money market mutual funds, which are both reported at cost. Fair value is based on quoted market prices.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest revenue credited to the general fund during 2021 was \$542,611, which includes \$366,582 assigned from other County funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

G. Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2021 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. Prepaid items are equally offset by nonspendable fund balance in the governmental funds. This indicates that prepaid items do not constitute available expendable resources even though they are a component of net current assets.

DEFIANCE COUNTY, OHIO

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

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

I. Inventory

Inventory is presented at cost on a first-in, first-out basis, and is expended/expensed when used. Inventory consists of expendable supplies held for consumption. Inventory is equally offset by nonspendable fund balance in the governmental funds. This indicates that inventory does not constitute available expendable resources even though it is a component of net current assets.

J. Loans Receivable

Loans receivable represent the right to receive repayment for certain loans made by the County. These loans are based upon written agreements between the County and the various loan recipients. Loans receivable are reported net of allowance for doubtful accounts on the basic financial statements. Reported loans receivable is offset by nonspendable fund balance in the governmental funds for the long-term portion not expected to be collected in the subsequent year. This indicates that it does not constitute available expendable resources even though it is a component of net current assets.

K. 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 imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets in the landfill fund represent amounts required by the Environmental Protection Agency (EPA) to be set-aside for closure and postclosure costs.

L. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column on the government-wide statement of net position, but are not reported on the fund financial statements. Capital assets used by the proprietary funds are reported in both the business-type activities column on the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their acquisition value on the date donated. The County maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

All capital assets are depreciated, except for land, easements, and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Buildings and improvements	20 - 150 years	50 years
Land improvements	N/A	50 years
Roads and bridges	15 - 100 years	N/A
Machinery and equipment	5 - 20 years	5 - 20 years
Vehicles	8 - 15 years	8 - 15 years
Sewer lines	N/A	50 years
Waterlines	50 years	N/A

DEFIANCE COUNTY, OHIO

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

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

M. Interfund Receivables/Payables

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “interfund loans receivable/payable” and “due from/to other funds”, respectively. Interfund balances are eliminated on the statement of net position, except for any net residual amounts due between governmental activities and business-type activities. These amounts are presented as “internal balances”.

N. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the County has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the County's union contracts or departmental personnel policies. The County records a liability for accumulated unused sick leave for any employee with ten years of service with the County.

O. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims, judgements and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. General obligation bonds, special assessment bonds, bond anticipation notes, various loans, and capital leases paid from governmental funds are recognized as liabilities on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

On the government-wide financial statements, bond premiums are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premiums.

P. Net Position

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

The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

DEFIANCE COUNTY, OHIO

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

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

Q. Fund Balance

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

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

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

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

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

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

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

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for landfill and sewer services, as well as charges for health insurance in the internal service fund. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

DEFIANCE COUNTY, OHIO

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

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

S. Interfund Transactions

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

T. 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 management and are either unusual in nature or infrequent in occurrence. The County reported neither type of transaction during 2021.

U. Estimates

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

V. Bond Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss

On both the government-wide financial statements and the fund financial statements, bond issuance costs are recognized in the period in which these items are incurred.

On the government-wide financial statements, bond premiums and discounts are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds and bond discounts are presented as a reduction to the face amount of the bonds. On the governmental fund financial statements, bond premiums and discounts are recognized in the period in which these items are incurred. The reconciliation between the face value of bonds and the amount reported on the statement of net position is presented in Note 17.

For current and advance refunding's resulting in the defeasance of debt reported in the government-wide financial statements and enterprise funds, the difference between the reacquisition price and the net carrying amount of the old debt is amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred inflow of resources or a deferred outflow of resources.

W. Pensions/Other Postemployment Benefits (OPEB)

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

X. Asset Retirement Obligations

The County owns and maintains underground storage tanks. The County and the State of Ohio follow federal financial responsibility rules for underground storage tanks. In accordance with GASB Statement No. 83, an asset retirement obligation liability in the amount of \$80,000 was recorded on the Statement of Net Position based on construction estimates and was offset with a deferred outflow of resources. The storage tanks do not have an estimated date for remediation.

DEFIANCE COUNTY, OHIO

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

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

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

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

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

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

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

B. Deficit Fund Balances

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

<u>Nonmajor funds</u>	<u>Deficit</u>
School Resource Officer special revenue fund	\$ 110
911 Wireless Grant special revenue fund	63,271
High Visibility Enforcement special revenue fund	1,935
Historical Jail debt service fund	553,678
Ridge Ditch capital project fund	7,126
Ridge Ditch St. Mike's Tile capital project fund	15,450
Lake Shore capital project fund	157,405
Haymaker Drive capital project fund	114,317

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

DEFIANCE COUNTY, OHIO

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

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

The statements of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund, developmental disabilities fund, motor vehicle license and gas tax fund, emergency 911 fund, senior center fund, and American rescue plan act fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (f) Some funds are included in the general fund (GAAP basis) but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	<u>General</u>	<u>Developmental Disabilities</u>	<u>Motor Vehicle License and Gas Tax</u>	<u>Emergency 911</u>	<u>Senior Center</u>	<u>American Rescue Plan Act</u>
Budget basis	\$ 443,373	\$ 459,752	\$ (315,516)	\$ (200,569)	\$ 372,067	\$ 3,619,675
Net adjustment for revenue accruals	66,305	(13,048)	16,529	7,127	(55)	(3,513,917)
Net adjustment for expenditure accruals	(385,144)	(321,419)	164,915	1,839	2,359	(105,758)
Net adjustment for other sources/uses	88,457	-	-	-	-	-
Funds budgeted elsewhere	475,829	-	-	-	-	-
Adjustment for encumbrances	<u>281,381</u>	<u>15,406</u>	<u>364,437</u>	<u>-</u>	<u>28,548</u>	<u>-</u>
GAAP basis	<u>\$ 970,201</u>	<u>\$ 140,691</u>	<u>\$ 230,365</u>	<u>\$ (191,603)</u>	<u>\$ 402,919</u>	<u>\$ -</u>

Certain funds that are legally budgeted as separate County funds are considered part of the general fund on a GAAP basis. This includes the unclaimed monies fund, technology fund, trust fund, retirement payoffs fund, certificate of title administration fund, budget stabilization fund, and the payroll fund.

DEFIANCE COUNTY, OHIO

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

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the 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, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items 1 and 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 State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days and two hundred seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

DEFIANCE COUNTY, OHIO

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

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

At year end, the County had \$297,119 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 had \$777,302 in cash and cash equivalents deposited separate from the County’s internal investment pool. This amount is included in the amount of deposits with financial institutions below.

C. Deposits with Financial Institutions

At December 31, 2021, the carrying amount of all County deposits was \$62,185,983 and the bank balance of all County deposits was \$63,134,946. Of the bank balance, \$62,966,141 was covered by the FDIC and \$168,805 was covered by the Ohio Pooled Collateral System. 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.

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’s and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

D. Investments

As of December 31, 2021, the County had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>Amount</u>	Investment Maturities				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
<i>Fair Value:</i>						
FHLB	\$ 877,028	\$ -	\$ -	\$ -	\$ -	\$ 877,028
Municipal Bonds	5,502,090	-	1,070,011	-	398,080	4,033,999
Negotiable Certificates of Deposit	2,249,228	248,025	1,230,960	512,765	-	257,478
Money Market Mutual Funds	61,041	61,041	-	-	-	-
Repurchase Agreement	2,920,149	2,920,149	-	-	-	-
Total	\$ 11,609,536	\$ 3,229,215	\$ 2,300,971	\$ 512,765	\$ 398,080	\$ 5,168,505

The weighted average maturity of investments is 2.23 years.

The County’s investment in Money Market Mutual funds is valued using quoted market prices in active markets (Level 1 inputs). The County’s investments in Federal Agency Securities (FHLB), Municipal Bonds, Negotiable CD’s, and Repurchase Agreements are valued using quoted market prices (Level 2 inputs).

DEFIANCE COUNTY, OHIO

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

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

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. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum of 270 days from the date of purchase.

Credit Risk: The County’s investments in Federal Agency Securities (FHLB) were rated by AA+ and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. The County’s investments in municipal bonds were rated AA and Aa2 by Standard & Poor’s and Moody’s Investor Services, respectively. The negotiable CD’s were not rated. The U.S. government money market mutual funds carry a rating of AAAM by Standard & Poor’s and Aaa-mf by Moody’s. The County’s investments in Repurchase Agreements were rated AA+ and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. The County has no investment policy dealing with investment credit risk beyond the requirements in State statute.

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 repurchase agreement is exposed to custodial credit risk in that it is 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 credit 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, 2021:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
<i>Fair Value:</i>		
FHLB	\$ 877,028	7.55
Municipal Bonds	5,502,090	47.39
Negotiable Certificates of Deposit	2,249,228	19.38
Money Market Mutual Funds	61,041	0.53
Repurchase Agreement	<u>2,920,149</u>	<u>25.15</u>
Total	<u>\$ 11,609,536</u>	<u>100.00</u>

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DEFIANCE COUNTY, OHIO

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

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

Cash and investments per note

Carrying amount of deposits	\$ 61,408,681
Investments	11,609,536
Cash in segregated account	777,302
Cash on hand	<u>297,119</u>
Total	<u>\$ 74,092,638</u>

Cash and investments per statement of net position

Governmental activities	\$ 36,406,101
Business-type activities	25,753,062
Custodial funds	<u>11,933,475</u>
Total	<u>\$ 74,092,638</u>

NOTE 6 - RECEIVABLES

Receivables at December 31, 2021 consisted of accounts (billings for user charged services); sales taxes; accrued interest; intergovernmental receivables arising from grants, entitlements, and shared revenues; real estate and other taxes; loans; special assessments; and amounts due from external parties. All receivables are considered collectible in full and within one year, except for loans and special assessments. Special assessments in the governmental activities, in the amount of \$930,239, will not be received within one year.

Loans receivable represent low interest loans for housing and development projects granted to eligible County property owners and businesses under the Federal Community Block Grant program. The loans with outstanding balances at December 31, 2021 have annual interest rates ranging from 0 - 4.5% and are scheduled to be repaid over periods of up to eight years from the balance sheet date. During 2021, principal in the amount of \$175,243 was repaid to the County, \$105,000 in new loans were issued and \$332,873 in loans receivable were written off by the County. Loans outstanding at December 31, 2021 were \$1,244,304, net of allowance for doubtful accounts in the amount of \$92,018 in the nonmajor governmental funds. Loans receivable, in the amount of \$963,840, will not be received within one year.

DEFIANCE COUNTY, OHIO

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

NOTE 6 – RECEIVABLES – (Continued)

A summary of the principal items of intergovernmental receivables follows:

Governmental activities:

Major funds

General fund	
Local government	\$ 253,850
Homestead and rollback	146,558
Other intergovernmental receivables	<u>288,568</u>
Total general fund	<u>688,976</u>
Developmental disabilities fund	
Homestead and rollback	141,795
Other intergovernmental receivables	<u>33,797</u>
Total developmental disabilities fund	<u>175,592</u>
Motor vehicle license and gas tax fund	
Gasoline and motor vehicle license tax	2,902,095
Other intergovernmental receivables	<u>4,790</u>
Total motor vehicle license and gas tax fund	<u>2,906,885</u>
Emergency 911 fund	
Homestead and rollback	48,525
Other intergovernmental receivables	<u>59,100</u>
Total emergency 911 fund	<u>107,625</u>
Senior center fund	
Homestead and rollback	54,945
Other intergovernmental receivables	<u>12,750</u>
Total senior center fund	<u>67,695</u>
Total major funds	<u>\$ 3,946,773</u>
<u>Nonmajor governmental funds</u>	
Diversion Program fund	\$ 49,578
PSI Writer Grant fund	15,000
Sarah House fund	4,749
Community Control Supervision fund	112,500
T-Cap fund	<u>116,500</u>
Total nonmajor governmental funds	<u>298,327</u>
Total governmental activities	<u>\$ 4,245,100</u>

Custodial funds:

Library local government	\$ 727,763
Local government and local government revenue assistance	349,796
Permissive motor vehicle license	122,208
Motor vehicle license tax	208,585
Gasoline tax	833,223
Multi-Area Narcotics	<u>125,987</u>
Total custodial funds	<u>\$ 2,367,562</u>

DEFIANCE COUNTY, OHIO

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

NOTE 7 - PERMISSIVE SALES AND USE TAX

In 1987, the County Commissioners, by resolution, imposed a one percent sales 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, including motor vehicles not subject to the sales tax. As required by State statute, the County Commissioners established how the sales tax proceeds would be allocated prior to implementation. The collection of the sales tax went into effect on January 1, 1988, and the proceeds of the tax were credited entirely to the general fund.

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.

NOTE 8 - PROPERTY TAXES

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

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

The full tax rate for all County operations for the year ended December 31, 2021 was \$9.11 per \$1,000 of assessed value. The assessed values of real and public utility personal property upon which 2021 property tax receipts were based are as follows:

Real property

Residential/agricultural	\$ 707,906,670
Commercial/industrial/mineral	121,717,060

Public utility

Real	600,480
Personal	<u>258,371,620</u>

Total assessed value	<u>\$ 1,088,595,830</u>
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DEFIANCE COUNTY, OHIO

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

NOTE 9 - CAPITAL ASSETS

The capital asset activity of governmental activities for the year ended December 31, 2021, was as follows:

Governmental activities:	Balance <u>January 1, 2021</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>December 31, 2021</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,058,526	\$ -	\$ -	\$ 1,058,526
Easements	242,641	7,803	-	250,444
Construction in progress	<u>98,331</u>	<u>12,162</u>	<u>(110,493)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>1,399,498</u>	<u>19,965</u>	<u>(110,493)</u>	<u>1,308,970</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	28,042,768	167,233	-	28,210,001
Waterlines	28,787	-	-	28,787
Roads and bridges	84,105,976	2,889,552	-	86,995,528
Machinery and equipment	6,513,909	923,560	(199,803)	7,237,666
Vehicles	<u>6,114,780</u>	<u>521,071</u>	<u>(289,067)</u>	<u>6,346,784</u>
Total capital assets, being depreciated	<u>124,806,220</u>	<u>4,501,416</u>	<u>(488,870)</u>	<u>128,818,766</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(11,140,013)	(853,188)	-	(11,993,201)
Waterlines	(1,439)	(576)	-	(2,015)
Roads and bridges	(40,848,473)	(1,305,741)	-	(42,154,214)
Machinery and equipment	(4,992,436)	(455,509)	175,689	(5,272,256)
Vehicles	<u>(3,780,620)</u>	<u>(452,867)</u>	<u>287,630</u>	<u>(3,945,857)</u>
Total accumulated depreciation	<u>(60,762,981)</u>	<u>(3,067,881)</u>	<u>463,319</u>	<u>(63,367,543)</u>
Total capital assets being depreciated, net	<u>64,043,239</u>	<u>1,433,535</u>	<u>(25,551)</u>	<u>65,451,223</u>
Governmental activities capital assets, net	<u>\$ 65,442,737</u>	<u>\$ 1,453,500</u>	<u>\$ (136,044)</u>	<u>\$ 66,760,193</u>

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DEFIANCE COUNTY, OHIO

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

NOTE 9 - CAPITAL ASSETS - (Continued)

The capital asset activity of business-type activities for the year ended December 31, 2021, was as follows:

Business-type activities:	Balance <u>January 1, 2021</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>December 31, 2021</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,568,701	\$ -	\$ -	\$ 1,568,701
Construction in progress	<u>1,952,888</u>	<u>14,261</u>	<u>(1,967,149)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>3,521,589</u>	<u>14,261</u>	<u>(1,967,149)</u>	<u>1,568,701</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	9,895,623	3,229,116	-	13,124,739
Buildings and improvements	2,228,542	-	-	2,228,542
Sewer lines	8,982,537	-	-	8,982,537
Machinery and equipment	5,768,798	77,760	-	5,846,558
Vehicles	<u>947,331</u>	<u>-</u>	<u>-</u>	<u>947,331</u>
Total capital assets, being depreciated	<u>27,822,831</u>	<u>3,306,876</u>	<u>-</u>	<u>31,129,707</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,895,735)	(281,598)	-	(2,177,333)
Buildings and improvements	(393,709)	(23,746)	-	(417,455)
Sewer lines	(3,324,865)	(179,651)	-	(3,504,516)
Machinery and equipment	(4,015,568)	(391,180)	-	(4,406,748)
Vehicles	<u>(396,162)</u>	<u>(87,439)</u>	<u>-</u>	<u>(483,601)</u>
Total accumulated depreciation	<u>(10,026,039)</u>	<u>(963,614)</u>	<u>-</u>	<u>(10,989,653)</u>
Total capital assets being depreciated, net	<u>17,796,792</u>	<u>2,343,262</u>	<u>-</u>	<u>20,140,054</u>
Business-type activities capital assets, net	<u>\$ 21,318,381</u>	<u>\$ 2,357,523</u>	<u>\$ (1,967,149)</u>	<u>\$ 21,708,755</u>

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

Governmental activities:

Legislative and executive	\$ 632,990
Judicial	80,904
Public safety	339,540
Public works	1,651,663
Health	39,871
Human services	<u>322,913</u>

Total depreciation expense - governmental activities \$ 3,067,881

Business-type activities:

Landfill	\$ 657,680
Sewer	<u>305,934</u>

Total depreciation expense - business-type activities \$ 963,614

DEFIANCE COUNTY, OHIO

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

NOTE 10 - INTERFUND TRANSACTIONS

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

<u>Transfers from general fund to:</u>	<u>Amount</u>
Motor vehicle license and gas tax fund	\$ 4,999
Nonmajor governmental funds	957,598
<u>Transfers from nonmajor governmental funds to:</u>	
General fund	10,456
Nonmajor governmental funds	<u>1,840</u>
Total	<u>\$974,893</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (4) to move residual equity amounts. Transfers between governmental funds are eliminated on the government-wide financial statements. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

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

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Developmental disabilities fund	\$12,075
General fund	Motor vehicle license and gas tax fund	8,615
General fund	Emergency 911 fund	3,843
General fund	Senior center fund	4,568
General fund	Nonmajor governmental funds	10,242
General fund	Landfill fund	3,815
General fund	Sewer fund	4,087
Motor vehicle license and gas tax fund	General fund	15,608
Motor vehicle license and gas tax fund	Landfill fund	9,492
Motor vehicle license and gas tax fund	Nonmajor governmental funds	902
Internal service fund	American rescue plan act fund	105,758
Landfill fund	Nonmajor governmental funds	<u>21</u>
Total		<u>\$ 179,026</u>

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

DEFIANCE COUNTY, OHIO

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

NOTE 10 - INTERFUND TRANSACTIONS - (Continued)

C. Interfund loans receivable/payable consisted of the following at December 31, 2021, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Sewer fund	\$ 239,483
General fund	Internal service fund	500,000
General fund	Nonmajor governmental funds	2,029,308
Nonmajor governmental funds	Nonmajor governmental funds	76,296
Landfill fund	Nonmajor governmental funds	<u>285,515</u>
Total		<u>\$ 3,130,602</u>

The interfund loan balances result from resources provided by the receivable fund to the payable fund to provide cash flow resources until anticipated revenues are received.

The entire balance of interfund loans receivable is reported as nonspendable fund balance as it is not expected to be received within one year. Interfund balances between governmental funds are eliminated on the government-wide financial statements. Interfund balances between governmental activities and business-type activities are reported as an internal balance on the statement of net position.

NOTE 11 - RISK MANAGEMENT

A. General Liability

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has contracted with the County Risk Sharing Authority (CORSA) for the following coverage:

Property	\$117,964,958
Equipment Breakdown	100,000,000
General Liability	1,000,000
Commercial Crime	1,000,000
Excess Liability	10,000,000
Automobile Liability	1,000,000
Law Enforcement Liability	1,000,000
Errors and Omission Liability	1,000,000

Settled claims have not exceeded this commercial coverage in any of the last three years, and there has not been any significant reduction in coverage from the prior year.

B. Health Benefits

The County has established a limited risk management program for employee health care benefits. A third party administrator processes the claims that the County pays. The internal service fund allocates the cost of 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 internal service fund. Claims are paid from the internal service fund.

DEFIANCE COUNTY, OHIO

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

NOTE 11 - RISK MANAGEMENT - (Continued)

Under the health insurance program, the internal service fund provides coverage for up to a maximum lifetime benefit of \$2,500,000 per individual. An excess coverage policy covers annual individual claims in excess of \$75,000.

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 payable at December 31, 2021 is estimated by a third party administrator at \$538,377. The changes in the claims payable liability for 2021 and 2020 were as follows:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
2021	\$ 379,102	\$ 3,959,158	\$ (3,799,883)	\$ 538,377
2020	350,771	3,159,741	(3,131,410)	379,102

C. Workers’ Compensation

For 2021, the County participated in the County Commissioners Association Service Corporation (Plan), a workers' compensation insurance purchasing pool. The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, annually the Plan's Executive Committee calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's Executive Committee then collects rate contributions from, or pays rate equalization rebates to, the various participants.

Participation in the Plan is limited to counties that can meet the Plan’s selection criteria. The firm of Sedgwick provides administrative, cost control, and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

Participants may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, participants are not relieved of their obligation to pay any amounts owed to the Plan prior to withdrawal, and any participant leaving the Plan allows representatives of the Plan to access loss experience for three years following the last year of participation.

DEFIANCE COUNTY, OHIO

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

NOTE 12 - SIGNIFICANT CONTRACTUAL COMMITMENTS

The County has outstanding contracts for professional services. The following amounts remain on these contracts as of December 31, 2021:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Paid as of December 31, 2021</u>	<u>Outstanding Balance</u>
Bruce Harris & Associates	\$ 28,334	\$ (27,519)	\$ 815
Miller Bros Construction	117,686	-	117,686
Vernon Nagel, Inc.	1,056,789	(983,504)	73,285
The Dotson Co Inc.	304,348	(281,702)	22,646
Zenz Farms Inc.	35,000	-	35,000
Sand Ridge Excavating	88,122	-	88,122
Sines Excavating	16,060	-	16,060
Ed Kellogg Farm Drain	35,955	(29,741)	6,214
Dilly Door	<u>15,000</u>	<u>(10,720)</u>	<u>4,280</u>
Total	<u>\$ 1,697,294</u>	<u>\$ (1,333,186)</u>	<u>\$ 364,108</u>

NOTE 13 - 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.

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.

DEFIANCE COUNTY, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The remainder of this note includes the pension disclosures. See Note 14 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.

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

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DEFIANCE COUNTY, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

DEFIANCE COUNTY, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

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

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

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

The County's contractually required contribution for the Traditional Plan, the Combined Plan and Member-Directed Plan was \$1,521,782 for 2021. Of this amount, \$206,488 is reported as due to other governments.

DEFIANCE COUNTY, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all of their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 and after termination of employment.

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance.

Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For 2021, plan members were required to contribute 14% of their annual covered salary. The County was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The 2021 contribution rates were equal to the statutory maximum rates.

DEFIANCE COUNTY, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

The County's contractually required contribution to STRS was \$93,529 for 2021. Of this amount, \$3,634 is reported as due to other governments.

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

The net pension liability and net pension asset for OPERS was measured as of December 31, 2020, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. STRS's total pension liability was measured as of June 30, 2021, 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.

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	STRS	Total
Proportion of the net pension liability/asset prior measurement date	0.09339500%	0.06395600%	0.05864100%	0.00490968%	
Proportion of the net pension liability/asset current measurement date	<u>0.09653600%</u>	<u>0.06802100%</u>	<u>0.06504200%</u>	<u>0.00527264%</u>	
Change in proportionate share	<u>0.00314100%</u>	<u>0.00406500%</u>	<u>0.00640100%</u>	<u>0.00036296%</u>	
Proportionate share of the net pension liability	\$ 10,601,318	\$ -	\$ -	\$ 674,154	\$ 11,275,472
Proportionate share of the net pension asset	-	(145,619)	(8,793)	-	(154,412)
Pension expense	268,313	3,433	(6,307)	(61,401)	204,038

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DEFIANCE COUNTY, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	OPERS - Traditional	OPERS - Combined	Member- Directed	STRS	Total
Deferred outflows of resources					
Differences between expected and actual experience	\$ -	\$ -	\$ 6,042	\$ 20,827	\$ 26,869
Net difference between projected and actual earnings on pension plan investments	-	-	-	-	-
Changes of assumptions	-	9,094	249	187,024	196,367
Changes in employer's proportionate percentage/difference between employer contributions	242,107	-	-	115,660	357,767
Contributions subsequent to the measurement date	1,464,682	30,552	26,548	47,184	1,568,966
Total deferred outflows of resources	<u>\$ 1,706,789</u>	<u>\$ 39,646</u>	<u>\$ 32,839</u>	<u>\$ 370,695</u>	<u>\$ 2,149,969</u>
Deferred inflows of resources					
Differences between expected and actual experience	\$ 443,462	\$ 27,472	\$ -	\$ 4,225	\$ 475,159
Net difference between projected and actual earnings on pension plan investments	4,132,085	21,655	963	580,991	4,735,694
Changes in employer's proportionate percentage/difference between employer contributions	54,709	-	-	31,273	85,982
Total deferred inflows of resources	<u>\$ 4,630,256</u>	<u>\$ 49,127</u>	<u>\$ 963</u>	<u>\$ 616,489</u>	<u>\$ 5,296,835</u>

\$1,568,966 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net pension liability/asset in the year ending December 31, 2022.

DEFIANCE COUNTY, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Year Ending December 31:	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	STRS	Total
2022	\$ (1,637,765)	\$ (10,428)	\$ 673	\$ (37,995)	\$ (1,685,515)
2023	(502,451)	(6,623)	817	(69,041)	(577,298)
2024	(1,684,377)	(11,619)	594	(84,093)	(1,779,495)
2025	(563,555)	(5,403)	729	(101,849)	(670,078)
2026	(1)	(2,314)	761	-	(1,554)
Thereafter	-	(3,646)	1,754	-	(1,892)
Total	<u>\$ (4,388,149)</u>	<u>\$ (40,033)</u>	<u>\$ 5,328</u>	<u>\$ (292,978)</u>	<u>\$ (4,715,832)</u>

Actuarial Assumptions - OPERS

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

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

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

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

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

DEFIANCE COUNTY, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 11.70% for 2020.

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

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	25.00 %	1.32 %
Domestic equities	21.00	5.64
Real estate	10.00	5.39
Private equity	12.00	10.42
International equities	23.00	7.36
Other investments	9.00	4.75
Total	<u>100.00 %</u>	<u>5.43 %</u>

DEFIANCE COUNTY, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2020 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional 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 Plan	\$20,222,068	\$ 10,601,317	\$ 2,601,678
Combined Plan	(101,395)	(145,619)	(178,577)
Member-Directed Plan	(7,718)	(8,793)	(9,647)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021 actuarial valuation are presented below:

	June 30, 2021
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

For the June 30, 2021, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

DEFIANCE COUNTY, OHIO

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

STRS Ohio’s investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS’ investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. A discount rate of 7.45% was used in the prior year. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS’ fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00%) or one-percentage-point higher (8.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net pension liability	\$ 1,262,439	\$ 674,154	\$ 177,055

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DEFIANCE COUNTY, OHIO

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Asset

See Note 13 for a description of the net OPEB asset.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

DEFIANCE COUNTY, OHIO

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$10,619 for 2021. Of this amount, \$1,441 is reported as due to other governments.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements elimination date was postponed indefinitely. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For 2021, STRS did not allocate any employer contributions to post-employment health care.

DEFIANCE COUNTY, OHIO

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

The net OPEB asset and total OPEB asset for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. STRS's total OPEB asset was measured as of June 30, 2021, 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 and OPEB expense:

	OPERS	STRS	Total
Proportion of the net OPEB liability prior measurement date	0.09114900%	0.00490968%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.09444500%</u>	<u>0.00527264%</u>	
Change in proportionate share	<u>0.00329600%</u>	<u>0.00036296%</u>	
Proportionate share of the net OPEB asset	\$ (1,247,853)	\$ (111,169)	\$ (1,359,022)
OPEB expense	(7,512,312)	(1,974)	(7,514,286)

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

	OPERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 3,960	\$ 3,960
Changes of assumptions	613,460	7,100	620,560
Changes in employer's proportionate percentage/ difference between employer contributions	152,621	18,591	171,212
Contributions subsequent to the measurement date	10,618	-	10,618
Total deferred outflows of resources	<u>\$ 776,699</u>	<u>\$ 29,651</u>	<u>\$ 806,350</u>

DEFIANCE COUNTY, OHIO

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 1,126,182	\$ 20,367	\$ 1,146,549
Net difference between projected and actual earnings on OPEB plan investments	664,624	30,814	695,438
Changes of assumptions	2,021,897	66,321	2,088,218
Changes in employer's proportionate percentage/difference between employer contributions	30,530	1,232	31,762
Total deferred inflows of resources	<u>\$ 3,843,233</u>	<u>\$ 118,734</u>	<u>\$ 3,961,967</u>

\$10,618 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net OPEB liability/asset in the year ending December 31, 2022.

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

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Year Ending December 31:			
2022	\$ (1,606,917)	\$ (24,575)	\$ (1,631,492)
2023	(1,103,105)	(23,803)	(1,126,908)
2024	(288,817)	(23,321)	(312,138)
2025	(78,313)	(12,920)	(91,233)
2026	-	(4,589)	(4,589)
Thereafter	-	125	125
Total	<u>\$ (3,077,152)</u>	<u>\$ (89,083)</u>	<u>\$ (3,166,235)</u>

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020.

DEFIANCE COUNTY, OHIO

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 10.50% for 2020.

DEFIANCE COUNTY, OHIO

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
Total	<u>100.00 %</u>	<u>4.43 %</u>

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

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

DEFIANCE COUNTY, OHIO

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net OPEB asset	\$ 310,286	\$ 1,247,853	\$ 2,018,610

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB asset	\$ 1,278,266	\$ 1,247,853	\$ 1,213,828

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DEFIANCE COUNTY, OHIO

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation, compared with June 30, 2020, are presented below:

	June 30, 2021		June 30, 2020	
	Initial	Ultimate	Initial	Ultimate
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.00%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
Medical				
Pre-Medicare	5.00%	4.00%	5.00%	4.00%
Medicare	-16.18%	4.00%	-6.69%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	6.50%	4.00%
Medicare	29.98%	4.00%	11.87%	4.00%

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Assumption Changes Since the Prior Measurement Date - The discount rate was adjusted to 7.00% from 7.45% for the June 30, 2021 valuation.

Benefit Term Changes Since the Prior Measurement Date - The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

DEFIANCE COUNTY, OHIO

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB asset was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was used to measure the total OPEB asset as of June 30, 2021.

Sensitivity of the County's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	County's proportionate share of the net OPEB asset	\$ 93,810	\$ 111,169

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
	County's proportionate share of the net OPEB asset	\$ 125,083	\$ 111,169

DEFIANCE COUNTY, OHIO

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

NOTE 15 - OTHER BENEFITS

A. Compensated Absences

The criteria for determining vacation leave and sick leave benefits are derived from negotiated agreements and State laws.

County employees earn and accumulate vacation leave at varying rates depending on length of service. Current policy credits vacation leave on an employee’s anniversary date. Accumulated vacation leave cannot exceed three times the annual accumulation rate for an employee. Employees are paid for 100 percent of earned unused vacation leave upon termination.

Sick leave is earned at various rates as defined by County policy and union contracts. There is no limit on the amount of sick leave that may be accumulated. Sick leave benefits are paid upon retirement based on various rates and maximums depending on the contract.

B. Health Care Benefits

Health care benefits are provided to most employees through the County’s self-insurance program. The employees share the cost of the monthly premium with the County.

The employees paid from the developmental disabilities major special revenue fund are provided health care, vision, and dental benefits through the Northern Buckeye Health Plan - Northwest Division of Optimal Health Initiative Consortium.

NOTE 16 - SHORT-TERM OBLIGATIONS

The County’s short-term bond anticipation note activity for the year ended December 31, 2021, was as follows:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance January 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2021</u>
Governmental activities:							
Stuckman Ditch Improvement - 2020	8/28/2020	8/27/2021	2.31%	\$ 83,940	\$ -	\$ (83,940)	\$ -
DeGryse Ditch Improvement - 2020	10/22/2020	10/21/2021	2.31%	<u>76,000</u>	<u>-</u>	<u>(76,000)</u>	<u>-</u>
Total Governmental Activities				<u>\$ 159,940</u>	<u>\$ -</u>	<u>\$ (159,940)</u>	<u>\$ -</u>

The Stuckman Ditch Improvement bond anticipation notes were issued for the purpose of constructing the Stuckman Road Ditch Project. The DeGryse Ditch Improvement bond anticipation note was issued for the purpose of reconstructing the ditch along Scott Road starting at State Route 127 and going east for approximately 4,000 feet.

The County’s bond anticipation notes were backed by the full faith and credit of the County. Both of the bond anticipation notes were refunded during 2021.

DEFIANCE COUNTY, OHIO

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

NOTE 17 - LONG-TERM OBLIGATIONS

The original issue date, interest rate, original issue amount, and balance at December 31, 2021 for the County's long-term obligations are as follows:

	<u>Original Issue Date</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Balance December 31, 2021</u>
<u>General obligation bonds:</u>				
Refunding bonds, Series 2021-1	2021	2 - 3%	\$ 125,000	\$ 90,000
Refunding bonds, Series 2021-2	2021	2 - 2.375%	50,000	45,000
Refunding bonds, Series 2021-3	2021	2 - 3%	70,000	60,000
Refunding bonds, Series 2021-4	2021	2 - 3%	570,000	385,000
Refunding bonds, Series 2021-5	2021	2 - 3%	1,250,000	1,120,000
Refunding bonds, Series 2021-6	2021	2 - 2.375%	1,780,000	1,725,000
Refunding bonds, Series 2021-7	2021	2 - 3%	80,000	75,000
Refunding bonds, Series 2021-8	2021	2 - 3%	70,000	65,000
Refunding bonds, Series 2021-9	2021	2 - 3%	500,000	450,000
<u>OWDA loans:</u>				
Express sewer	2002	1.5%	1,356,038	77,856

The above amounts include long-term obligations of both the governmental activities and business-type activities.

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DEFIANCE COUNTY, OHIO

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

NOTE 17 - LONG-TERM OBLIGATIONS – (Continued)

During 2021, the following activity occurred in the County’s long-term obligations.

	Balance			Balance	Due Within
	<u>January 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2021</u>	<u>One Year</u>
Governmental activities:					
<u>General obligation bonds:</u>					
Various purpose improvement	\$ 1,370,000	\$ -	\$ (1,370,000)	\$ -	\$ -
Refunding bonds, Series 2010	480,000	-	(480,000)	-	-
Refunding bonds, Series 2021	-	2,665,000	(420,000)	2,245,000	365,000
Total general obligation bonds	<u>1,850,000</u>	<u>2,665,000</u>	<u>(2,270,000)</u>	<u>2,245,000</u>	<u>365,000</u>
<u>Special assessment bonds:</u>					
Refunding bonds, Series 2010	90,000	-	(90,000)	-	-
Platters creek	120,000	-	(120,000)	-	-
Total special assessment bonds	<u>210,000</u>	<u>-</u>	<u>(210,000)</u>	<u>-</u>	<u>-</u>
<u>Other long-term obligations:</u>					
OWDA loan payable - Direct Borrowing	154,556	-	(76,700)	77,856	77,856
Capital lease obligations	145,816	-	(138,029)	7,787	3,242
Net pension liability	14,232,885	-	(3,592,387)	10,640,498	-
Net OPEB liability	8,896,788	-	(8,896,788)	-	-
Compensated absences	1,255,283	437,290	(564,167)	1,128,406	524,349
Total other long-term obligations	<u>24,685,328</u>	<u>437,290</u>	<u>(13,268,071)</u>	<u>11,854,547</u>	<u>605,447</u>
Total governmental activities long-term obligations	<u>\$ 26,745,328</u>	<u>\$ 3,102,290</u>	<u>\$ (15,748,071)</u>	14,099,547	<u>\$ 970,447</u>
			Add: unamortized premium	152,642	
			Total on statement of net position	<u>\$ 14,252,189</u>	

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DEFIANCE COUNTY, OHIO

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

NOTE 17 - LONG-TERM OBLIGATIONS – (Continued)

	Balance			Balance	Due Within
Business-type activities:	January 1, 2021	Additions	Reductions	December 31, 2021	One Year
<u>General obligation bonds:</u>					
Refunding bonds, Series 2021	\$ -	\$ 1,830,000	\$ (60,000)	\$ 1,770,000	\$ 40,000
Total general obligation bonds	-	1,830,000	(60,000)	1,770,000	40,000
<u>Revenue bonds:</u>					
Sewer revenue bonds	\$ 1,781,800	\$ -	\$ (1,781,800)	\$ -	\$ -
<u>Other long-term obligations:</u>					
Closure and postclosure liability	5,126,898	354,762	-	5,481,660	-
Net pension obligation	769,128	-	(134,154)	634,974	-
Net OPEB liability	524,555	-	(524,555)	-	-
Compensated absences	109,861	74,556	(46,651)	137,766	54,244
Total other long-term obligations	6,530,442	429,318	(705,360)	6,254,400	54,244
Total business-type activities long-term obligations	\$ 8,312,242	\$ 2,259,318	\$ (2,547,160)	\$ 8,024,400	\$ 94,244
			Add: unamortized premium	21,676	
			Total on statement of net position	\$ 8,046,076	

A. Various Purpose General Obligation Bonds, Series 2005

These general obligation bonds were issued in 2005 to provide funds for the improvement of the Doty Run ditch and the State Route 66 sewer. The general obligation bonds reported as governmental activities obligations are payable from special assessments, to the extent these resources are available. These bonds were refunded during 2021.

B. Various Purpose General Obligation Bonds, Series 2010

On March 11, 2010, the County issued general obligation bonds (Various Purpose General Obligation Bonds, Series 2010) to finance capital improvements related to the County's historical jail. The bonds will mature on December 1, 2029 and all principal and interest payments related to the bonds are recorded as expenditures in the historical jail debt service fund. These bonds were refunded during 2021.

C. Various Purpose General Obligation Refunding Bonds, Series 2010

On February 25, 2010, the County issued general obligation bonds (Various Purpose General Obligation Refunding Bonds, Series 2010) to advance refund the callable portion of the Various Purpose General Obligation Bonds, Series 1999. These bonds were refunded during 2021.

D. Special Assessment Bonds

The special assessment bonds are backed by the full faith and credit of the County. In the event that an assessed property owner fails to make payments or insufficient amounts are assessed to fund the debt, the County will be required to pay the related debt. The Platter Creek and Refunding Bonds, Series 2010, special assessment bonds are paid from the DETDITCH fund and the Brunersburg sewer debt service fund (both nonmajor governmental funds). The special assessment bonds were refunded during 2021.

DEFIANCE COUNTY, OHIO

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

NOTE 17 - LONG-TERM OBLIGATIONS – (Continued)

E. Brunersburg Sewer Special Assessment Refunding Bonds, Series 2010

On February 25, 2010, the County issued special assessment bonds (Brunersburg Sewer Special Assessment Refunding Bonds, Series 2010) to advance refund the callable portion of the Brunersburg Sewer Special Assessment Bonds, Series 2002. The Brunersburg Sewer special assessment bonds were refunded during 2021.

F. Revenue Bonds

In 2005, the County issued sewer revenue bonds in the amount of \$60,000 for the Green Acres sewer system. On November 26, 2012, the County issued sewer revenue bonds in the amount of \$1,977,000 for the Auglaize sewer project. The County has pledged future sewer revenues to repay these revenue bonds, which are payable solely from sewer fund revenues and are payable through 2052. The sewer revenue bonds were refunded during 2021.

G. Various Purpose General Obligation Refunding Bonds, Series 2021

On April 27, 2021, the County issued general obligation bonds (Various Purpose General Obligation Refunding Bonds, Series 2021) to advance refund the Various Purpose General Obligation Bonds, Series 2005, Various Purpose General Obligation Bonds, Series 2010, Various Purpose General Obligation Refunding Bonds, Series 2010, special assessment refunding bonds, Series 2010, Platters Creek special assessment bonds, Green Acres Revenue Bonds, Auglaize Sewer Revenue Bonds, Stuckman Ditch Project bonds, and DeGryse Ditch Project bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

The series 2021 refunding issue is comprised of serial bonds, par value \$2,985,000 and term bonds, par value \$1,510,000. The interest rate on the series 2021 bonds ranges from 2.00 – 3.00%. Principal payments are due December 1 of each year and interest payments on the series 2021 bonds are due June 1 and December 1 each year.

The reacquisition price exceeded the net carrying amount of the old debt by \$67,275. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt as a deferred outflow of resources. This advance refunding was undertaken to reduce total debt service payments by \$273,418 and resulted in an economic gain of \$233,620.

General obligation bonds are direct obligations of the County for which its full faith and credit are pledged for repayment.

The bonds due December 1, 2034 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2030, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

Year Ended (December 1)	Principal Amount to be Redeemed
2030	\$ 125,000
2031	50,000
2032	50,000
2033	50,000
2034	50,000

Unless otherwise called for redemption, the remaining principal amounts due on the bonds is to be paid at stated maturity.

DEFIANCE COUNTY, OHIO

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

NOTE 17 - LONG-TERM OBLIGATIONS – (Continued)

The bonds due December 1, 2041 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2035, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year Ended</u> <u>(December 1)</u>	<u>Principal Amount to</u> <u>be Redeemed</u>
2035	\$ 50,000
2036	55,000
2037	60,000
2038	60,000
2039	60,000
2040	65,000
2041	65,000

Unless otherwise called for redemption, the remaining principal amounts due on the bonds is to be paid at stated maturity.

The bonds due December 1, 2052 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2042, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year Ended</u> <u>(December 1)</u>	<u>Principal Amount to</u> <u>be Redeemed</u>
2042	\$ 65,000
2043	65,000
2044	70,000
2045	70,000
2046	65,000
2047	70,000
2048	70,000
2049	70,000
2050	75,000
2051	75,000
2052	75,000

Unless otherwise called for redemption, the remaining principal amounts due on the bonds is to be paid at stated maturity.

H. OWDA Loans Payable

The County entered into a debt financing arrangement through the Ohio Water Development Authority (OWDA) to fund construction of wastewater facilities. The amounts due to the OWDA related to the wastewater facilities are payable from the express sewer debt service fund (a nonmajor governmental fund). The OWDA loan agreement functions similar to a line-of-credit agreement. At December 31, 2021, the County has outstanding borrowings of \$77,856. The OWDA loan agreement requires semi-annual payments based on the actual amount owed. These loans are direct borrowings. 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.

DEFIANCE COUNTY, OHIO

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

NOTE 17 - LONG-TERM OBLIGATIONS – (Continued)

I. Compensated Absences Payable

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. These funds include the general fund, developmental disabilities fund, motor vehicle license and gas tax fund, emergency 911 fund, senior center fund, various nonmajor governmental funds, landfill enterprise fund and sewer enterprise fund.

J. Net Pension Obligation and Net OPEB Liability

See Notes 13 and 14 for detail. The County pays obligations related to employee compensation from the benefitting from their service which for the County, is primarily the general fund.

K. Capital Lease Obligations

Capital leases will be paid from the general fund and the emergency 911 fund. See Note 19 for further detail.

L. Legal Debt Margin

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors should not exceed 1% 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% of the first \$100,000,000, plus 1.5% of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus 2.5% of such valuation in excess of \$300,000,000.

The effect of the debt limitations described above is an overall legal debt margin of \$23,725,178 at December 31, 2021.

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

Year Ended	Governmental Activities					
	General Obligation Bonds			OWDA Loan		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 365,000	66,600	\$ 431,600	\$ 77,856	\$ 877	\$ 78,733
2023	345,000	55,650	400,650	-	-	-
2024	355,000	45,300	400,300	-	-	-
2025	210,000	34,650	244,650	-	-	-
2026	210,000	28,350	238,350	-	-	-
2027 - 2030	760,000	47,850	807,850	-	-	-
Total	\$ 2,245,000	\$ 278,400	\$ 2,523,400	\$ 77,856	\$ 877	\$ 78,733

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DEFIANCE COUNTY, OHIO

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

NOTE 17 - LONG-TERM OBLIGATIONS – (Continued)

The following is a summary of the County’s future annual debt service requirements for business-type activities long-term obligations:

<u>Year Ended</u>	Business-type Activities		
	General Obligation Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 40,000	\$ 41,637	\$ 81,637
2023	40,000	40,438	80,438
2024	40,000	39,238	79,238
2025	40,000	38,037	78,037
2026	40,000	36,838	76,838
2027 - 2031	235,000	165,036	400,036
2032 - 2036	255,000	137,937	392,937
2037 - 2041	310,000	110,337	420,337
2042 - 2046	335,000	75,644	410,644
2047 - 2051	360,000	34,913	394,913
2052	75,000	1,782	76,782
Total	\$ 1,770,000	\$ 721,837	\$ 2,491,837

Conduit Debt:

In 2005, the County issued \$700,000 in Ohio Economic Development Revenue Bonds for the purpose of making a loan to assist the Defiance Area YMCA in financing a portion of the cost of acquiring, constructing, improving, installing, and equipping gymnasiums and related facilities. The County is not obligated in any way to pay the debt charges on the bonds from any of its funds, and therefore, the debt has been excluded entirely from the County’s debt presentation. As of December 31, 2021, \$327,171 of these bonds was outstanding.

In 2007, the County issued \$1,407,600 in Health Care Facilities Revenue Bonds. The proceeds were used to provide hospital facilities at the lowest possible cost to service the residents of the Public Hospital Agencies, which hospital facilities will be available for the service of the general public. The County is not obligated in any way to pay the debt charges on the bonds from any of its funds, and therefore, the debt has been excluded entirely from the County’s debt presentation. As of December 31, 2021, \$532,181 of these bonds was outstanding.

In 2009, the County issued \$11,355,000 in Multifamily Housing Mortgage Revenue Bonds. The proceeds were loaned to Defiance County Health Partners, LLC to finance the acquisition, construction, and equipping of an assisted living multifamily residential housing rental housing facility. The County is not obligated in any way to pay the debt charges on the bonds from any of its funds, and therefore, the debt has been excluded entirely from the County’s debt presentation. As of December 31, 2021, \$10,000,000 of these bonds was outstanding.

NOTE 18 - CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the County to place a final cover on the landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, the County reports a portion of these costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

DEFIANCE COUNTY, OHIO

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

NOTE 18 - CLOSURE AND POSTCLOSURE CARE COSTS – (Continued)

The \$5,481,660 reported as landfill closure and postclosure costs payable at December 31, 2021 represents the cumulative amount reported to date based on the use of 50% of the estimated capacity of the landfill. The County will recognize the remaining estimated costs of closure and postclosure of \$3,310,649 and \$2,690,591, respectively, as the remaining estimated capacity is filled. This amount is based on what it would cost to perform all closure and postclosure care in 2021. For financial assurance purposes, Ohio Environmental Protection Agency (EPA) requires closure and postclosure costs to be reported based on the worst case scenario of when closure will occur. For 2021, the liabilities total \$2,795,751 for closure and \$2,685,909 for postclosure costs. The County expects the landfill to have a remaining life of 50 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by State and federal laws and regulations to either make annual contributions to an EPA controlled trust fund or demonstrate financial assurance through the “Local Government Financial Test”. For 2021, the County met the “Local Government Financial Test” requirements.

The County expects to set aside monies for closure and postclosure care obligations at a rate in line with the daily waste consumption of the landfill. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations), these costs may need to be covered by charges to future landfill users or from future tax revenue.

NOTE 19 - CAPITALIZED LEASE - LESSEE DISCLOSURE

In a prior year, the County entered into capital leases for copier and emergency equipment. These lease agreements meet the criteria of capital leases as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of copier equipment has been capitalized in the statement of net position. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments in 2021 consisted of \$3,908 paid by the general fund.

Police radios and other miscellaneous emergency equipment in the amount of \$214,205, has not been capitalized since the assets do not meet the County’s capitalization threshold. A corresponding liability is recorded in the government-wide financial statements. Principal payments in 2021 consisted of \$134,121 paid by the emergency 911 fund.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of December 31, 2021:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 3,544
2023	1,824
2024	1,824
2025	<u>1,368</u>
Total minimum lease payments	8,560
Less: amount representing interest	<u>(773)</u>
Total	<u>\$ 7,787</u>

DEFIANCE COUNTY, OHIO

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

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Juvenile Detention, Training, and Rehabilitation Center

The Northwest Ohio Juvenile Detention, Training, and Rehabilitation Center (Center) is a jointly governed organization among Defiance, Fulton, Henry, and Williams Counties. The Center's Board of Trustees consists of thirteen members; three from each county and one at-large member. The Board of Trustees exercises total control over the operation of the Center including budgeting, contracting, and designating management. The County has no ongoing financial interest or responsibility for the Center. In 2021, Defiance County contributed \$379,747 for the Center's operations, which represents 21% of total contributions. Information can be obtained from Brett Kolb, Fulton County Auditor, 152 South Fulton Avenue, Suite 165, Wauseon, Ohio 43567.

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

The Four County Board of Alcohol, Drug Addiction, and Mental Health Services (ADAMHS) is a jointly governed organization among Defiance, Fulton, Henry, and Williams Counties to provide alcohol, drug addiction, and mental health services to individuals in the four counties. The Governing Board of ADAMHS consists of eighteen members; four members appointed by the Ohio Director of Alcohol and Drug Addiction Services, four members appointed by the Ohio Director of Mental Health Services, Defiance and Fulton County Commissioners appointing three members each, and Henry and Williams County Commissioners appointing two members each. The Governing Board exercises total control over the operation of the ADAMHS including budgeting, contracting, and designating management. The County has no ongoing financial interest or responsibility for the ADAMHS. In 2021, Defiance County contributed \$1,196,083 for the ADAMHS' operations, which represents 13% of total contributions. Information can be obtained from Jill Little, Defiance County Auditor, 500 Second Street, Suite 301, Defiance, Ohio 43512.

C. Corrections Commission of Northwest Ohio

Corrections Commission of Northwest Ohio (CCNO) is a jointly governed organization among Defiance, Fulton, Henry, Lucas and Williams Counties. CCNO was established to provide jail space for convicted criminals in the five counties to provide a correctional center for the inmates. CCNO was created in 1986 and occupancy started in 1991. The Commission Team consists of eighteen members; one judge, one chief law enforcement officer, and one county commissioner or administrative official from each entity. The Commission Team exercises total control over the operation of CCNO including budgeting, contracting, and designating management. The County has no ongoing financial interest or responsibility for CCNO. In 2021, Defiance County contributed \$1,154,424 for CCNO's operations, which represents 7% of total contributions. Information can be obtained from Tonya Justus, Fiscal Manager, Corrections Commission of Northwest Ohio, 03151 County Road 2425, Route 1, Box 100-A, Stryker, Ohio 43557.

D. Four County Solid Waste District

The Four County Solid Waste District (District) is a jointly governed organization among Defiance, Fulton, Paulding, and Williams Counties to make disposal of waste in the four-county area more comprehensive in terms of recycling, incinerating, and landfilling. The District was created in 1989. The Board of Directors consists of twelve members; the three commissioners from each county. The Board of Directors exercises total control over the operation of the District including budgeting, contracting, and designating management. The County has no ongoing financial interest or responsibility for the District. In 2021, Defiance County contributed \$313,779 for the District's operations, which represents 49% of total contributions. Information can be obtained from Julie Beagle, Williams County Auditor, One Courthouse Square, Bryan, Ohio 43506.

DEFIANCE COUNTY, OHIO

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

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

E. Multi-Area Narcotics Task Force

The Multi-Area Narcotics Task Force (Task Force) is a jointly governed organization among Defiance, William, Fulton, and Putnam Counties and the Cities of Defiance and Bryan. The Task Force is jointly controlled by the chief law enforcement officer of each respective entity. The main source of revenue for the Task Force is from federal grants and local matching funds from the entities. The County has no ongoing financial interest or responsibility for the Task Force. In 2021, Defiance County contributed \$25,000 to the Task Force's operations, which represents 10% of total contributions. Information can be obtained from the Defiance County Sheriff's office, 113 Beide Street, Defiance, Ohio 43512.

F. Quadco Rehabilitation Center

The Quadco Rehabilitation Center (Quadco) is a jointly governed organization among Defiance, Fulton, Henry, and Williams Counties. Quadco Rehabilitation Center is a nonprofit corporation that provides services and facilities for training physically and mentally disabled persons. Quadco is responsible for contracting with various agencies to obtain funding to operate the organization. Quadco is governed by an eight-member Board composed of two appointees made by each of the four County Boards of Developmental Disabilities (County Boards of DD). This Board, in conjunction with the County Boards of DD, assesses the needs of adult mentally handicapped and developmentally disabled residents of each county and sets priorities based on available funds. The County provides resources to the Board based on units of service provided to the County. Quadco exercises total control over the operation of Quadco including budgeting, contracting, and designating management. The County has no ongoing financial interest or responsibility for Quadco. In 2021, Defiance County contributed \$420,181 for Quadco's operations.

G. Maumee Valley Planning Organization

Maumee Valley Planning Organization (MVPO) is a jointly governed organization among Defiance, Fulton, Henry, Paulding, and Williams Counties. MVPO is an organization established to improve the social and economic conditions of the region through development and conservation. MVPO is governed by a fifteen member Executive Council composed of the three county commissioners, the mayor of the largest municipality, three mayors selected by the committee of mayors that represent the incorporated cities and villages, the township trustee association president, the regional planning commission chairman, and two members at large to represent business, industry, labor, agricultural, low income, minority groups, education, and consumer protection activities. The County provides resources to the Executive Council based on a membership fee and services provided to the County. MVPO exercises total control over the operation of MVPO including budgeting, contracting, and designating management. The County has no ongoing financial interest or responsibility for MVPO. In 2021, Defiance County contributed \$251,097 for MVPO's operations, which represents 23% of total contributions. Information can be obtained from Brett Kolb, Fulton County Auditor, 152 South Fulton Avenue, Suite 165, Wauseon, Ohio 43567.

H. Community Improvement Corporation of Defiance County

Community Improvement Corporation of Defiance County (CIC) is a jointly governed organization among Defiance County, the City of Defiance, and the respective villages and townships of Defiance County. The purpose of the CIC is to promote and encourage the establishment and growth of industrial, commercial, distribution, and research facilities within member subdivisions. CIC is governed by a Board of Trustees consisting of fifteen self-appointed members. Not less than two-fifths of the members are to be composed of elected officials. Five of these members include: a member of the Board of County Commissioners of Defiance County, the Auditor of Defiance County, the Mayor or his/her designated elected official of the City of Defiance, the Mayor or his/her designated elected official of the Village of Hicksville, and the President of the Defiance County Trustees. The remaining members represent private residents of Defiance County or employees of Defiance County businesses or firms. The County provides resources to the Board of Trustees based on a membership fee.

DEFIANCE COUNTY, OHIO

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

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

CIC exercises total control over the operation of CIC including budgeting, contracting, and designating management. The County has no ongoing financial interest or responsibility for the CIC. In 2021, Defiance County contributed \$80,000 for CIC's operations, which represents 22% of total contributions. Information can be obtained from the Erika Willitzer, Executive Director, 1300 East Second Street, Suite 201, Defiance, Ohio 43512.

I. Northwest Ohio Waiver Administration Council (NOWAC)

The Northwest Ohio Waiver Administration Council (NOWAC) is a jointly governed organization created under the provisions of Chapter 167 of the Ohio Revised Code. NOWAC is organized as a voluntary organization of local County Boards of Developmental Disabilities in Defiance County, Williams County, Allen County, Henry County, Fulton County, Van Wert County and Paulding County. Each of the participating counties has equal representation and no financial responsibility. NOWAC's purpose is to foster a cooperative effort in regional planning, programming, and the implementation of regional plans and programs. Its primary function is to oversee and obtain contracted services for its clientele in member counties. These services include various types of assistance provided by outside individuals or health care organizations for living maintenance of disabled clients so they can remain in their homes. Defiance County contributed \$31,892 towards NOWAC's operations in 2021. Complete financial statements can be obtained from the Northwest Ohio Waiver Administration Council, 815 East Second Street, Suite B, Defiance, Ohio 43512-2511.

J. Defiance-Paulding Consolidated Department of Job and Family Services (DPCJFS)

On October 1, 2013, the Defiance-Paulding Consolidated Department of Job and Family Services (DPCJFS) was established as a jointly governed organization among Defiance and Paulding Counties used to provide public assistance, children's services, and workforce investment activities to individuals within the two counties. The Board of DPCJFS consists of six members, with equal representation from both counties. The Board exercises total control over the operation of DPCJFS including budgeting, contracting, and designating management. Defiance County acts as fiscal agent for DPCJFS, but has no ongoing financial interest or responsibility for DPCJFS. In 2021, Defiance County contributed \$69,230 for DPCJFS' operations, which represents 0.01% of total contributions. Information can be obtained from Jill Little, Defiance County Auditor, 500 Second Street, Suite 301, Defiance, Ohio 43512.

NOTE 21 - INSURANCE POOLS

A. County Commissioners Association Service Corporation

The County is participating in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as an insurance purchasing pool.

A Group Executive Committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participating employers. The Group Executive Committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at a meeting held in December of each year. No participant can have more than one member on the Group Executive Committee in any year and each elected member shall be a County Commissioner.

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

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

DEFIANCE COUNTY, OHIO

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

NOTE 22 - RELATED ORGANIZATION

The Defiance County Regional Airport Authority (the “Airport Authority”) was created by resolution of the County Commissioners under the authority of Chapter 308 of the Ohio Revised Code. The Airport Authority is governed by a five-member Board of Trustees appointed by the County Commissioners. The Board of Trustees has the authority to exercise all of the powers and privileges provided under the law. These powers include the ability to sue or be sued in its corporate name; the power to establish and collect rates, rentals, and other charges; the authority to acquire, construct, operate, manage, and maintain airport facilities; the authority to buy and sell real and personal property; and the authority to issue debt for acquiring or constructing any facility or permanent improvement. The Airport Authority serves as custodian of its own funds and maintains all records and accounts independent of Defiance County. Based on the nature of the financial activities of the Airport Authority and the County, there is no benefit/burden relationship between the two entities, thus designating the Airport Authority as a related organization of the County. Although the County has no obligation to provide financial resources to the Airport Authority, the County Commissioners have in prior years allocated certain funds to the Airport Authority. In 2021, the County contributed \$25,200 to the Airport Authority.

NOTE 23 - CONTINGENT LIABILITIES

A. Litigation

The County is not a party to legal proceedings that, in the opinion of management, would have a material adverse effect on the financial statements.

B. Federal and State Grants

For the period January 1, 2021 to December 31, 2021, the County received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the County believes such disallowances, if any, would be immaterial.

NOTE 24 - 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 fund	\$ 132,962
Developmental disabilities fund	1,693
Motor vehicle license and gas tax fund	348,914
Senior center fund	727
County improvement fund	82,658
Nonmajor governmental funds	<u>678,247</u>
Total	<u>\$ 1,245,201</u>

DEFIANCE COUNTY, OHIO

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

NOTE 25 - 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 nonmajor governmental funds are presented below:

Fund Balance	General	Developmental Disabilities	Motor Vehicle License and Gas Tax	Emergency 911
Nonspendable:				
Long-term interfund loans	\$ 2,768,791	\$ -	\$ -	\$ -
Prepayments	768,928	4,853	242	23,023
Materials and supplies inventory	70,262	15,161	804,255	754
Unclaimed monies	<u>143,361</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total nonspendable	<u>3,751,342</u>	<u>20,014</u>	<u>804,497</u>	<u>23,777</u>
Restricted:				
General government	-	-	-	-
Human services programs	-	-	-	-
Public works projects	-	-	2,433,519	-
Public safety programs	-	-	-	85,512
Economic development	-	-	-	-
Health services	-	6,213,013	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total restricted	<u>-</u>	<u>6,213,013</u>	<u>2,433,519</u>	<u>85,512</u>
Committed:				
General government	-	-	-	-
Public safety programs	-	-	-	-
Economic development	-	-	-	-
Capital projects	-	-	-	-
Retirement payoffs	64,898	-	-	-
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total committed	<u>64,898</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned:				
General government	38,630	-	-	-
Human services programs	22,646	-	-	-
Public works projects	49,251	-	-	-
Public safety programs	15,096	-	-	-
Health services	3,409	-	-	-
Economic development	2,680	-	-	-
Other purposes	1,250	-	-	-
Capital projects	-	-	-	-
Subsequent year appropriation	<u>6,881,532</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assigned	<u>7,014,494</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned (deficit)	<u>3,610,936</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 14,441,670</u>	<u>\$ 6,233,027</u>	<u>\$ 3,238,016</u>	<u>\$ 109,289</u>

DEFIANCE COUNTY, OHIO

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

NOTE 25 - FUND BALANCE - (Continued)

Fund Balance	Senior Center	American Rescue Plan Act	County Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Long-term interfund loans	\$ -	\$ -	\$ -	\$ -	\$ 2,768,791
Prepayments	1,115	-	-	39,623	837,784
Materials and supplies inventory	4,403	-	-	30,599	925,434
Unclaimed monies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,361</u>
Total nonspendable	<u>5,518</u>	<u>-</u>	<u>-</u>	<u>70,222</u>	<u>4,675,370</u>
Restricted:					
General government	-	-	-	1,776,097	1,776,097
Human services programs	1,328,979	-	-	97,262	1,426,241
Public works projects	-	-	-	362,065	2,795,584
Public safety programs	-	-	-	395,961	481,473
Economic development	-	-	-	1,565,535	1,565,535
Health services	-	-	-	67,462	6,280,475
Debt service	-	-	-	808,960	808,960
Capital projects	-	-	-	590,465	590,465
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,179,974</u>	<u>1,179,974</u>
Total restricted	<u>1,328,979</u>	<u>-</u>	<u>-</u>	<u>6,843,781</u>	<u>16,904,804</u>
Committed:					
General government	-	-	-	360,666	360,666
Public safety programs	-	-	-	1,028	1,028
Economic development	-	-	-	219,213	219,213
Capital projects	-	-	-	523,037	523,037
Retirement payoffs	-	-	-	-	64,898
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,948</u>	<u>23,948</u>
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,127,892</u>	<u>1,192,790</u>
Assigned:					
General government	-	-	-	-	38,630
Human services programs	-	-	-	-	22,646
Public works projects	-	-	-	-	49,251
Public safety programs	-	-	-	-	15,096
Health services	-	-	-	-	3,409
Economic development	-	-	-	-	2,680
Other purposes	-	-	-	-	1,250
Capital projects	-	-	1,772,165	500,000	2,272,165
Subsequent year appropriation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,881,532</u>
Total assigned	<u>-</u>	<u>-</u>	<u>1,772,165</u>	<u>500,000</u>	<u>9,286,659</u>
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(913,292)</u>	<u>2,697,644</u>
Total fund balances	<u>\$ 1,334,497</u>	<u>\$ -</u>	<u>\$ 1,772,165</u>	<u>\$ 7,628,603</u>	<u>\$ 34,757,267</u>

DEFIANCE COUNTY, OHIO

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

NOTE 26 - TAX ABATEMENTS

The County was part of multiple Enterprise Zone (EZ) tax abatement agreements with local businesses. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. Taxes can be abated up to 100% for up to 12 years. A majority of the County's abatements are for 10 years or less and are 70-75% abated. The total value of real property subject to exemption for 2021 was \$8,501,150. The total value of taxes abated for 2021 was \$88,837.

NOTE 27 - COVID-19

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

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REQUIRED SUPPLEMENTARY INFORMATION

DEFIANCE COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Traditional Plan:</i>				
County's proportion of the net pension liability	0.096536%	0.093395%	0.094498%	0.095729%
County's proportionate share of the net pension liability	\$ 10,601,318	\$ 13,814,045	\$ 19,448,917	\$ 11,241,058
County's covered payroll	\$ 10,299,886	\$ 9,931,036	\$ 9,580,671	\$ 9,551,823
County's proportionate share of the net pension liability as a percentage of its covered payroll	102.93%	139.10%	203.00%	117.68%
Plan fiduciary net position as a percentage of the total pension liability	86.88%	82.17%	74.70%	84.66%
<i>Combined Plan:</i>				
County's proportion of the net pension asset	0.068021%	0.063956%	0.060263%	0.054769%
County's proportionate share of the net pension asset	\$ 145,619	\$ 99,799	\$ 50,640	\$ 55,808
County's covered payroll	\$ 224,321	\$ 213,943	\$ 176,807	\$ 166,931
County's proportionate share of the net pension asset as a percentage of its covered payroll	64.92%	46.65%	28.64%	33.43%
Plan fiduciary net position as a percentage of the total pension asset	157.67%	145.28%	126.64%	137.28%
<i>Member Directed Plan:</i>				
County's proportion of the net pension asset	0.065042%	0.058641%	0.055519%	0.046224%
County's proportionate share of the net pension asset	\$ 8,793	\$ 1,659	\$ 951	\$ 1,207
County's covered payroll	\$ 292,490	\$ 261,950	\$ 217,700	\$ 188,540
County's proportionate share of the net pension asset as a percentage of its covered payroll	3.01%	0.63%	0.44%	0.64%
Plan fiduciary net position as a percentage of the total pension asset	188.21%	118.84%	113.42%	124.46%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014
0.096119%	0.981720%	0.099140%	0.099140%
\$ 16,243,668	\$ 12,697,862	\$ 8,865,265	\$ 8,665,029
\$ 9,327,692	\$ 9,066,192	\$ 8,854,367	\$ 11,244,962
174.14%	140.06%	100.12%	77.06%
77.25%	81.08%	86.45%	86.36%
0.049035%	0.041920%	0.055613%	0.055613%
\$ 20,310	\$ 15,233	\$ 15,874	\$ 4,326
\$ 182,225	\$ 140,808	\$ 193,642	\$ 190,023
11.15%	10.82%	8.20%	2.28%
116.55%	116.90%	114.83%	104.56%
0.044529%	0.046699%	n/a	n/a
\$ 138	\$ 133	n/a	n/a
\$ 183,008	\$ 242,375	n/a	n/a
0.08%	0.05%	n/a	n/a
103.40%	103.91%	n/a	n/a

DEFIANCE COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST EIGHT YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
County's proportion of the net pension liability	0.00527264%	0.00490968%	0.00516629%	0.00493484%
County's proportionate share of the net pension liability	\$ 674,154	\$ 1,187,968	\$ 1,142,494	\$ 1,085,061
County's covered payroll	\$ 592,307	\$ 601,386	\$ 593,279	\$ 491,264
County's proportionate share of the net pension liability as a percentage of its covered payroll	113.82%	197.54%	192.57%	220.87%
Plan fiduciary net position as a percentage of the total pension liability	87.78%	75.48%	77.40%	77.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.00395153%	0.00521774%	0.00632304%	0.00730021%
\$ 938,694	\$ 1,746,535	\$ 1,747,503	\$ 1,775,664
\$ 466,464	\$ 624,043	\$ 733,300	\$ 739,123
201.24%	279.87%	238.31%	240.24%
75.30%	66.80%	72.10%	74.70%

DEFIANCE COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 1,464,682	\$ 1,441,984	\$ 1,390,345	\$ 1,341,294
Contributions in relation to the contractually required contribution	<u>(1,464,682)</u>	<u>(1,441,984)</u>	<u>(1,390,345)</u>	<u>(1,341,294)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 10,462,014	\$ 10,299,886	\$ 9,931,036	\$ 9,580,671
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 30,552	\$ 31,405	\$ 29,952	\$ 24,753
Contributions in relation to the contractually required contribution	<u>(30,552)</u>	<u>(31,405)</u>	<u>(29,952)</u>	<u>(24,753)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 218,229	\$ 224,321	\$ 213,943	\$ 176,807
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 26,548	\$ 29,249	\$ 26,195	\$ 21,770
Contributions in relation to the contractually required contribution	<u>(26,548)</u>	<u>(29,249)</u>	<u>(26,195)</u>	<u>(21,770)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 265,480	\$ 292,490	\$ 261,950	\$ 217,700
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 1,241,737	\$ 1,119,323	\$ 1,087,943	\$ 1,062,524	\$ 1,461,845	\$ 1,102,306
<u>(1,241,737)</u>	<u>(1,119,323)</u>	<u>(1,087,943)</u>	<u>(1,062,524)</u>	<u>(1,461,845)</u>	<u>(1,102,306)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,551,823	\$ 9,327,692	\$ 9,066,192	\$ 8,854,367	\$ 11,244,962	\$ 11,023,060
13.00%	12.00%	12.00%	12.00%	13.00%	10.00%
\$ 21,701	\$ 21,867	\$ 16,897	\$ 23,237	\$ 24,703	\$ 11,771
<u>(21,701)</u>	<u>(21,867)</u>	<u>(16,897)</u>	<u>(23,237)</u>	<u>(24,703)</u>	<u>(11,771)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 166,931	\$ 182,225	\$ 140,808	\$ 193,642	\$ 190,023	\$ 148,063
13.00%	12.00%	12.00%	12.00%	13.00%	7.95%
\$ 18,854	\$ 21,961	\$ 29,085			
<u>(18,854)</u>	<u>(21,961)</u>	<u>(29,085)</u>			
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
\$ 188,540	\$ 183,008	\$ 242,375			
10.00%	12.00%	12.00%			

DEFIANCE COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 93,529	\$ 82,923	\$ 84,194	\$ 83,059
Contributions in relation to the contractually required contribution	<u>(93,529)</u>	<u>(82,923)</u>	<u>(84,194)</u>	<u>(83,059)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 668,064	\$ 592,307	\$ 601,386	\$ 593,279
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 68,777	\$ 65,305	\$ 87,366	\$ 102,662	\$ 96,086	\$ 111,580
<u>(68,777)</u>	<u>(65,305)</u>	<u>(87,366)</u>	<u>(102,662)</u>	<u>(96,086)</u>	<u>(111,580)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 491,264	\$ 466,464	\$ 624,043	\$ 733,300	\$ 739,123	\$ 858,308
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

DEFIANCE COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's proportion of the net OPEB liability/asset	0.094445%	0.091149%	0.091940%	0.092570%	0.092410%
County's proportionate share of the net OPEB liability/(asset)	\$ (1,247,853)	\$ 9,421,343	\$ 9,007,752	\$ 7,524,281	\$ 6,946,194
County's covered payroll	\$ 10,816,697	\$ 10,406,929	\$ 9,975,178	\$ 9,907,294	\$ 9,692,925
County's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	11.54%	90.53%	90.30%	75.95%	71.66%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	115.57%	47.80%	46.33%	54.14%	54.05%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

DEFIANCE COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/NET OPEB ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FIVE YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's proportion of the net OPEB liability/asset	0.00527264%	0.00490968%	0.00516629%	0.00493484%	0.03951530%
County's proportionate share of the net OPEB liability (asset)	\$ (111,169)	\$ (86,288)	\$ (85,566)	\$ (79,000)	\$ 154,174
County's covered payroll	\$ 592,307	\$ 601,386	\$ 593,279	\$ 491,264	\$ 466,464
County's proportionate share of the net OPEB liability as a percentage of its covered payroll	18.77%	14.35%	14.42%	16.08%	33.05%
Plan fiduciary net position as a percentage of the total OPEB liability	174.73%	182.13%	174.70%	176.00%	47.10%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

DEFIANCE COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 10,619	\$ 11,700	\$ 10,478	\$ 8,708
Contributions in relation to the contractually required contribution	<u>(10,619)</u>	<u>(11,700)</u>	<u>(10,478)</u>	<u>(8,708)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 10,945,723	\$ 10,816,697	\$ 10,406,929	\$ 9,975,178
Contributions as a percentage of covered payroll	0.10%	0.11%	0.10%	0.09%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 102,447	\$ 259,223	\$ 248,366	\$ 240,086	\$ 111,169	\$ 435,003
<u>(102,447)</u>	<u>(259,223)</u>	<u>(248,366)</u>	<u>(240,086)</u>	<u>(111,169)</u>	<u>(435,003)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,907,294	\$ 9,692,925	\$ 9,449,375	\$ 9,048,009	\$ 11,434,985	\$ 11,171,123
1.03%	2.67%	2.63%	2.65%	0.97%	3.89%

DEFIANCE COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 668,064	\$ 592,307	\$ 601,386	\$ 593,279
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ -	\$ -	\$ -	\$ 7,333	\$ 7,391	\$ 8,583
-	-	-	(7,333)	(7,391)	(8,583)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 491,264	\$ 466,464	\$ 624,043	\$ 733,300	\$ 739,123	\$ 858,308
0.00%	0.00%	1.00%	1.00%	1.00%	1.00%

DEFIANCE COUNTY, OHIO

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

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

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

Changes in assumptions :

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014-2016.
- For 2017, STRS decreased the Cost of Living Adjustment (COLA) to zero effective July 1, 2017.
- There were no changes in benefit terms for 2018.
- There were no changes in benefit terms for 2019.
- There were no changes in benefit terms for 2020.
- There were no changes in benefit terms for 2021.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016.
- For 2017, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in assumptions for 2018.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- For 2021, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.45% to 7.00%.

(Continued)

DEFIANCE COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2021

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017-2020.
-

For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

Changes in assumptions :

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017.
- For 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For 2020, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

(Continued)

DEFIANCE COUNTY, OHIO

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

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) increase in the discount rate from 4.13% to 7.45% and (b) decrease in trend rates from 6.00%-11.00% initial; 4.50% ultimate down to 5.23%-9.62% initial; 4.00% ultimate.
- For 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) increase in prescription drug trend rates from -5.23%-9.62% initial; 4.00% ultimate up to 4.00%-9.62% initial; 4.00% ultimate.
- For 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) decrease in medical trend rates from 4.93%-5.87% to -6.69%-5.00% and (b) an increase in prescription drug trend rates from 7.73%-9.62% to 6.50%-11.87%.
- For 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) decrease in the discount rate from 7.45% to 7.00%, (b) decrease in Medicare medical trend rates from -6.69% initial; 4.00% ultimate down to -16.18% initial; 4.00% ultimate and (c) increase in Medicare prescription drug trend rates from 11.87% initial; 4.00% ultimate up to 29.98% initial; 4.00% ultimate.

SUPPLEMENTARY INFORMATION

DEFIANCE COUNTY

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

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM / CLUSTER TITLE	PASS THROUGH ENTITY IDENTIFYING NUMBER / ADDITIONAL AWARD IDENTIFICATION	ASSISTANCE LISTING NUMBER	TOTAL FEDERAL EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
<i>Child Nutrition Cluster:</i>			
COVID-19 - National School Lunch Program	COVID-19, 2021	10.555	\$ 1,228
National School Lunch Program	2020	10.555	970
National School Lunch Program	2021	10.555	21,289
National School Lunch Program - Food Donation	2021	10.555	1,471
Total National School Lunch Program and Child Nutrition Cluster			24,958
Total U.S. Department of Agriculture			24,958
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through Ohio Development Services Agency</i>			
Community Development Block Grant (CHIP)	B-C-18-1AS-1	14.228	60,772
Community Development Block Grant (CHIP)	B-C-20-1AS-1	14.228	91,477
Community Development Block Grant (Target of Opportunity Program)	B-D-20-1AS-1	14.228	201,044
COVID-19 - Community Development Block Grant (Target of Opportunity Program)	COVID-19, B-D-20-1AS-4	14.228	5,900
Community Development Block Grant (Formula Grant)	B-F-19-1AS-1	14.228	131,700
Community Development Block Grant (Critical Infrastructure)	B-X-20-1AS-1	14.228	7,500
Community Development Block Grant (Critical Infrastructure)	B-X-20-1AS-2	14.228	10,000
Total Community Development Block Grant			508,393
Home Investment Partnerships Program (CHIP)	B-C-18-1AS-2	14.239	8,111
Home Investment Partnerships Program (CHIP)	B-C-20-1AS-2	14.239	493,935
Total Home Investment Partnerships Program			502,046
Total U.S. Department of Housing and Urban Development			1,010,439
U.S. DEPARTMENT OF JUSTICE			
<i>Passed Through Ohio Attorney General's Office</i>			
Crime Victims Assistance	2021-SVAA-133914810	16.575	1,533
Crime Victims Assistance	2022-SVAA-134716391	16.575	722
Crime Victims Assistance	2021-VOCA-133914807	16.575	41,088
Crime Victims Assistance	2022-VOCA-134716388	16.575	12,335
Total Crime Victims Assistance			55,678
<i>Passed Through Supreme Court of Ohio</i>			
Violence Against Women Formula Grant	2018-WF-VA1-8855	16.588	1,700
<i>Passed Through Ohio Department of Public Safety, Office of Criminal Justice Services</i>			
Edward Byrne Memorial Justice Assistance Grant Program	2020-JG-A01-6407	16.738	55,030
Total U.S. Department of Justice			112,408
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Transportation</i>			
<i>Highway Planning and Construction Cluster:</i>			
Highway Planning and Construction	PID 99208	20.205	100,000
DEF CR VAR PM FY20			100,000
Total Highway Planning and Construction Cluster			100,000
Total U.S. Department of Transportation			100,000
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Ohio Office of Budget and Management</i>			
COVID-19 - Coronavirus Relief Fund	COVID-19, HB481-CRF-Local	21.019	50,168
<i>Direct</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	COVID-19, SLFRP2936	21.027	85,224
Total U.S. Department of Treasury			135,392
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
<i>Special Education Cluster:</i>			
Special Education - Grants to States	84.027A, 2021	84.027A	28,232
Special Education - Preschool Grants	84.173A, 2021	84.173A	5,556
Total Special Education Cluster			33,788
<i>Passed Through Ohio Department of Developmental Disabilities</i>			
Special Education - Grants for Infants and Families (Early Intervention, Part C)	H181A190024	84.181	47,013
Special Education - Grants for Infants and Families (Early Intervention, Part C)	H181A200024	84.181	73,105
Total Special Education - Grants for Infants and Families			120,118
<i>Passed Through Ohio Department of Education</i>			
COVID-19 - Governors Emergency Education Relief (GEER) Fund	COVID-19, 84.425C, 2021	84.425C	37,023
COVID-19 - Governors Emergency Education Relief (GEER) Fund	COVID-19, 84.425C, 2022	84.425C	9,455
Total Education Stabilization Fund (ESF)			46,478
Total U.S. Department of Education			200,384

(Continued)

DEFIANCE COUNTY

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

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM / CLUSTER TITLE	PASS THROUGH ENTITY IDENTIFYING NUMBER / ADDITIONAL AWARD IDENTIFICATION	ASSISTANCE LISTING NUMBER	TOTAL FEDERAL EXPENDITURES
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through The Area Office of Aging of Northwest Ohio, Inc.</i>			
<i>Aging Cluster:</i>			
COVID-19 - Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	COVID-19, 2020	93.044	353
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	2021	93.044	41,480
Total Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers			<u>41,833</u>
COVID-19 - Special Programs for the Aging - Title III, Part C2 - Nutrition Services - CARES Act Funding	COVID-19, 2020	93.045	12,793
Special Programs for the Aging - Title III, Part C1 - Nutrition Services	2021	93.045	15,168
Special Programs for the Aging - Title III, Part C2 - Nutrition Services	2021	93.045	51,600
Total Special Programs for the Aging - Title III, Part C - Nutrition Services			<u>79,561</u>
Nutrition Services Incentive Program	2021	93.053	64,688
Total Aging Cluster			<u>186,082</u>
<i>Passed Through Ohio Department of Job and Family Services</i>			
Child Support Enforcement	G-2021-11-5917	93.563	261,159
Child Support Enforcement	G-2223-11-6917	93.563	350,353
Total Child Support Enforcement			<u>611,512</u>
<i>Passed Through Ohio Department of Developmental Disabilities</i>			
Social Services Block Grant	2101OHSOSR	93.667	23,575
<i>Medicaid Cluster:</i>			
Medical Assistance Program	2105OH5ADM	93.778	86,872
Medical Assistance Program	2205OH5ADM	93.778	30,509
Total Medicaid Cluster			<u>117,381</u>
Total U.S. Department of Health and Human Services			<u>938,550</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed Through Ohio Emergency Management Agency, Department of Public Safety</i>			
COVID-19 - Emergency Management Performance Grants - Supplemental	COVID-19, EMC-2020-EP-00014	97.042	519
Emergency Management Performance Grants	EMC-2019-EP-00005	97.042	6,019
Emergency Management Performance Grants	EMC-2020-EP-00004	97.042	21,445
Total Emergency Management Performance Grants			<u>27,983</u>
Total U.S. Department of Homeland Security			<u>27,983</u>
Total Federal Expenditures			<u><u>\$ 2,550,114</u></u>

The accompanying notes are an integral part of this schedule.

DEFIANCE COUNTY

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

NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Defiance County (the County) under programs of the federal government for the year ended December 31, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County. Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited to as to reimbursement.

NOTE 2 – DE MINIMIS 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 3 – CHILD NUTRITION CLUSTER

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

NOTE 4 – FOOD DONATION PROGRAM

The County reports commodities consumed on the Schedule at the entitlement value. The County allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

NOTE 5 – 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, 2021, is \$317,740.

NOTE 6 – 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.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Defiance County
500 Court Street, Suite A
Defiance, Ohio 43512

To the Board of Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Defiance County, Ohio, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Defiance County's basic financial statements, and have issued our report thereon dated June 22, 2022, wherein we noted as described in Note 27 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Defiance County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

Purpose of This Report

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.

June 22, 2022

**Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Defiance County
500 Court Street, Suite A
Defiance, Ohio 43512

To the Board of Commissioners:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Defiance County's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Defiance County's major federal programs for the year ended December 31, 2021. Defiance County's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

Defiance County
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over
Compliance Required by the Uniform Guidance
Page 3

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

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

Julian & Grube, Inc.

Julian & Grube, Inc.
June 22, 2022

DEFIANCE COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2021

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material weaknesses in internal control reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Child Support Enforcement (ALN 93.563)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

OHIO AUDITOR OF STATE KEITH FABER



DEFIANCE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/30/2022

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

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