



Dave Yost • Auditor of State

**VAN WERT COUNTY
DECEMBER 31, 2016**

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DECEMBER 31, 2016

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely-presented component units, each major fund, and the aggregate remaining fund information of Van Wert County, Ohio (the County), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of the Van Wert Housing Services Inc., a discretely presented component unit, which represents 50 percent, 51 percent, and 48 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Van Wert Housing Services Inc., is based solely on the report of other auditors. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement. The other auditors audited the financial statements of the Van Wert Housing Services, Inc. in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*.

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

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

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Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Qualified
Major General Fund	Unmodified
Major Motor Vehicle and Gas Tax Fund	Unmodified
Major Thomas Edison Fund	Unmodified
Major Brumback Library Fund	Unmodified
Major Recycling Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinion on the Aggregate Discretely Presented Component Units

The financial statements of the Van Wert County Airport Authority did not have sufficient evidential matter supporting the amounts recorded as rental revenue and related receivables and deferred inflows for the year ended December 31, 2016 on the Van Wert Airport Authority's financial statements as part of our audit of the County's basic financial statements. The Van Wert County Airport Authority's financial activities are included in the County's basic financial statements as a discretely presented component unit and represents 26 percent, 25 percent, and 47 percent of the assets, net financial position and revenues, respectively, of the County's aggregate discretely presented component units.

Qualified Opinion

In our opinion, based on our audit and the report of other auditors, except for the effects of the matter described in the *Basis for Qualified Opinion on the Aggregated Discretely Presented Component Units* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Van Wert County, Ohio (the County), as of December 31, 2016, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

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 Van Wert County, Ohio, as of December 31, 2016, and the respective changes in financial position and, where applicable its cash flows, thereof and the respective budgetary comparisons for the General, Motor Vehicle and Gas Tax, Thomas Edison, and Brumback Library Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2017, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

September 27, 2017

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Van Wert County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

MANAGEMENT'S DISCUSSION AND ANALYSIS

Van Wert County's discussion and analysis of the annual financial report provides a review of the financial performance for the year ended December 31, 2016.

FINANCIAL HIGHLIGHTS

- The County's total net position increased \$252,740 during 2016. The net position of governmental activities increased \$291,182 or .09%. The net position of business-type activities decreased by \$38,442.
- The General Fund's fund balance increased \$491,269 during 2016. The General Fund transferred \$208,795 for debt service obligations. The General Fund also transferred \$78,451 to the Department of Job and Family Services, \$153,687 to the Building Improvement Fund, and \$8,000 to the Dog and Kennel Fund.
- Business-type operations reflected an operating loss of \$35,412.
- During 2016, the County issued \$2,675,000 in general obligations bonds to refinance the 2008 Capital Facilities Bonds, Series A. The County reduced its total debt service payments by \$157,589 and had an economic gain of \$162,884.
- Capital assets used in governmental activities increased \$282,766. During 2016, the County resurfaced some road and replaced bridges. In addition, a number of vehicles were added to capital assets during 2016.

During 2015, the County adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the County's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

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

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

Van Wert County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
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(Continued)

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the County is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The Statement of Net Position and Statement of Activities provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position and the Statement of Activities

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

Van Wert County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited
(Continued)

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

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

Van Wert County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited
(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As stated previously, the Statement of Net Position looks at the County as a whole. The following table provides a summary of the County's net position for 2016 compared to 2015.

	Governmental Activities		Business-Type Activities		Total	
	2016	Restated 2015	2016	Restated 2015	2016	Restated 2015
Assets						
Current and Other Assets	\$22,115,912	\$21,579,009	\$325,639	\$307,776	\$22,441,551	\$21,886,785
Capital Assets	27,377,652	27,094,886	405,548	445,996	27,783,200	27,540,882
Total Assets	49,493,564	48,673,895	731,187	753,772	50,224,751	49,427,667
Deferred Outflows of Resources						
	5,158,590	1,600,102	163,691	53,325	5,322,281	1,653,427
Liabilities						
Current and Other Liabilities	1,594,221	1,065,419	24,400	13,046	1,618,621	1,078,465
Long-Term Liabilities:						
Due Within One Year	990,813	965,537	10,161	9,924	1,000,974	975,461
Net Pension Liability	11,293,166	7,823,363	391,289	278,165	11,684,455	8,101,528
Other Amounts Due in More Than One Year	6,359,819	6,479,912	30,528	36,397	6,390,347	6,516,309
Total Liabilities	20,238,019	16,334,231	456,378	337,532	20,694,397	16,671,763
Deferred Inflows of Resources						
	5,244,773	5,061,586	12,264	4,887	5,257,037	5,066,473
Net Position						
Net Investment in Capital Assets	25,098,141	24,539,847	370,548	405,996	25,468,689	24,945,843
Restricted	7,529,428	8,500,198	-	-	7,529,428	8,500,198
Unrestricted (Deficit)	(3,458,207)	(4,161,865)	55,688	58,682	(3,402,519)	(4,103,183)
Total Net Position	\$29,169,362	\$28,878,180	\$426,236	\$464,678	\$29,595,598	\$29,342,858

Total assets of governmental activities increased \$819,669. Capital assets increased \$282,766. Due from other governments increased due to an increase in CDBG grants receivable.

Long-term liabilities increased as a result of the net pension liability.

Net position of business-type activities decreased by \$38,442. Business-type activities reported an operating loss for the last four years. Charges for services have not always been enough to cover depreciation expense.

The following table shows the changes in net position for 2016 compared with 2015:

Van Wert County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited
(Continued)

	Governmental Activities		Business-Type Activities		Total	
	2016	Restated - 2015	2016	Restated - 2015	2016	Restated - 2015
Revenues						
Program Revenues:						
Charges for Services	\$3,601,490	\$3,487,994	\$543,637	\$526,002	\$4,145,127	\$4,013,996
Operating Grants, Contributions and Interest	8,647,871	10,130,922	-	-	8,647,871	10,130,922
Capital Grants and Contributions	410,336	764,502	6,950	-	417,286	764,502
Total Program Revenues	12,659,697	14,383,418	550,587	526,002	13,210,284	14,909,420
General Revenues:						
Property and Other Taxes	4,782,361	4,813,804	-	-	4,782,361	4,813,804
Permissive Sales Tax	4,499,841	4,450,660	-	-	4,499,841	4,450,660
Grants and Entitlements	1,272,200	1,286,703	-	-	1,272,200	1,286,703
All Other Categories	580,897	471,661	-	-	580,897	471,661
Total General Revenues	11,135,299	11,022,828	-	-	11,135,299	11,022,828
Total Revenues	23,794,996	25,406,246	550,587	526,002	24,345,583	25,932,248
Program Expenses:						
General Government						
Legislative and Executive	5,491,500	5,214,315	-	-	5,491,500	5,214,315
Judicial	1,481,371	1,378,645	-	-	1,481,371	1,378,645
Public Safety	3,877,503	3,302,041	-	-	3,877,503	3,302,041
Public Works	3,443,987	3,863,274	-	-	3,443,987	3,863,274
Health	162,375	130,998	-	-	162,375	130,998
Human Services	8,269,911	7,911,173	-	-	8,269,911	7,911,173
Conservation and Recreation	6,950	34,920	-	-	6,950	34,920
Economic Development and Assistance	447,795	408,049	-	-	447,795	408,049
Intergovernmental	113,163	111,980	-	-	113,163	111,980
Debt Service Costs	212,115	251,911	-	-	212,115	251,911
Recycling	-	-	586,173	545,415	586,173	545,415
Total Expenses	23,506,670	22,607,306	586,173	545,415	24,092,843	23,152,721
Excess (Deficit) Before Transfers	288,326	2,798,940	(35,586)	(19,413)	252,740	2,779,527
Transfers	2,856	-	(2,856)	-	-	-
Increase (Decrease) in Net Position	291,182	2,798,940	(38,442)	(19,413)	252,740	2,779,527
Net Position Beginning of Year - Restated for 2015	28,878,180	26,079,240	464,678	484,091	29,342,858	26,563,331
Net Position End of Year	\$29,169,362	\$28,878,180	\$426,236	\$464,678	\$29,595,598	\$29,342,858

Van Wert County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
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Governmental Activities

Program revenues make up 53% of total governmental revenues for 2016 and 57% of total governmental revenues for 2015. The major recipients of intergovernmental program revenues were the Motor Vehicle and Gas Tax, Department of Job and Family Services, Thomas Edison, and Brumback Library Funds, as well as the Children's Services and CSEA Special Revenue Funds.

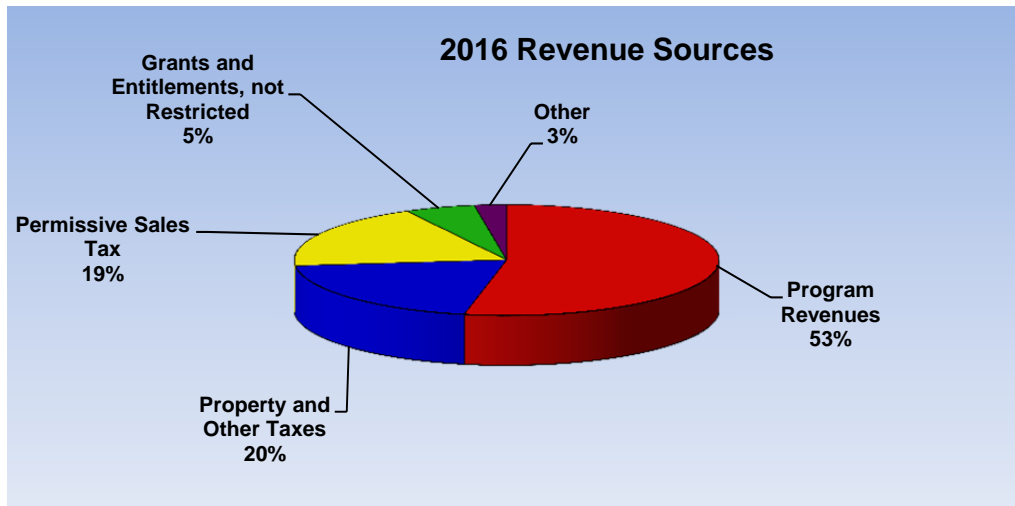
Operating grants and contributions decreased as a result of a bi-annual funding cycle of community development block grants.

Capital grants and contributions for 2016 consisted of funds received from the Ohio Public Works Commission for various road resurfacing.

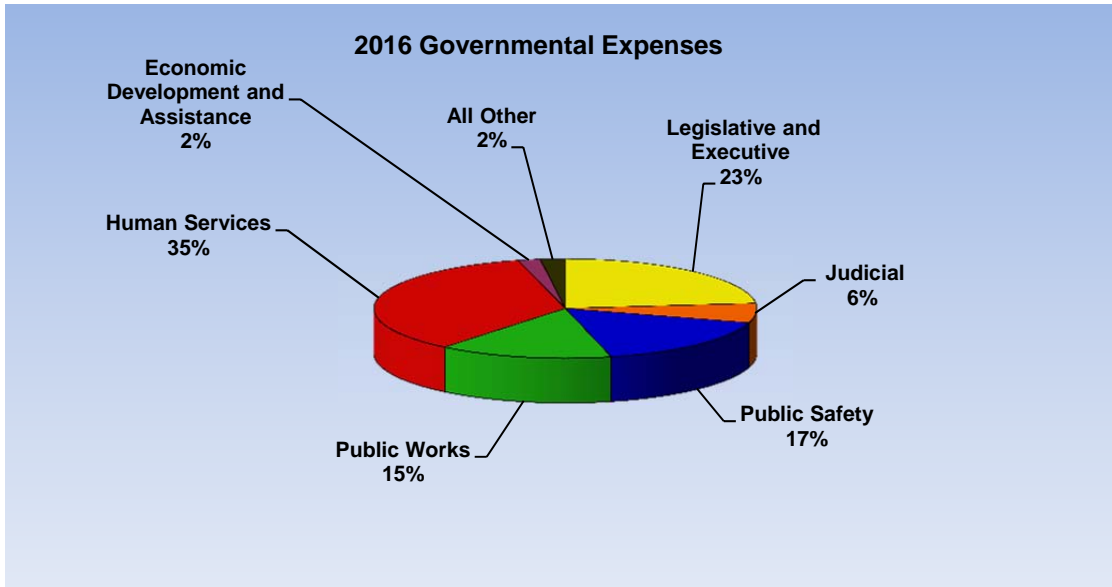
The County's direct charges to users of governmental services made up around 15% and 14% of total governmental revenues for both 2016 and 2015, respectively. These charges are for fees for real estate transfers, fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, and licenses and permits

Permissive sales tax is the second largest source of revenue for the County. The County received \$4,499,841 for 2016 or about 19% of total governmental revenues.

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



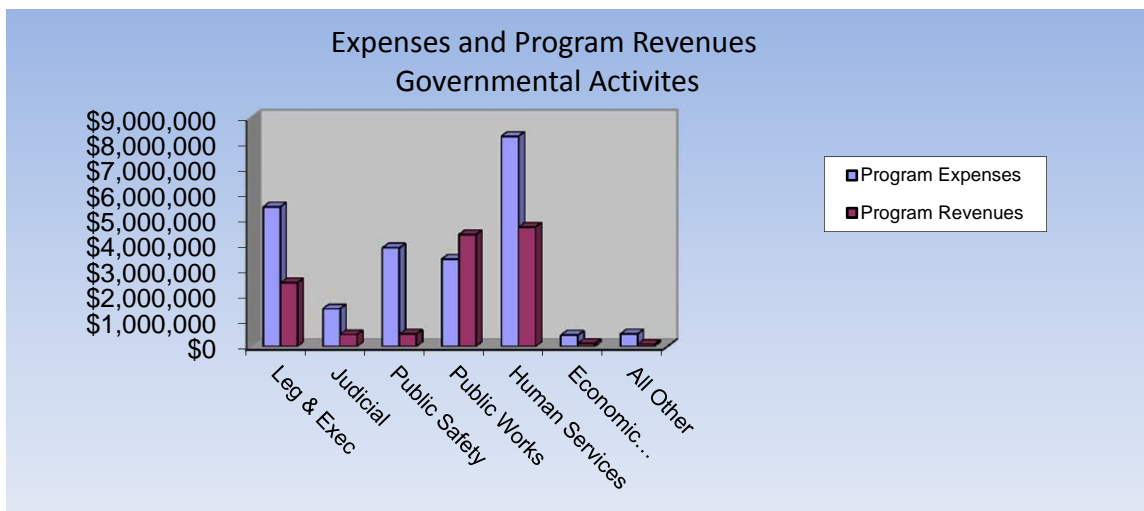
Van Wert County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
 Unaudited
 (Continued)



The legislative and executive expenses of the County rely heavily on general revenues to support the program. \$2.8 million of legislative and executive expenses (51%) were covered by general revenues. The County has a separate tax levy which provides support for the Brumbach Library.

For public safety, the net cost of services of \$3.3 million indicates the general purposes property tax levy and the permissive sales tax, support the operation of the Sheriff's Department and the Jail.

The \$4.5 million in net cost of services for human services demonstrates the cost of services that are not supported from State and federal sources. As such, the taxpayers have approved property tax levies for the Thomas Edison Center, the Senior Citizens Center, Tri-County Mental Health and the Cooperative Extension Service.



Van Wert County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
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(Continued)

Business-Type Activities

The net position for business-type activities decreased by \$38,442 during 2016. Charges for services for recycling is the largest revenue source for business-type activities revenues. On September 22, 2016, the County Commissioners approved adding all business and exempt properties for recycling which will increase revenue in the Recycling fund.

The County strives to control operation expenses for business-type activities in order to maintain stability in charges for services.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds

Information about the County's major governmental funds begins on page 21. These funds are reported using the modified accrual basis of accounting. All Governmental funds had total revenues of \$23.5 million and expenditures of \$23.7 million. The General fund balance increased by \$491,269. Within the General Fund, revenues exceeded expenditures by \$778,823. Transfers to other funds such as the Debt Service funds and other Special Revenue funds totaled \$448,933.

Unassigned General fund balance equals \$1,367,209, which is available for spending at the County's discretion. The non-spendable fund balance in the general fund consists of amounts for prepaid items, supplies inventory and amounts required to be held for unclaimed monies.

As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted fund balance to total fund expenditures. Unassigned fund balance represents approximately 16% (9% in prior year) of total General Fund expenditures.

The Motor Vehicle and Gas Tax fund balance increased \$72,433 due to a decrease in expenditures. Fund balance at December 31, 2016, was \$1,579,335. The Thomas Edison fund balance decreased \$930,263 due to decreases in charges for services. Fund balance at December 31, 2016, was \$1,912,608. The Brumback Library fund balance increased \$10,854, while fund balance at year-end was \$571,505.

Enterprise Fund

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

Major Funds Budgeting Highlights

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

During 2016, there were numerous revisions to the General Fund budget. However, the net effect of the revisions was an increase in the appropriations of \$183,456. Original General Fund budgeted revenues were also adjusted slightly.

Van Wert County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited
(Continued)

Appropriations for the Motor Vehicle and Gas Tax fund were increased \$148,150. Appropriations were increased primarily for parts/supplies and gasoline.

Thomas Edison decreased anticipated receipts due to an expected decrease in charges for services revenues.

Anticipated receipts for Brumback Library increased as funding from the State Public Library Fund increased. By monitoring expenditures, the Library's actual expenditures were \$52,382 less than appropriated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

	Capital Assets, Net of Depreciation					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Land	\$316,225	\$316,225	\$0	\$0	\$316,225	\$316,225
Land Improvements	57,680	20,399	-	-	57,680	20,399
Buildings	12,598,705	13,034,815	217,056	233,073	12,815,761	13,267,888
Machinery and Equipment	346,203	337,271	29,957	35,812	376,160	373,083
Furniture and Fixtures	52,890	-	-	-	52,890	-
Vehicles	1,715,407	1,540,892	158,535	177,111	1,873,942	1,718,003
Infrastructure	12,290,542	11,845,284	-	-	12,290,542	11,845,284
	<u>\$27,377,652</u>	<u>\$27,094,886</u>	<u>\$405,548</u>	<u>\$445,996</u>	<u>\$27,783,200</u>	<u>\$27,540,882</u>

Additions to governmental capital assets were to construction in progress (new engineer building), roads, bridges and vehicles.

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

Long-Term Debt

At December 31, 2016, Van Wert County had \$6,566,261 total long-term debt outstanding.

	Outstanding Long-Term Debt at Year End			
	Governmental		Business-Type	
	Activities		Activities	
	2016	2015	2016	2015
General Obligation Notes	\$2,358,456	\$2,604,716	\$35,000	\$40,000
OWDA Loan	455,805	490,163	0	0
General Obligation Bonds	3,717,000	3,539,000	0	0
Capital Leases	0	21,028	0	0
	<u>\$6,531,261</u>	<u>\$6,654,907</u>	<u>\$35,000</u>	<u>\$40,000</u>

Van Wert County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited
(Continued)

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

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

Obligations under capital lease was paid from the Thomas Edison Special Revenue Fund.

CONTACTING THE COUNTY AUDITOR'S OFFICE

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

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Van Wert County, Ohio

*Statement of Net Position
December 31, 2016*

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$9,235,683	\$54,407	\$9,290,090
Cash and Cash Equivalents in Segregated Accounts	76,637	-	76,637
Accrued Interest Receivable	-	-	-
Accounts Receivable (Net, where applicable, of Uncollectible Accounts)	334,123	275,696	609,819
Permissive Sales Tax Receivable	757,651	-	757,651
Due from Other Governments	5,210,221	-	5,210,221
Internal Balances	4,464	(4,464)	-
Prepaid Items	184,129	-	184,129
Supplies Inventory	343,152	-	343,152
Property & Alternate Energy Taxes Receivable	4,938,864	-	4,938,864
Permissive Motor Vehicle License Tax Receivable	7,673	-	7,673
Tax Increment Financing Receivable	240,148	-	240,148
Loans Receivable	115,651	-	115,651
Special Assessments Receivable	299,348	-	299,348
Investments in Segregated Accounts	368,168	-	368,168
Depreciable Capital Assets, Net	27,003,747	405,548	27,409,295
Nondepreciable Capital Assets, Net	373,905	-	373,905
Total Assets	49,493,564	731,187	50,224,751
Deferred Outflows of Resources:			
Deferred Charge on Refunding	232,383	-	232,383
Pension	4,926,207	163,691	5,089,898
Total Deferred Outflows of Resources	5,158,590	163,691	5,322,281
Liabilities:			
Accounts Payable	385,651	13,909	399,560
Accrued Salaries Payable	176,593	6,216	182,809
Contracts Payable	212,637	-	212,637
Due to Other Governments	498,963	4,223	503,186
Accrued Interest Payable	39,888	52	39,940
Claims Payable	181,577	-	181,577
Compensatory Time Payable	98,912	-	98,912
Long-Term Liabilities:			
Due Within One Year	990,813	10,161	1,000,974
Due in More Than One Year			
Net Pension Liability	11,293,166	391,289	11,684,455
Other Amounts Due in More Than One Year	6,359,819	30,528	6,390,347
Total Liabilities	20,238,019	456,378	20,694,397
Deferred Inflows of Resources:			
Property & Alternate Energy Taxes	4,884,277	-	4,884,277
Pension	360,496	12,264	372,760
Hanger Rent	-	-	-
Total Deferred Inflows of Resources	5,244,773	12,264	5,257,037
Net Position:			
Net Investment in Capital Assets	25,098,141	370,548	25,468,689
Restricted for:			
Other Purposes	7,210,390	-	7,210,390
Debt Service	117,310	-	117,310
Capital Projects	201,728	-	201,728
Unrestricted (Deficit)	(3,458,207)	55,688	(3,402,519)
Total Net Position	\$29,169,362	\$426,236	\$29,595,598

See accompanying notes to the basic financial statements.

Van Wert Housing Services	Component Units	
	Van Wert County Port Authority	Van Wert County Airport Authority
\$0	\$114,514	\$0
19,092	-	37,705
2,268	-	-
1,819	-	790
-	-	-
-	-	2,831
-	-	-
4,617	-	-
-	-	23,784
-	-	-
-	-	-
9,273	-	-
-	-	-
1,856,564	-	-
766,351	464,730	1,105,624
-	646,425	214,100
<u>2,659,984</u>	<u>1,225,669</u>	<u>1,384,834</u>
-	-	-
-	-	20,876
<u>-</u>	<u>-</u>	<u>20,876</u>
14,379	-	15,762
-	-	640
-	-	-
-	-	2,841
-	-	142
-	-	-
-	-	-
-	-	15,160
-	-	48,673
-	-	36,785
<u>14,379</u>	<u>-</u>	<u>120,003</u>
-	-	-
-	-	4,488
-	-	2,065
<u>-</u>	<u>-</u>	<u>6,553</u>
766,351	1,111,155	1,267,779
51,540	-	-
-	-	-
-	-	-
1,827,714	114,514	11,375
<u>\$2,645,605</u>	<u>\$1,225,669</u>	<u>\$1,279,154</u>

Van Wert County, Ohio
Statement of Activities
For the Year Ended December 31, 2016

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	
Governmental Activities				
General Government:				
Legislative and Executive	\$5,491,500	\$1,865,473	\$831,900	\$0
Judicial	1,481,371	424,457	93,714	-
Public Safety	3,877,503	304,332	316,166	-
Public Works	3,443,987	517,177	3,478,802	410,336
Health	162,375	63,553	-	-
Human Services	8,269,911	425,018	3,345,925	-
Conservation and Recreation	6,950	-	2,491	-
Economic Development and Assistance	447,795	-	578,873	-
Intergovernmental	113,163	-	-	-
Interest and Fiscal Charges	184,740	1,480	-	-
Issuance Costs	27,375	-	-	-
Total Governmental Activities	<u>23,506,670</u>	<u>3,601,490</u>	<u>8,647,871</u>	<u>410,336</u>
Business-Type Activity				
Recycling	586,173	543,637	-	6,950
Total Primary Government	<u>24,092,843</u>	<u>4,145,127</u>	<u>8,647,871</u>	<u>417,286</u>
Component Units				
Van Wert Housing Services	262,347	173,413	470	-
Van Wert County Port Authority	20,586	28,220	-	-
Van Wert County Airport Authority	321,034	134,542	42,637	101,666
Total Component Units	<u>\$603,967</u>	<u>\$336,175</u>	<u>\$43,107</u>	<u>\$101,666</u>

General Revenues

Property and Other Taxes Levied for:

General Purposes

Thomas Edison

Other Purposes

County Permissive Motor Vehicle License Taxes Levied for Public Works

Permissive Sales Taxes Levied for General Purposes

Grants and Entitlements not Restricted to Specific Programs

Unrestricted Investment Earnings

Tax Increment Financing

Other

Total General Revenues

Transfers

Change in Net Position

Net Position Beginning of Year - Restated

Net Position End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units		
Governmental Activities	Business-Type Activity	Total	Van Wert Housing Services	Van Wert County Port Authority	Van Wert County Airport Authority
(\$2,794,127)	\$0	(\$2,794,127)	\$0	\$0	\$0
(963,200)	-	(963,200)	-	-	-
(3,257,005)	-	(3,257,005)	-	-	-
962,328	-	962,328	-	-	-
(98,822)	-	(98,822)	-	-	-
(4,498,968)	-	(4,498,968)	-	-	-
(4,459)	-	(4,459)	-	-	-
131,078	-	131,078	-	-	-
(113,163)	-	(113,163)	-	-	-
(183,260)	-	(183,260)	-	-	-
(27,375)	-	(27,375)	-	-	-
(10,846,973)	-	(10,846,973)	-	-	-
-	(35,586)	(35,586)	-	-	-
(10,846,973)	(35,586)	(10,882,559)	-	-	-
-	-	-	(88,464)	-	-
-	-	-	-	7,634	-
-	-	-	-	-	(42,189)
-	-	-	(88,464)	7,634	(42,189)
1,824,759	-	1,824,759	-	-	-
1,772,302	-	1,772,302	-	-	-
1,076,569	-	1,076,569	-	-	-
108,731	-	108,731	-	-	-
4,499,841	-	4,499,841	-	-	-
1,272,200	-	1,272,200	-	-	-
154,636	-	154,636	114,000	-	-
393,746	-	393,746	-	-	-
32,515	-	32,515	-	-	-
11,135,299	-	11,135,299	114,000	-	-
2,856	(2,856)	-	-	-	-
291,182	(38,442)	252,740	25,536	7,634	(42,189)
28,878,180	464,678	29,342,858	2,620,069	1,218,035	1,321,343
\$29,169,362	\$426,236	\$29,595,598	\$2,645,605	\$1,225,669	\$1,279,154

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Van Wert County, Ohio
Balance Sheet
Governmental Funds
December 31, 2016

	General	Motor Vehicle and Gas Tax	Thomas Edison	Brumback Library	Other Governmental Funds	Total Governmental Funds
Assets and Deferred Outflows of Resources						
Assets						
Equity in Pooled Cash and Cash Equivalents	\$2,554,146	\$1,083,072	\$2,206,065	\$130,153	\$3,162,049	\$9,135,485
Cash and Cash Equivalents in Segregated Accounts	10,732	41,774	-	18,872	5,259	76,637
Investments in Segregated Accounts	-	-	-	368,168	-	368,168
Receivables:						
Property Taxes	1,547,921	-	1,787,153	204,451	893,907	4,433,432
Alternate Energy	303,448	-	131,594	15,302	55,088	505,432
Permissive Motor Vehicle License Tax	-	7,673	-	-	-	7,673
Permissive Sales Tax	757,651	-	-	-	-	757,651
Accounts (Net, where applicable, of Uncollectible Accounts)	302,649	2,085	11,256	-	15,180	331,170
Special Assessments	-	-	-	-	299,348	299,348
Interfund	41,013	40,283	-	-	121,660	202,956
Tax Increment Financing Receivable	-	-	-	-	240,148	240,148
Due from Other Governments	411,354	1,766,633	229,745	388,318	2,412,636	5,208,686
Prepaid Items	145,354	-	3,932	32,052	2,791	184,129
Supplies Inventory	21,109	311,765	-	-	10,278	343,152
Loans Receivable	-	-	-	-	115,651	115,651
Total Assets	<u>\$6,095,377</u>	<u>\$3,253,285</u>	<u>\$4,369,745</u>	<u>\$1,157,316</u>	<u>\$7,333,995</u>	<u>\$22,209,718</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts Payable	\$129,005	\$72,221	\$77,087	\$33,009	\$74,329	\$385,651
Contracts Payable	-	44,378	-	-	168,259	212,637
Accrued Salaries Payable	80,751	23,843	13,991	5,883	52,125	176,593
Due to Other Governments	65,384	17,163	227,858	4,948	183,610	498,963
Interfund Payable	3,457	2,799	25,625	-	173,016	204,897
Total Liabilities	<u>278,597</u>	<u>160,404</u>	<u>344,561</u>	<u>43,840</u>	<u>651,339</u>	<u>1,478,741</u>
Deferred Inflows of Resources:						
Property Taxes & Alternate Energy Tax	1,832,098	-	1,896,567	217,565	938,047	4,884,277
Unavailable Revenue - Delinquent Property Taxes	19,271	-	22,180	2,188	10,948	54,587
Unavailable Revenue - Payments in Lieu of Taxes	-	-	-	-	240,148	240,148
Unavailable Revenue - Sales Taxes	386,706	-	-	-	-	386,706
Unavailable Revenue - Grants	7,244	-	89,464	-	1,859,467	1,956,175
Unavailable Revenue - Local Government	166,177	-	-	-	-	166,177
Unavailable Revenue - Gasoline Taxes and Vehicle License	-	1,508,710	-	-	-	1,508,710
Unavailable Revenue - Public Library Funds	-	-	-	322,218	-	322,218
Unavailable Revenue - Other	429,175	4,836	104,365	-	377,955	916,331
Total Deferred Inflows of Resources	<u>2,840,671</u>	<u>1,513,546</u>	<u>2,112,576</u>	<u>541,971</u>	<u>3,426,565</u>	<u>10,435,329</u>
Fund Balances						
Nonspendable	183,368	311,765	3,932	32,052	128,720	659,837
Restricted	-	1,267,570	1,908,676	539,453	2,801,644	6,517,343
Committed	-	-	-	-	333,821	333,821
Assigned	1,425,532	-	-	-	-	1,425,532
Unassigned	1,367,209	-	-	-	(8,094)	1,359,115
Total Fund Balances	<u>2,976,109</u>	<u>1,579,335</u>	<u>1,912,608</u>	<u>571,505</u>	<u>3,256,091</u>	<u>10,295,648</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$6,095,377</u>	<u>\$3,253,285</u>	<u>\$4,369,745</u>	<u>\$1,157,316</u>	<u>\$7,333,995</u>	<u>\$22,209,718</u>

See accompanying notes to the basic financial statements.

Van Wert County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2016

Total Governmental Fund Balances		\$10,295,648
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets reported in governmental activities are not financial resources and therefore are not reported in the funds.		27,377,652
Deferred charge on refunding		232,383
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property and Other Taxes	54,587	
Tax Increment Financing	240,148	
Permissive Sales Tax	386,706	
Intergovernmental	4,327,468	
Charges for Services	49,296	
Fines and Forfeitures	281,071	
Special Assessments	211,246	
Other	530	
Total	5,551,052	5,551,052
An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.		(70,486)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred Outflows - Pension	4,926,207	
Deferred Inflows - Pension	(360,496)	
Net Pension Liability	(11,293,166)	
Total	(6,727,455)	(6,727,455)
Some liabilities, including notes payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
Accrued Interest	(39,888)	
General Obligation Notes	(2,358,456)	
General Obligation Bonds	(3,717,000)	
Compensatory Time Payable	(98,912)	
OWDA Loan	(455,805)	
Compensated Absences	(819,371)	
Total	(7,489,432)	(7,489,432)
 Net Position of Governmental Activities		\$29,169,362

See accompanying notes to the basic financial statements.

Van Wert County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	General	Motor Vehicle and Gas Tax	Thomas Edison	Brumback Library	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$1,518,814	\$0	\$1,636,804	\$173,561	\$830,650	\$4,159,829
Permissive Sales Tax	4,472,560	-	-	-	-	4,472,560
Alternate Energy Tax	303,999	-	132,582	15,416	55,499	507,496
Permissive Motor Vehicle License Tax	-	108,731	-	-	-	108,731
Intergovernmental	1,121,070	3,456,666	813,921	788,243	3,935,627	10,115,527
Charges for Services	1,152,857	243,898	107,998	4,879	804,584	2,314,216
Licenses and Permits	1,652	-	-	-	69,359	71,011
Fines and Forfeitures	140,179	50,563	-	6,262	75,658	272,662
Special Assessments	-	-	-	-	250,449	250,449
Interest	152,145	4,884	-	30,535	2,491	190,055
Tax Increment Financing	-	-	-	-	448,543	448,543
Other	446,594	4,813	11,754	43,860	144,365	651,386
Total Revenues	9,309,870	3,869,555	2,703,059	1,062,756	6,617,225	23,562,465
Expenditures						
Current:						
General Government:						
Legislative and Executive	3,605,439	-	-	1,055,986	556,949	5,218,374
Judicial	1,314,550	-	-	-	127,450	1,442,000
Public Safety	3,077,820	-	-	-	450,033	3,527,853
Public Works	42,904	3,707,033	-	-	142,629	3,892,566
Health	72,424	-	-	-	83,872	156,296
Human Services	249,752	-	3,584,736	-	4,060,991	7,895,479
Conservation and Recreation	-	-	-	-	6,950	6,950
Economic Development and Assistance	45,000	-	-	-	394,898	439,898
Capital Outlay	10,095	-	-	-	410,336	420,431
Intergovernmental	113,063	-	-	-	-	113,063
Debt Service:						
Principal Retirement	-	-	21,028	-	362,618	383,646
Interest and Fiscal Charges	-	-	1,085	-	189,960	191,045
Issuance Costs	-	-	-	-	27,375	27,375
Total Expenditures	8,531,047	3,707,033	3,606,849	1,055,986	6,814,061	23,714,976
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>778,823</i>	<i>162,522</i>	<i>(903,790)</i>	<i>6,770</i>	<i>(196,836)</i>	<i>(152,511)</i>
Other Financing Sources (Uses)						
Refunding Bonds Issued	-	-	-	-	2,675,000	2,675,000
Proceeds from Sale of Capital Assets	161,379	30,000	-	4,084	-	195,463
Payment to Refunded Bond Escrow Agent	-	-	-	-	(2,647,383)	(2,647,383)
Transfers In	-	-	-	-	605,678	605,678
Transfers Out	(448,933)	(120,089)	(26,473)	-	(7,327)	(602,822)
Total Other Financing Sources (Uses)	(287,554)	(90,089)	(26,473)	4,084	625,968	225,936
Net Change in Fund Balances	491,269	72,433	(930,263)	10,854	429,132	73,425
<i>Fund Balances Beginning of Year - Restated (Note 20)</i>	<i>2,484,840</i>	<i>1,506,902</i>	<i>2,842,871</i>	<i>560,651</i>	<i>2,826,959</i>	<i>10,222,223</i>
Fund Balances End of Year	\$2,976,109	\$1,579,335	\$1,912,608	\$571,505	\$3,256,091	\$10,295,648

See accompanying notes to the basic financial statements.

Van Wert County, Ohio
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2016

Net Change in Fund Balances - Total Governmental Funds		\$73,425
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amount are:		
Capital Outlay	\$1,735,361	
Depreciation	<u>(1,427,116)</u>	
Excess of Capital Outlay Over Depreciation Expense		308,245
Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(25,479)
Some revenues that will not be collected for several months after the County's year-end are not considered "available" revenues and are deferred in the governmental funds. Deferred inflows changed by these amount this year:		
Property and Other Taxes	6,305	
Tax Increment Financing	(54,797)	
Permissive Sales Tax	27,281	
Intergovernmental	(194,727)	
Charges for Services	(110,741)	
Fines and Forfeitures	(266,065)	
Special Assessments	(213,334)	
Other	843,146	
Total		37,068
The issuance of long-term debt provides current financial resources to governmental funds, but in the statement of net position, the debt is reported as a liability.		
Refunding Bonds Issued		(2,675,000)
Contractually required contributions are reported as expenditures in governmental funds; however; the statement of net position reports these amounts as deferred		
		1,197,200
Except for amounts reported as deferred inflows/outflows, changes in net pension liability are reported as pension expense in the statement of activities.		
		(1,563,953)
The internal service fund used by management to charge the cost of insurance to individual funds is not reported on the statement of activities. Governmental and related internal service fund revenue are eliminated.		
		(141,328)
Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consisted of:		
Payment to Bond Escrow Agent	2,647,383	
General Obligation Note Principal Payments	246,260	
General Obligation Bonds Principal Payments	82,000	
OWDA Loan	34,358	
Capital Lease Principal Payments	<u>21,028</u>	
Total		3,031,029
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:		
Accrued Interest	6,307	
Compensatory Time Payable	72,497	
Compensated Absences	<u>(28,829)</u>	
Total		49,975
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$291,182</u></u>

See accompanying notes to the basic financial statements.

Van Wert County, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$1,508,000	\$1,508,000	\$1,524,530	\$16,530
Permissive Sales Tax	4,050,000	4,050,000	4,449,663	399,663
Alternate Energy Tax	303,999	303,999	303,999	-
Intergovernmental	1,140,860	1,143,861	1,131,573	(12,288)
Charges for Services	824,501	824,501	930,365	105,864
Licenses and Permits	1,600	1,600	1,652	52
Fines and Forfeitures	124,000	147,482	133,509	(13,973)
Interest	100,020	100,020	151,762	51,742
Other	425,606	465,369	427,793	(37,576)
Total Revenues	<u>8,478,586</u>	<u>8,544,832</u>	<u>9,054,846</u>	<u>510,014</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	4,027,045	4,034,471	3,548,136	486,335
Judicial	1,479,821	1,483,243	1,355,773	127,470
Public Safety	3,497,412	3,497,019	3,184,121	312,898
Public Works	33,600	48,106	42,635	5,471
Health	78,797	78,797	74,470	4,327
Human Services	293,637	300,103	251,106	48,997
Economic Development and Assistance	45,000	45,000	45,000	-
Intergovernmental	110,175	113,375	113,063	312
Total Expenditures	<u>9,565,487</u>	<u>9,600,114</u>	<u>8,614,304</u>	<u>985,810</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,086,901)</u>	<u>(1,055,282)</u>	<u>440,542</u>	<u>1,495,824</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	2,000	155,689	161,379	5,690
Advances In	-	-	246,821	246,821
Transfers Out	(450,086)	(598,915)	(448,933)	149,982
Total Other Financing Sources (Uses)	<u>(448,086)</u>	<u>(443,226)</u>	<u>(40,733)</u>	<u>402,493</u>
Net Change in Fund Balance	(1,534,987)	(1,498,508)	399,809	1,898,317
Fund Balance Beginning of Year	1,351,374	1,351,374	1,351,374	-
Prior Year Encumbrances Appropriated	247,279	247,279	247,279	-
Fund Balance End of Year	<u>\$63,666</u>	<u>\$100,145</u>	<u>\$1,998,462</u>	<u>\$1,898,317</u>

See accompanying notes to the basic financial statements.

Van Wert County, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Motor Vehicle and Gas Tax Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Permissive Motor Vehicle License Tax	\$105,000	\$105,000	\$108,971	\$3,971
Intergovernmental	3,450,000	3,460,973	3,464,589	3,616
Charges for Services	140,000	165,700	206,772	41,072
Fines and Forfeitures	65,000	65,000	50,448	(14,552)
Interest	1,000	3,300	4,952	1,652
Other	5,500	5,500	4,813	(687)
Total Revenues	3,766,500	3,805,473	3,840,545	35,072
Expenditures				
Current:				
Public Works	4,619,871	4,767,937	3,895,592	872,345
Excess of Revenues Over (Under) Expenditures	(853,371)	(962,464)	(55,047)	907,417
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	-	30,000	30,000	-
Transfers Out	(120,005)	(120,089)	(120,089)	-
Total Other Financing Sources (Uses)	(120,005)	(90,089)	(90,089)	-
Net Change in Fund Balance	(973,376)	(1,052,553)	(145,136)	907,417
Fund Balance at Beginning of Year	793,129	793,129	793,129	-
Prior Year Encumbrances Appropriated	346,365	346,365	346,365	-
Fund Balance at End of Year	\$166,118	\$86,941	\$994,358	\$907,417

See accompanying notes to the basic financial statements.

Van Wert County, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Thomas Edison Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$1,609,000	\$1,609,000	\$1,642,512	\$33,512
Alternate Energy Tax	132,582	132,582	132,582	-
Intergovernmental	1,055,500	805,441	803,564	(1,877)
Charges for Services	95,000	95,000	111,022	16,022
Other	6,000	60,000	7,010	(52,990)
Total Revenues	2,898,082	2,702,023	2,696,690	(5,333)
Expenditures				
Current:				
Human Services	3,544,341	3,834,665	3,582,557	252,108
Excess of Revenues Over (Under) Expenditures	(646,259)	(1,132,642)	(885,867)	246,775
Other Financing Sources (Uses)				
Advances In	-	-	-	-
Advances Out	(25,000)	(27,000)	-	27,000
Transfers Out	(29,520)	(83,649)	(26,473)	57,176
Total Other Financing Sources (Uses)	(54,520)	(110,649)	(26,473)	84,176
Net Change in Fund Balance	(700,779)	(1,243,291)	(912,340)	330,951
Fund Balance at Beginning of Year	2,707,219	2,707,219	2,707,219	-
Prior Year Encumbrances Appropriated	175,576	175,576	175,576	-
Fund Balance at End of Year	\$2,182,016	\$1,639,504	\$1,970,455	\$330,951

See accompanying notes to the basic financial statements.

Van Wert County, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Brumback Library Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$175,000	\$175,000	\$174,201	(\$799)
Alternate Energy Tax	15,416	15,416	15,416	-
Intergovernmental	737,000	754,000	789,313	35,313
Charges for Services	4,000	4,000	4,879	879
Fines and Forfeitures	6,500	6,500	6,262	(238)
Other	13,700	13,700	43,324	29,624
Total Revenues	<u>951,616</u>	<u>968,616</u>	<u>1,033,395</u>	<u>64,779</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	<u>1,089,177</u>	<u>1,117,365</u>	<u>1,064,983</u>	<u>52,382</u>
Excess of Revenues Under Expenditures	(137,561)	(148,749)	(31,588)	117,161
Other Financing Sources				
Proceeds from the Sale of Capital Assets	<u>3,000</u>	<u>3,000</u>	<u>4,084</u>	<u>1,084</u>
Net Change in Fund Balance	(134,561)	(145,749)	(27,504)	118,245
Fund Balance at Beginning of Year	136,975	136,975	136,975	-
Prior Year Encumbrances Appropriated	<u>8,976</u>	<u>8,976</u>	<u>8,976</u>	<u>-</u>
Fund Balance at End of Year	<u>\$11,390</u>	<u>\$202</u>	<u>\$118,447</u>	<u>\$118,245</u>

See accompanying notes to the basic financial statements.

Van Wert County, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2016

	Recycling	Government Activities Internal Service
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$54,407	\$100,198
Accounts Receivable	275,696	2,953
Due from Other Governments	-	1,535
Interfund Receivable	3,475	-
Total Current Assets	333,578	104,686
Non-current Assets:		
Depreciable Capital Assets, Net	405,548	-
Total Assets	739,126	104,686
Deferred Outflows of Resources		
Pension	163,691	-
Liabilities		
Current Liabilities:		
Accounts Payable	13,909	-
Accrued Salaries Payable	6,216	-
Interfund Payable	1,534	-
Due to Other Governments	4,223	-
Claims Payable	-	181,577
Accrued Interest Payable	52	-
Compensated Absences Payable	4,161	-
Note Payable	6,000	-
Total Current Liabilities	36,095	181,577
Long-Term Liabilities:		
Compensated Absences Payable	1,528	-
Note Payable	29,000	-
Net Pension Liability	391,289	-
Total Long-Term Liabilities	421,817	-
Total Liabilities	457,912	181,577
Deferred Inflows of Resources		
Pension	12,264	-
Net Position		
Net Investment in Capital Assets	370,548	-
Unrestricted	62,093	(76,891)
Total Net Position	432,641	(\$76,891)
Net position reported for business-type activities on the statement of net position is different because it includes a proportionate share of the balance of the internal service fund.	(6,405)	
Net Position of Business Type Activities	\$426,236	

See accompanying notes to the basic financial statements.

Van Wert County, Ohio
Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	Recycling	Governmental Activities Internal Service
Operating Revenues		
Charges for Services	\$543,637	\$1,941,626
Other	0	120,311
Total Operating Revenues	<u>543,637</u>	<u>2,061,937</u>
Operating Expenses		
Personal Services	403,429	-
Contractual Services	82,306	161,651
Materials and Supplies	38,966	-
Claims	-	2,048,019
Depreciation	54,348	-
Total Operating Expenses	<u>579,049</u>	<u>2,209,670</u>
<i>Operating Loss</i>	(35,412)	(147,733)
Non-Operating Income (Expenses)		
Capital Grants and Contributions	6,950	-
Interest and Fiscal Charges	(719)	-
Total Non-Operating Income (Expenses)	<u>6,231</u>	<u>-</u>
<i>Income Before Transfers</i>	(29,181)	(147,733)
Transfers Out	(2,856)	-
<i>Change in Net Position</i>	(32,037)	(147,733)
Net Position Beginning of Year - Restated (Note 20)	<u>464,678</u>	<u>70,842</u>
Net Position End of Year	432,641	<u>(\$76,891)</u>
Net position reported for business-type activities on the statement of net position is different because it includes a proportionate share of the balance of the internal service fund.	(6,405)	
Net Position of Business Type Activities	<u>\$426,236</u>	

See accompanying notes to the basic financial statements.

Van Wert County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Recycling	Governmental Activities Internal Service
Increase (Decrease) in Cash and Cash Equivalents:		
Cash Flows from Operating Activities		
Cash Received from Customers and Support	\$526,540	\$2,012,468
Cash Received from Other Sources	-	115,823
Cash Payments for Employee Services and Benefits	(394,367)	-
Cash Payments to Suppliers	(109,172)	(161,651)
Cash Payments for Claims	-	(1,866,442)
Net Provided by Operating Activities	23,001	100,198
Cash Flows from Noncapital Financing Activities		
Advance In	2,856	-
Transfer Out	(2,856)	-
Advances Out	(3,475)	-
Net Used for Noncapital Financing Activities	(3,475)	-
Cash Flows from Capital and Related Financing Activities		
Acquisition and Construction of Capital Assets	(6,950)	-
Note Principal Payments	(5,000)	-
Note Interest Payments	(727)	-
Net Cash Used for Capital and Related Financing Activities	(12,677)	-
Net Increase in Cash and Cash Equivalents	6,849	100,198
Cash and Cash Equivalents Beginning of Year	47,558	-
Cash and Cash Equivalents End of Year	\$54,407	\$100,198
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating Loss	(\$35,412)	(\$147,733)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	54,348	-
Other Non-Operating Revenue	-	-
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(17,097)	(2,953)
(Increase) Decrease in Prepaid Items	251	-
(Increase) Decrease in Due from Other Governments	-	69,307
(Increase) Decrease in Interfund Receivable	-	-
(Increase) Decrease in Deferred Outflows of Resources - Pension	(110,366)	-
Increase (Decrease) in Accounts Payable	11,803	-
Increase (Decrease) in Accrued Salaries Payable	1,374	-
Increase (Decrease) in Interfund Payable	46	-
Increase (Decrease) in Due to Other Governments	(1,815)	-
Increase (Decrease) in Claims Payable	-	181,577
Increase (Decrease) in Compensated Absences Payable	(632)	-
Increase (Decrease) in Net Pension Liability	113,124	-
Increase (Decrease) in Deferred Inflows of Resources - Pension	7,377	-
Net Cash Provided By Operating Activities	\$23,001	\$100,198

Non-Cash Transaction:

During 2016, the Recycling Fund had a capital contribution for capital assets of \$6,950.

See accompanying notes to the basic financial statements.

Van Wert County, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2016

Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,030,858
Cash and Cash Equivalents in Segregated Accounts	203,432
Receivables:	
Property and Other Taxes	24,351,362
Accounts (Net of Uncollectible Accounts)	416,444
Special Assessments	554,198
Due from Other Governments	1,663,335
Tax Increment Financing Receivable	347,201
Supplies Inventory	2,800
Total Assets	\$28,569,630

Liabilities	
Accounts Payable	\$46,363
Due to Other Governments	27,435,064
Undistributed Monies	1,088,203
Total Liabilities	\$28,569,630

See accompanying notes to the basic financial statements.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 1 – DESCRIPTION OF THE COUNTY AND REPORTING ENTITY

Van Wert County, Ohio (The County), was created in 1820 but was not organized until 1837. The County is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County who manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, and a joint Probate/Juvenile Court Judge.

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

Reporting Entity

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

Van Wert County Brumback Public Library

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

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

Blended Component Unit

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

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

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

Discretely Presented Component Units

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

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

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

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

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

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

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

Van Wert County Land Reutilization Corporation – The Van Wert County Land Reutilization Corporation is a legally separate organization created by resolution of the Van Wert County Commissioners on August 2, 2016. The Board of the Corporation is composed of the County Treasurer, two members of the County Board of Commissioners, one representative of the City of Van Wert and any remaining members selected by the County Treasurer and the County Commissioners who are members of the Corporation board. The County Commissioners can impose its will on the Corporation. Since the activity of the Corporation is immaterial, the Corporation has not been presented in the financial statements. Separately issued financial statements can be obtained from Beverly Fuerst, County Treasurer, at 121 E. Main Street, Van Wert, OH 45891.

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

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

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

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-Wide Financial Statements

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

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

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

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

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

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

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund

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

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

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

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

Fiduciary Funds

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

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

Component Units

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

Measurement Focus

Government-wide Financial Statements

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

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

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transaction

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

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: sales tax (See Note 5), accounts, interest, federal and state subsidies, grants, and state-levied locally shared taxes.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources related to pension are explained in Note 7.

In addition to liabilities, the statement of financial positions report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes, pension and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2016, but were levied to finance 2017 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenues is reported on the governmental funds balance sheet and represents delinquent property taxes, sales tax, tax increment financing, special assessments, intergovernmental grants and charges for services. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. The deferred outflows of resources to pension are explained in Note 7.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

Cash and Cash Equivalents

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

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

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During 2016, the County invested in STAR Ohio and certificates of deposits. The Library Enrichment Foundation of the Brumback Library invests in First Financial Bancorp Common Stock, Vanguard Growth and Income Fund, Vanguard Mid-Cap Index Fund, Vanguard Small-Cap Growth Index Fund, and Vanguard Value Index Fund.

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

During fiscal year 2016, the County invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Interest income is distributed to the funds according to statutory requirements. Interest revenue of \$152,145 was credited to the General Fund during 2016, which includes \$119,697 assigned from other County funds.

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

Receivables and Payables

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

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2016, are recorded as prepaid items using the consumption method. A current asset is recorded for the prepaid amount at the time of purchase and reflects the expenditure/expense in the year in which services are consumed.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory of Supplies

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

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

Inventory consists of expendable supplies held for consumption.

Capital Assets

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

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

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings	40-100 years
Machinery and Equipment	10-20 years
Furniture and Fixtures	10-20 years
Vehicles	3-15 years
Infrastructure	15-70 years

The County's infrastructure consists of roads and bridges.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Receivables/Payables

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

Compensated Absences

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

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

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

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

Pensions

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

Accrued Liabilities and Long-Term Obligations

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Contributions

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

Net position

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

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

Operating Revenues and Expenses

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

Fund Balance Reserves

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

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Assigned – Amounts in the assigned classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Commissioners.

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

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

Interfund Transactions

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

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

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

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

Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2016.

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

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING (Continued)

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

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

	Net Change in Fund Balance			
	General	Motor Vehicle and Gas Tax	Thomas Edison	Brumback Library
GAAP Basis	\$491,269	\$72,433	(\$930,263)	\$10,854
Revenue Accruals	(29,275)	(28,897)	(11,763)	21,673
Expenditure Accruals	(59,070)	(98,596)	227,379	(38,417)
2016 Unrecorded Cash/Agency Fund Allocation	(47,049)	(113)	(31,800)	(3,574)
2015 Unrecorded Cash/Agency Fund Allocation	56,454	-	37,194	4,214
Change in Fair Value of Investments – 2016	-	-	-	(26,483)
Change in Fair Value of Investments – 2015	-	-	-	5,685
Transfers	-	-	-	-
Activity of Non-budgeted Funds/Perspective Differences	(47,841)	-	-	(20,093)
Advances	246,821	-	-	-
Prepaid Items	9,917	(1,362)	723	26,769
Encumbrances	(221,417)	(88,601)	(203,810)	(8,132)
Budget Basis	<u>\$399,809</u>	<u>(\$145,136)</u>	<u>(\$912,340)</u>	<u>(\$27,504)</u>

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 4 – DEPOSITS AND INVESTMENTS

Monies held by the County are classified by State Statute into two categories. Active monies are public monies determined to be necessary to meet current demand upon the County treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts. Monies held by the County which are not considered active are classified as inactive.

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

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

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

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

At year-end, the carrying amount of the County’s deposits was \$10,892,888, which includes \$114,514 for the Port Authority component unit’s deposits and the bank balance was \$11,370,700. Of the bank balance, \$5,463,678 was covered by federal deposit insurance. \$5,907,022 of the County’s bank balance of \$11,370,700 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the County’s name.

Investments

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

Investment Type	Level	Fair Value
Vanguard Growth and Income Fund	1	\$26,861
Vanguard Mid-Cap Index Fund	1	41,302
Vanguard Small-Cap Growth Index Fund	1	46,838
Vanguard Value Index Fund	1	31,951
First Financial Bancorp	1	37,611
STAR Ohio	1	6,248
Total		\$190,811

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

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

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

Investment Type	Percentage
STAR Ohio	3%
First Financial Bankcorp	20%
Vanguard Growth and Income	14%
Vanguard Mid-Cap Index	22%
Vanguard Small-Cap Growth Index	24%
Vanguard Value Index	17%

NOTE 5 – RECEIVABLES

Receivables at December 31, 2016, consisted of property and other taxes, permissive sales tax, Permissive motor vehicle license tax, tax increment financing, accounts (billings for user charged services), special assessments, interfund, intergovernmental receivables arising from grants, and loans. All receivables are considered collectible in full except Court receivables. A summary of accounts receivable for Court receivables, as well as other receivables owed to the County governmental funds is as follows:

	Common Pleas/ Juvenile/Probate Court Receivable	Other Accounts Receivable	Total Accounts Receivable
Receivable	\$434,421	\$36,494	\$470,915
Allowance for Uncollectibles	(136,792)	-	(136,792)
Net Accounts Receivable	\$297,629	\$36,494	\$334,123

For the agency funds, the total receivable for the Common Pleas Court was \$412,544. In addition, the health department had a receivable of \$3,464, and the Housing Trust Fund of \$436, for total accounts receivable for agency funds \$416,444.

Property Taxes

Property taxes include amounts levied against all real and public utility located in the County. Property tax revenue received during 2016 for real and public utility property taxes represents collections of 2015 taxes.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 5 – RECEIVABLES (Continued)

2016 real property taxes are levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35% of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. 2016 public utility property taxes became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

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

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

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to each subdivision its portion of the taxes collected. Accrued property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2016, and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2016 operations.

The full tax rate for all County operations for the year ended December 31, 2016, was \$7.15 per \$1,000 of assessed value. The assessed values of real property upon which 2016 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>	<u>Percent</u>
Agricultural/Residential Real Property	\$631,172,260	83.84%
Other Real Property	61,131,100	8.12%
Public Utility Personal Property	60,493,020	8.04%
Total Assessed Valuation	<u>\$752,796,380</u>	<u>100.00%</u>

Permissive Sales and Use Tax

The County Commissioners, by resolution, imposed a 1.5% tax on all retail sales made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the Ohio Department of Budget and Management the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The Ohio Department of Budget and Management then has five days in which to draw the warrant payable to the County.

Proceeds of the tax are credited entirely to the General Fund. Sales and use tax revenue in 2016 amounted to \$4,472,560 in the General Fund.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 5 – RECEIVABLES (Continued)

Due from Other Governments

A summary of intergovernmental receivables follows:

<u>Governmental Activities:</u>	<u>Amounts</u>
Homestead and Rollback	\$273,222
Local Government	198,105
Election Costs	11,541
Advertising for Delinquent Taxes	1,337
Casino Tax Revenue	75,744
Motor Vehicle License Tax	623,469
Gasoline Excise Tax	762,016
Gasoline Cents per Gallon	376,815
Undivided Library	377,463
Municipal Court Fees	12,000
Bureau of Workers Compensation	1,535
Gas Tax Refund	974
Emergency Management Performance Grant	45,484
Indigent Defense Reimbursement	14,129
CSEA	125,653
IV-D Reimbursement	3,667
DJFS	76,328
PSCA close-out	16,111
PSCA SCPA	79,572
KPIP	2,625
Children Services Adm & Training Reimbursement	18,329
MAC payment	19,679
Thomas Edison Subsidy Payment	45,762
Thomas Edison Bridges payment	4,440
Thomas Edison Waivers	38,503
Title XX	3,440
Pre-sentence investigation	7,679
Youth Bureau Reclaim Ohio Grant	65,337
Community Corrections Grants – Jail Diversion	35,210
State Help Me Grow	18,076
Recycle Ohio	3,475
CDBG Grants	1,872,501
Total Intergovernmental Receivables	<u>\$5,210,221</u>

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 5 – RECEIVABLES (Continued)

Loans Receivable

The County has the following loans receivable at December 31, 2016:

Date of Issue	Description	Interest Rate	Balance at 12/31/2015	Increases	Decreases	Balance at 12/31/2016	Due in One Year
1996	Airport Construction	4.64%	\$4,850	\$0	(\$4,850)	\$0	\$0
1999	Airport Construction	2.11%	17,355	-	(3,910)	13,445	4,160
2003	Airport Improvement	1.79%	48,500	-	(10,000)	38,500	11,000
various	Revolving Loans	various	84,435	-	(20,729)	63,706	15,314
			<u>\$155,140</u>	<u>\$0</u>	<u>(\$39,489)</u>	<u>\$115,651</u>	<u>\$30,474</u>

The first 1996 and 1999 Airport Construction and the 2003 Airport Improvement are with the Van Wert County Airport Authority. Two of the loans are for construction of T-hangars and the third loan is for the removal of underground fuel tanks. The loans are repaid yearly as principal and interest come due. The receivable for these loans is reported in the Airport Note Debt Service Fund.

The Revolving Loans are due from various businesses in the local community. Van Wert County partnered with the Van Wert County Port Authority to receive a micro-enterprise CDBG grant that was loaned to various start-up businesses in the local community. The loans have various repayment terms and interest rates. The receivable for the loan is shown in the Revolving Loan Special Revenue Fund.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

Asset Category	Balance at January 1 2016	Additions	Deletions	Balance at December 31, 2016
Capital Assets, Not Being Depreciated:				
Land	\$316,225	\$0	\$0	\$316,225
Land Improvements	20,399	37,281	-	57,680
Total Capital Assets, Not Being Depreciated	336,624	37,281	0	373,905
Depreciable Capital Assets:				
Buildings	20,583,112	26,475	-	20,609,587
Machinery and Equipment	1,007,547	49,201	(87,688)	969,060
Furniture and Fixtures	181,070	54,246	-	235,316
Vehicles	5,404,573	530,658	(537,679)	5,397,552
Infrastructure				
Roads	8,464,135	737,500	-	9,201,635
Bridges	12,797,732	300,000	(20,994)	13,076,738
Total Depreciable Capital Assets	48,438,169	1,698,080	(646,361)	49,489,888
Total Capital Assets	48,774,793	1,735,361	(646,361)	49,863,793

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 6 – CAPITAL ASSETS

<u>Asset Category</u>	<u>Balance at January 1 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 2016</u>
Less Accumulated Depreciation:				
Buildings	(7,548,297)	(462,585)	-	(8,010,882)
Machinery and Equipment	(670,276)	(40,269)	87,688	(622,857)
Furniture and Fixtures	(181,070)	(1,356)	-	(182,426)
Vehicles	(3,863,681)	(330,664)	512,200	(3,682,145)
Infrastructure			-	
Roads	(3,771,631)	(318,439)	-	(4,090,070)
Bridges	(5,644,952)	(273,803)	20,994	(5,897,761)
tot Depreciation	<u>(21,679,907)</u>	<u>(1,427,116)</u>	<u>620,882</u>	<u>(22,486,141)</u>
Depreciable Capital Assets	<u>26,758,262</u>	<u>270,964</u>	<u>(25,479)</u>	<u>27,003,747</u>
Governmental Activities, Capital Assets, Net	<u>\$27,094,886</u>	<u>\$308,245</u>	<u>(\$25,479)</u>	<u>\$27,377,652</u>

	<u>Balance at 1/1/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/16</u>
Business-Type Activities				
<i>Depreciable Capital Assets:</i>				
Buildings	\$361,032	\$0	\$0	\$361,032
Machinery and Equipment	406,413	-	-	406,413
Furniture and Fixtures	11,357	-	-	11,357
Vehicles	<u>725,527</u>	<u>13,900</u>	<u>-</u>	<u>739,427</u>
Total Depreciable Capital Assets	<u>1,504,329</u>	<u>13,900</u>	<u>-</u>	<u>1,518,229</u>
<i>Less Accumulated Depreciation:</i>				
Buildings	(127,959)	(16,017)	-	(143,976)
Machinery and Equipment	(370,601)	(5,855)	-	(376,456)
Furniture and Fixtures	(11,357)	-	-	(11,357)
Vehicles	<u>(548,416)</u>	<u>(32,476)</u>	<u>-</u>	<u>(580,892)</u>
Total Accumulated Depreciation	<u>(1,058,333)</u>	<u>(54,348)</u>	<u>-</u>	<u>(1,112,681)</u>
Business-Type Activities Capital Assets, Net	<u>\$445,996</u>	<u>(\$40,448)</u>	<u>\$0</u>	<u>\$405,548</u>

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 6 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental programs as follows:

General Government	
Legislative and Executive	\$125,504
Judicial	4,258
Public Safety	159,222
Public Works	893,772
Health	630
Human Services	235,833
Economic Development and Assistance	7,897
Total Depreciation Expense	\$1,427,116

NOTE 7 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – County employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. County employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

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
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

Group A Eligible to retire prior to	Group B 20 years of service credit prior to	Group C Members not in other Groups
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Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

January 7, 2013 or five years after January 7, 2013	January 7, 2013 or eligible to retire ten years after January 7, 2013	and members hired on or after January 7, 2013
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 52 with 15 years of service credit	Age 48 with 25 years of service credit	Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement Formula:	Public Safety and Law Enforcement Formula:	Public Safety and Law Enforcement Formula:
2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

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

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

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2016 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1
Employee	10.0 %	*	**
2016 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1
Post-employment Health Care Benefits	2.0	2.0	2.0
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0</u>

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

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

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

The County's contractually required contribution was \$1,236,578 for 2016. Of this amount, \$127,666 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2015, 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 was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>
Proportionate Share of the Net Pension Liability	\$11,684,455
Proportion of the Net Pension Liability	0.070508%
Pension Expense	\$1,563,953

At December 31, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

	<u>OPERS</u>
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$3,781,794
Changes in proportion and differences between County contributions and proportionate share of contributions	71,526
County contributions subsequent to the measurement date	<u>1,236,578</u>
Total Deferred Outflows of Resources	<u><u>\$5,089,898</u></u>
Deferred Inflows of Resources	
Differences between expected and actual experience	\$323,044
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>49,716</u>
Total Deferred Inflows of Resources	<u><u>\$372,760</u></u>

\$1,236,578 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>
Year Ending December 31:	
2017	(\$815,710)
2018	(874,568)
2019	(945,849)
2020	<u>(844,433)</u>
Total	<u><u>(\$3,480,560)</u></u>

Actuarial Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five-year period ended December 31, 2010.

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is .4 percent for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
Total	<u>100.00 %</u>	<u>5.27 %</u>

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the County’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
County's proportionate share of the net pension liability	\$19,458,093	\$11,684,455	\$6,101,762

Changes Between Measurement Date and Report Date – In October 2016, the OPERS Board adopted certain assumption changes which will impact the annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the County’s net pension liability is expected to be significant.

NOTE 8 – POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment health care. The plan includes a medical plan, a prescription drug program, and Medicare Part B premium reimbursement.

To qualify for postemployment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. OPERS’ eligibility requirements for post-employment health care coverage changed for those retiring on or after January 1, 2015. See the Plan Statement in the OPERS 2016 CAFR for details.

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 8 – POSTEMPLOYMENT BENEFITS (Continued)

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2016, local government employers contributed 14 percent of covered payroll (18.1 percent for law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The County's contribution equal to 2 percent of covered payroll was allocated to fund the postemployment health care plan for both plans.

The OPERS retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment health care plan. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries of covered dependents and the coverage selected.

The County's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2016, 2015, and 2014 was \$166,859, \$165,239, and \$173,852, respectively; 80 percent has been contributed for 2016 and 100 percent for 2015 and 2014.

Changes to the health care plan were adopted by the OPERS Board of Trustee on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

NOTE 9 – OTHER EMPLOYEE BENEFITS

Deferred Compensation Plans

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 9 – OTHER EMPLOYEE BENEFITS (Continued)

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

Compensated Absences

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

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

NOTE 10 – RISK MANAGEMENT

Insurance

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2016, the County contracted with the Midwest Pool Risk Management Agency, Inc. and the Public Entity Risk Consortium (PERC) for liability, property and crime insurance. The listing below is a general description of insurance coverage. All policy terms, conditions, restrictions, exclusions, etc. are not included.

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

Property

- \$250,000,000 limit per occurrence, subject to following limits:
- Building and Contents at 140% of reported value for location
- Flood at \$36,000,000 combined annual aggregate for all MPRMA members
- Earthquake at \$36,000,000

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 10 – RISK MANAGEMENT (Continued)

Boiler and Machinery

\$100,000,000 per occurrence

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

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

Pollution

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

Crime

\$2,000,000

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

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

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

Health Care Benefits

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

Under the health insurance program, the Health internal service fund provides coverage with no limit. The dental insurance maximum annual benefit is \$1,000. The County purchased commercial insurance for claims in excess of coverage provided by the Health internal service fund. The group aggregate stop-loss coverage for 2016 was \$1,305,274. Settled claims have not exceeded this commercial coverage.

Claims payable at December 31, 2016, was estimated by a third party administrator at \$181,577. The changes in the claims liability for 2016 were:

	Beginning Balance	Current Year Claims	Claim Payments	Ending Balance
2016	\$0	\$2,048,019	\$1,866,442	\$181,577

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

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

Teamsters have insurance through the Teamsters.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 10 – RISK MANAGEMENT (Continued)

Workers' Compensation

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

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

The County established an internal service fund to account for participation in this program. The first assessment for policy year 2015 was completed and the County received a \$792 refund. In addition, the County received a \$743 true-up refund for 2016. Both refunds are reported as an intergovernmental receivable at 12/31/16. For 2016, the County paid the following for workers compensation.

	Premium Payments	Retro Payments	Total Payments
2016	\$127,668	\$2,373	\$130,041

NOTE 11 – LEASES

Operating Leases

The County entered into several non-cancelable operating leases. The Department of Job and Family Services is leasing a copier and a Town & Chrysler van. Motor Vehicle and Gas Tax is leasing a John Deere Loader, Thomas Edison is leasing a copier and a Town & Chrysler van and the Commissioners are leasing copiers. Lease payments made on operating leases were \$46,016.

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

For the Year Ending:	Amount
2017	\$44,076
2018	39,061
2019	24,703
2020	13,386
2021	3,285
Total	\$124,511

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 11 – LEASES (Continued)

Capital Leases

The County holds leases from prior years for buses for Thomas Edison. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, “Accounting for Leases”, 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. These expenditures are reflected as program/function expenditures on a budgetary basis. Vehicles acquired by lease have been capitalized in the governmental activities general capital assets at amounts equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the governmental activities general long term debt.

The County made its final principal payments during 2016 for the buses that totaled \$21,028, in the Thomas Edison Special Revenue Fund. The Thomas Edison buses have a total historical cost of \$268,946, with accumulated depreciation of \$205,479 of December 31, 2016, with a book value of \$63,467.

NOTE 12 – LONG-TERM OBLIGATIONS

The changes in the County’s long-term obligations of the governmental activities of the County during 2016 follow:

Date of Issue	Description	Interest Rate	Balance at 12/31/15	Increases	Decreases	Balance at 12/31/16	Amounts Due in One Year
<u>General Obligation Notes</u>							
1996	Airport Construction	4.64%	\$4,850	\$0	(\$4,850)	\$0	\$0
1999	Airport Construction	2.11%	17,355	-	(3,910)	13,445	4,160
2002	County Annex	1.33%	454,008	-	(65,000)	389,008	65,000
2003	Airport Improvement	1.79%	48,500	-	(10,000)	38,500	11,000
2003	County Annex/County Home	1.79%	229,003	-	(66,500)	162,503	31,000
2003	Thomas Edison Improvement	1.79%	26,000	-	(26,000)	-	-
2014	Engineer Building Note	0.74%	1,825,000	-	(70,000)	1,755,000	70,000
Total General Obligation Notes			2,604,716	-	(246,260)	2,358,456	181,160
<u>OWDA Loan</u>							
Washington Twp/Delphos							
2007	Sewers	0.00%	315,320	-	(24,254)	291,066	24,256
OWDA Loan – 127							
2009	Sewer/118 Sewer	0.00%	121,233	-	(7,822)	113,411	7,822
OWDA Loan – Overholt							
2010	Addition	0.00%	53,610	-	(2,282)	51,328	3,666
			490,163	-	(34,358)	455,805	35,744

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 12 – LONG-TERM OBLIGATIONS (Continued)

Date of Issue	Description	Interest Rate	Balance at 12/31/2015	Increases	Decreases	Balance at 12/31/2016	Amounts Due in One Year
<u>General Obligation Bonds</u>							
Capital Facilities Bond Series							
2008	A	Various	2,415,000	-	(2,415,000)	-	-
Capital Facilities Bond Series							
2008	B	9.375%	520,000	-	(35,000)	485,000	35,000
County Building							
2012	Improvement	2.91%	604,000	-	(47,000)	557,000	49,000
2016	Towne Center Refunding	1.87%	-	2,675,000	-	2,675,000	275,000
Total General Obligation Bonds			3,539,000	2,675,000	(2,497,000)	3,717,000	359,000
Total Notes, Loans and Bonds			6,633,879	2,675,000	(2,777,618)	6,531,261	575,904
Other Long-Term Obligations:							
Compensated Absences			790,542	432,558	(403,729)	819,371	414,909
Net Pension Liability			7,823,363	3,691,402	(221,599)	11,293,166	-
Capital Leases			21,028	-	(21,028)	-	-
Total – Other Long-Term Obligations			8,634,933	4,123,960	(646,356)	12,112,537	414,909
Total – General Long-Term Obligations			\$15,268,812	\$6,798,960	(\$3,423,974)	\$18,643,798	\$990,813

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

Issue	Amount
General Obligation Notes:	
1996 Airport Construction	\$49,850
1999 Airport Construction	55,390
2002 County Annex	1,300,000
2003 Airport Improvement	108,000
2003 County Annex/County Home	495,334
2002 Thomas Edison Improvements	400,000
2014 Engineer Building Note	1,825,000
General Obligation Bonds:	
2008 Capital Facilities Bonds	4,265,000
2012 County Building Improvement	737,000
2016 Capital Facility Refunding Bonds	2,675,000
OWDA Loans:	
2007 Washington Twp/Delphos Sewer	485,111
2009 Rt. 127& 118 Sewer	152,520
2010 Overholt – Sewer Design	73,323

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 12 – LONG-TERM OBLIGATIONS (Continued)

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

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

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

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

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

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

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

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 12 – LONG-TERM OBLIGATIONS (Continued)

On November 31, 2016, the County issued \$2,675,000 in general obligation bonds for the purpose of advance refunding the 2008 Capital Facilities Bonds, Series A. The old bonds had interest rates ranging from 4 to 4.25 percent and the new bonds have an interest rate of 1.870125%. The net proceeds of \$2,647,383 (after payment of \$27,375 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the 2008 Capital Facilities Bonds, Series A are considered to be defeased and the liability for those bonds has been removed from the statement of net assets.

The County advance refunded the 2008 bonds to reduce its total debt service payments by \$157,589 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$162,884.

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

Changes in the long-term obligations reported in business-type activities of the County during 2016 were as follows:

Date of Issue	Description	Interest Rate	Balance at 12/31/15	Increases	Decreases	Balance at 12/31/16	Amounts Due in One Year
2003	Recycling Building and Trucks	2.20%	\$40,000	\$0	(\$5,000)	\$35,000	\$6,000
	Net Pension Liability		278,165	120,501	(7,377)	391,289	-
	Compensated Absences		6,321	-	(632)	5,689	4,161
	Totals		\$324,486	\$120,501	(\$13,009)	\$431,978	\$10,161

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

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors should not exceed one percent of the total assessed valuation of the County. The Code further provides that the total voted and un-voted net debt of the County less the same exempt debt should not exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The effects of the debt limitations at December 31, 2016, are an overall debt margin of \$15,032,159 and an un-voted debt margin of \$5,240,213.

Principal and interest requirements to retire the County's long-term obligations outstanding at December 31, 2016, were as follows:

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 12 – LONG-TERM OBLIGATIONS (Continued)

Year	Governmental Activities			
	General Obligation Notes		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2017	\$181,160	\$60,587	\$359,000	\$111,814
2018	190,430	56,965	370,000	101,824
2019	198,220	54,292	382,000	91,384
2020	1,643,135	49,152	393,000	80,356
2021	81,503	5,456	405,000	68,668
2022-2026	64,008	4,296	1,808,000	149,565
Totals	<u>\$2,358,456</u>	<u>\$230,748</u>	<u>\$3,717,000</u>	<u>\$603,611</u>

Year	Governmental Activities		Business-Type Activities	
	OWDA Loans		General Obligation Notes	
	Principal	Interest	Principal	Interest
2017	\$35,744	\$0	\$6,000	\$1,650
2018	35,743	-	7,000	1,518
2019	35,743	-	7,500	1,364
2020	35,743	-	8,500	1,199
2021	35,743	-	6,000	1,012
2022-2026	178,716	-	-	-
2027-2031	98,373	-	-	-
Totals	<u>\$455,805</u>	<u>\$0</u>	<u>\$35,000</u>	<u>\$6,743</u>

During 1996, the County issued a health care facilities revenue bond with the principal amount of \$198,000 outstanding at December 31, 2016, for facilities used by the Stepping Stones Center, Inc.

During 2007, Series 2007 Health Care Facilities Revenue Bonds were issued for the Van Wert Area Visiting Nurses Association, with the principal amount of \$174,600 outstanding at December 31, 2016.

During 2013, \$5,178,000 in Series 2013 Hospital Facilities Revenue Refunding Bonds was issued to refinance the 2009 Series bonds. The outstanding balance at 12/31/16 was \$3,952,600.

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

NOTE 13 – INTERFUND ASSETS/LIABILITIES

Interfund balances at December 31, 2016, consisted of the following amounts and resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting, and (3) payments between funds are made. All are expected to be paid within one year.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 13 – INTERFUND ASSETS/LIABILITIES (Continued)

		Interfund Receivable				
		General	Motor Vehicle and Gas Tax	Recycling	Other Governmental	Total
Interfund Payable	General	\$0	\$3,457	\$0	\$0	\$3,457
	Motor Vehicle & Gas Tax	2,799	0	0	0	2,799
	Thomas Edison	24,260	1,365	0	0	25,625
	Other Governmental	13,744	34,137	3,475	121,660	173,016
	Recycling	210	1,324	0	0	1,534
	Total	\$41,013	\$40,283	\$3,475	\$121,660	\$206,431

During 2015, the General Fund advanced \$246,821 to the Town Center Bond Fund. It was repaid in 2016 when tax increment financing revenues were received.

Also during 2015, the Recycling Fund advanced the Recycle Ohio fund \$2,856. It was repaid during 2016. In 2016, the Recycling Fund advanced the Recycle Ohio \$3,475. It remains outstanding at year-end and will be repaid in 2017 when grant monies are received.

Interfund transfers for the year ended December 31, 2016, consisted of the following:

		Transfers From				
		General	Motor Vehicle and Gas Tax	Thomas Edison	Other Governmental	Recycling
Transfers to	Other					
	Governmental	\$448,933	\$120,089	\$26,473	\$7,327	\$2,856

The General Fund transferred \$208,795 for debt service obligations. The General Fund also transferred \$78,451 to the Department of Job and Family Services, \$153,687 to the Building Improvement Fund, and \$8,000 to the Dog and Kennel fund.

The Motor Vehicle and Gas Tax Special Revenue Fund transferred \$120,089 to the Engineer Building Note Fund.

The Thomas Edison Special Revenue Fund transferred \$26,473 to the Thomas Edison Debt Service Fund for the payment of principal and interest.

The Common Pleas Court Special Projects Fund transferred \$5,287 to the Common Pleas Courtroom Improvement Fund and then the Common Pleas Courtroom Improvement Fund transferred \$2,040 back to the Common Pleas Court Special Projects Fund.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 14 – DISCRETELY PRESENTED COMPONENT UNITS

Summary of Significant Accounting Policies

A. Nature of Organizations

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

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

Van Wert Housing Services, Inc. was organized in 1992 as a not-for-profit corporation. The purpose is to develop dwellings and provide affordable housing in Van Wert County or other counties for occupancy by disabled persons from Van Wert County. Van Wert Housing Services, Inc. is primarily funded by the Van Wert County Board of DD as disclosed in Note 18. Van Wert Housing Services, Inc. is exempt under Internal Revenue Code Section 501I(3) from federal income tax. It is also currently exempt from federal unemployment tax and Ohio franchise, personal property, and sales taxes. The payroll of Van Wert Housing Services, Inc. became subject to social security (FICA) coverage due to the Social Security Amendments of 1983.

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

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

B. Classification of Net Position

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

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 14 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)

The permanently restricted component of net position comprises those assets contributed to the component units by donors who have indicated an intention that the assets are to remain in perpetuity as permanent endowments of the component units. Investment income generated by these assets is reported as unrestricted or temporarily restricted, depending upon whether the donors have limited the expenditure of income to a particular purpose or purposes or have indicated that such income is to be available for the general purposes of the component units. At December 31, 2016, \$51,540 of the Van Wert Housing Service's net position is temporarily restricted to use by program recipients for as long as the donor's beneficiary is able to live in the house.

C. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. All of the component units' contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt.

Contributed services have been recognized as contributions to the extent the total amount that could have been charged for these services exceeds the amount actually charged.

D. Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts. Credit is generally extended for short periods of time to customers of the sheltered workshop for the Thomas Edison Center prior to June 30, 2016. These receivables do not bear interest or finance charges. Management periodically reviews open receivables for collection issues. Accounts are written off only after reasonable collection efforts have been made and require board approval.

E. Inventories

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

F. Capital Assets

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

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 14 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)

During the year ended December 31, 2016, depreciation expense for Van Wert Housing Services, Inc., Port Authority, and the Airport Authority is \$46,551, \$13,977, and \$100,743, respectively. A summary of the component units' capital assets at December 31, 2016, follows:

Van Wert Housing Services, Inc.			
Houses and related improvements	\$1,291,570		
Home furnishings	11,680		
Total	1,303,250		
Accumulated Depreciation	(536,899)		
Book Value	\$766,351		
	Port	Airport	
	Authority	Authority	
Capital Assets, not being depreciated:			
Land	\$646,425	\$214,100	
Construction in Progress	-	-	
Total Capital Assets, not being depreciated	646,425	214,100	
Capital Assets, being depreciated:			
Buildings	2,159	105,575	
Vehicles	-	1,500	
Furniture and Fixtures	-	3,248	
Equipment	-	121,875	
Fueling System	-	116,150	
Rental Plane	-	62,000	
Taxiways	-	1,742,324	
Infrastructure	529,072	-	
Capital Assets Being Depreciated	531,231	2,152,672	
Less: Accumulated Depreciation			
Buildings	(1,781)	(50,003)	
Vehicles	-	(1,500)	
Furniture and Fixtures	-	(3,162)	
Equipment	-	(40,502)	
Fueling System	-	(52,268)	
Rental Plane	-	(45,466)	
Taxiways	-	(854,147)	
Infrastructure	(64,720)	-	
Accumulated Depreciation	(66,501)	(1,047,048)	
Total Capital Assets Being Depreciated, Net	464,730	1,105,624	
Total Capital Assets, Net	\$1,111,155	\$1,319,724	

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 14 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)

G. Use of Estimates

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

H. Major Customer and Concentration of Credit Risk

In 2016 and 2015, approximately 0% and 29% of Thomas Edison Center’s workshop program revenues were derived from service contracts with one industrial customer. The Thomas Edison Center grants credit to customers of its workshop operations most of whom are based in western Ohio.

I. Bad Debt

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

J. Deposits and Investments

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

- (1) At year-end, the carrying amount of deposits for Van Wert Housing Services, Inc. was \$19,092 and the bank balance was \$19,092. The entire balance was covered by federal deposit insurance. There are no statutory guidelines regarding the deposit and investment of funds for the not-for-profit corporation. The Board of Trustees has adopted an investment policy with regards to the Thomas Edison Memorial Endowment Fund. The purpose of the policy is to document fund objectives and provide guidelines for achieving those objectives. The objectives are to provide principal security, maximize income (while maintaining principal security), diversify asset holdings and have earnings available when needed for the support of the Thomas Edison Center and its affiliates. The rate of return target established by the policy is not less than 1% over annual certificate of deposit return rates. Investments primarily consist of U.S. government obligations, corporate obligations and common stocks.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 14 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)

	Cost	Fair Value	Unrealized Gain (Loss)
Money Market Funds	\$44,389	\$44,389	\$0
Corporate Bonds	622,356	603,634	(18,722)
Foreign Bonds	23,288	20,626	(2,662)
Common Stocks	483,599	780,208	296,609
Mutual Funds	375,227	407,707	32,480
	\$1,548,859	\$1,856,564	\$307,705

The stock and bonds are not rated.

- (2) Since the County Auditor is the fiscal agent for the Port Authority, the Port Authority follows the same investment guidelines as the County Treasurer. Information concerning deposits for the Port Authority can be found in Note 4.
- (3) The carrying amount of deposits was \$37,705, and the bank balance was \$48,121. The entire bank balance was covered by federal depository insurance. The Airport Authority follows the same investment guidelines as the County Treasurer, which can be found in Note 4.

K. Loans Payable

A summary of the loan transactions for the component units for the year ended December 31, 2016, follows:

	Interest Rate	Balance at December 31, 2015	Increases	Decreases	Balance at December 31, 2016
Airport Authority					
Airport Hangar #1	4.64%	\$4,850	\$0	\$4,850	\$0
Fuel Tank Removal	1.79%	48,500	0	10,000	38,500
Airport Hangar #2	2.11%	17,355	0	3,910	13,445
Total Loans		\$70,705	\$0	\$18,760	\$51,945
Payable		\$70,705	\$0	\$18,760	\$51,945

The interest rates on the airport loans are adjusted annually on the date that the annual payment is due. The adjusted rate is the prime rate multiplied by 65 %. The interest rate shall never exceed the lesser of 12 % or the maximum interest rate permitted by law. Terms on the Airport Hangar loan #1 due to the County call for a total of 20 annual payments starting on August 1, 1997, at varying amounts based on the interest rate and principal due at that time. Terms on the Fuel Tank loan due to the County call for five annual payments starting on August 2, 2001, at varying amounts based on the interest rate and principal due at that time. Terms on the Airport Hangar loan #2 due to the County call for a total of 20 annual payments starting on October 1, 2001, at varying amounts based on the interest rate and principal due at that time.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 15 – JOINT VENTURES

Van Wert County Regional Planning Commission

The Van Wert County Regional Planning Commission (the Commission) is a joint venture among the County, the City of Van Wert, and townships and villages within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is comprised of thirty members of which two-thirds are elected officials. The County must be represented by the three County Commissioners, a County Health Official, the County Engineer, the County Recorder, the County Auditor, the Sheriff and the County Extension Agent. Other members include: a representative from all participating Boards of Township Trustees; the Mayor or a Council member of each participating incorporated village; two representatives from the City of Van Wert, one being the Mayor or his designee and one being appointed by City Council. The remaining members of the Commission are representatives from public utility, minority groups, business, industry, Ministerial Association, farm organizations, Chamber of Commerce and other representatives as deemed necessary by the Commission.

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. The County made \$2,500 in contributions during 2016 for the operations of the Commission. The Commission is a joint venture since it cannot continue to exist without the financial support of the County. The County does not have an equity interest in the joint venture. The Commission is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Complete financial statements can be obtained from the Commission located at 121 East Main Street, Van Wert, Ohio 45891.

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS

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

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

The ability to influence operations depends on the County's representation on the Board. The Board of Trustees consists of eighteen members: four members are appointed by the Director of the Ohio Department of Mental Health, four members are appointed by the Director of the Ohio Department of Alcohol and Drug Addiction Services and the remaining ten members are appointed by the County Commissioners of Mercer, Paulding and Van Wert counties in the same proportion as the County's population bears to the total population of the three counties combined. The majority of the Tri County Mental Health Board's revenue comes from a property tax levied by the Tri County Mental Health Board. During 2016, the tax levy provided \$544,996 for the operations of the organization. These monies were collected and distributed by the County on behalf of the Tri County Mental Health Board. There were no County contributions.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

The Community Improvement Corporation of the City of Van Wert and County of Van Wert, Ohio (the CIC) is a jointly governed organization between the City and the County. The general purpose of the CIC is to pursue and maintain economic development within the County. The CIC is governed by a Board of Trustees made up of fifteen members, who include: three elected or appointed officers of the City, to be designated annually by the City Council; three elected or appointed officers of the County, to be designated annually by the Board of County Commissioners; six people to be designated annually by the Board of Trustees of The Van Wert Area Chamber of Commerce; the President of the Van Wert Industrial Development Corporation (in ex officio status); and two people who are residents of the County, to be elected at the annual meeting of the members by a majority of the members listed previously. During 2016, the County contributed \$40,000 to the CIC.

Van Wert County Council on Aging, Inc.

The Van Wert County Council on Aging, Inc. (the Council) is a jointly governed organization among the County, the City of Van Wert, neighboring townships, and local related organizations. The Council was formed to secure and maintain maximum independence and dignity for older persons (1) in a home environment for older persons capable of self-care with appropriate supportive services by providing such services and to remove individual and social barriers to economic and personal independence, (2) in a home-like environment for older persons not capable of self-care with adequate institutional situations by providing assistance to these institutions in developing policy. The Board of Directors consists of thirteen members, who represent, as nearly as possible, a cross section of the entire county population. Representatives of local health services, low income persons, the clergy, government officials, consumers and other concerned citizens shall be appointed to the Board. The majority of the Council's revenue comes from a property tax levied by the Council. During 2016, the tax levy provided \$270,461 for the operations of the organization. These monies were collected and distributed by the County on behalf of the Council. There were no County contributions.

West Central Partnership, Inc.

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

Northwest Ohio Waiver Administration Council

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

NOTE 17 – INSURANCE POOLS

Midwest Pool Risk Management Agency, Inc.

The Midwest Pool Risk Management Agency, Inc., (the Pool) is an Ohio nonprofit corporation established by five counties for the purpose of establishing a risk-sharing insurance program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by the Pool. Coverage includes comprehensive general liability, automobile liability, certain property insurance, and public officials' error and omissions liability insurance. Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Pool are managed by an elected board of not more than five trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of the Pool is limited to its voting authority and any representation it may have on the board of trustees.

The County Commissioners' Association of Ohio Service Corporation

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

NOTE 18 – RELATED PARTY TRANSACTIONS

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 18 – RELATED PARTY TRANSACTIONS (Continued)

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

NOTE 19 – FUND BALANCE

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

	General	Motor Vehicle and Gas Tax	Thomas Edison	Brumbach Library	Other Governmental Funds	Total
Non-spendable						
Prepaid Items	\$145,354	\$0	\$3,932	\$32,052	\$2,791	\$184,129
Material and Supplies						
Inventory	21,109	311,765	-	-	10,278	343,152
Unclaimed Monies	16,905	-	-	-	-	16,905
Loans Receivable	-	-	-	-	115,651	115,651
Total Non-spendable	183,368	311,765	3,932	32,052	128,720	659,837
Restricted for						
Development Disabilities	-	-	1,908,676	-	-	1,908,676
Job and Family/Children						
Services/CSEA	-	-	-	-	309,085	309,085
Motor Vehicle & Gas Tax	-	1,267,570	-	-	-	1,267,570
Library Services	-	-	-	539,453	-	539,453
Ditch Maintenance	-	-	-	-	899,533	899,533
Debt Service	-	-	-	-	138,878	138,878
Capital Projects	-	-	-	-	3,212	3,212
Other Purposes	-	-	-	-	1,450,936	1,450,936
Total Restricted	-	1,267,570	1,908,676	539,453	2,801,644	6,517,343
Committed						
Building and Grounds						
Improvement	-	-	-	-	333,821	333,821
Assigned						
Next Year Appropriations	1,422,194	-	-	-	-	1,422,194
Other Purposes	3,338	-	-	-	-	3,338
Total Assigned	1,425,532	-	-	-	-	1,425,532
Unassigned	1,367,209	-	-	-	(8,094)	1,359,115
Total	\$2,976,109	\$1,579,335	\$1,912,608	\$571,505	\$3,256,091	\$10,295,648

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 20 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENTS

For fiscal year 2016, the County has implemented Governmental Accounting Standard Board (GASB) Statement No. 72, “Fair Value Measurement and Application.” This statement addresses accounting and financial reporting issues related to the fair value of investments. This statement had no effect on net position or fund balances. Required note disclosures have been incorporated into the report.

For fiscal year 2016, the County has implemented Governmental Accounting Standard Board Statement No. 73, “Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.” This establishes requirements for defined benefit pension systems that are not within the scope of GASB Statement 68, as well as for the assets accumulated for purposes of providing those pensions. It also amends certain provisions of GASB Statements 67 and 68. This statement had no effect on net position or fund balances.

For 2016, the County has implemented Governmental Accounting Standard Board Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for state and Local Governments.” This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement had no effect on net position or fund balances.

For 2016, the County has implemented Governmental Accounting Standard Board Statement No. 78, “Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans.” The objective of this statement is to address a practice issue regarding the scope and applicability of Statement 68. This statement had no effect on net position or fund balances.

For 2016, the County has implemented Governmental Accounting Standard Board and Statement No. 79, “Certain External Investment Pools and Pool Participants.” This statement addresses accounting and financial reporting for certain external investment pools and pool participants. This statement had no effect on net position or fund balances.

For 2016, the County has reclassified the Workers’ Compensation fund from special revenue to internal service so that it better reflects its purpose. In addition, in prior year the County reported the Special Emergency Planning, the Emergency Management, and the Federal Homeland Security funds as agency funds. The County is now required to report them as special revenue funds.

The implementation of these changes had the following effect on fund balance/net position as reported December 31, 2015:

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 20 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENTS (continued)

	Net Position	Fund Balance	Net Position
	Governmental	Other Governmental	Internal Service
Fund Balance/Net Position December 31, 2015	\$28,819,976	\$2,839,597	\$0
Adjustments:			
Reclassification of funds from agency	58,204	58,204	0
Reclassification of fund – workers comp	0	(70,842)	70,842
Restated Fund Balance/Net Position December 31, 2015	\$28,878,180	\$2,826,959	\$70,842

NOTE 21 – TAX ABATEMENT DISCLOSURES

As of December 31, 2016, the County provides tax incentives under the Van Wert County Enterprise Zone.

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

	Total Taxes Abated
Enterprise Zone Agreement	\$431,539

NOTE 22 – FUND BALANCE DEFICITS

The Federal Workforce Innovation Special Revenue Fund and the Health Insurance Internal Service had deficit fund balances of \$8,094 and \$76,891 at December 31, 2016. The deficits for these funds were the result of liabilities at year-end. The deficits will be eliminated when grant monies are received and as County departments are billed for their health care, which will be done when cash is needed, rather than when accrual occur.

NOTE 23 – CONTINGENT LIABILITIES

Grants

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

NOTE 23 – CONTINGENT LIABILITIES (Continued)

Litigation

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

NOTE 24 – SUBSEQUENT EVENTS

The County has evaluated the need for disclosures and/or adjustments resulting from subsequent events through September 27, 2017, the date on which the financial statements were available to be issued. No such events were noted.

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

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

(1) Information Prior to 2013 is not available

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contributions (1)	\$1,313,282	\$1,292,661	\$1,074,227	\$1,136,546
Contributions in Relation to the Contractually Required Contribution	<u>(1,313,282)</u>	<u>(1,292,661)</u>	<u>(1,074,227)</u>	<u>(1,136,546)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County's Covered-Employee Payroll	\$8,972,617	\$8,766,787	\$8,691,593	\$8,488,689
Contributions as a Percentage of Covered-Employee Payroll	14.64%	14.74%	12.36%	13.39%

(1) Includes agency portion

2012	2011	2010	2009	2008	2007
\$847,853	\$846,595	\$854,192	\$792,539	\$657,066	\$828,277
<u>(847,853)</u>	<u>(846,595)</u>	<u>(854,192)</u>	<u>(792,539)</u>	<u>(657,066)</u>	<u>(828,277)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$8,173,891	\$8,187,095	\$9,198,878	\$8,804,927	\$7,708,820	\$9,694,955
10.37%	10.34%	9.29%	9.00%	8.52%	8.54%

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VAN WERT COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Sub-recipients	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>(Passed Through Ohio Development Services Agency)</i>				
Community Development Block Grants/State's Program	14.228	B-F-15-1CV-1 B-F-14-1CV-1 B-C-15-1CV-1		\$4,461 101,713 15,715
Total Community Development Block Grants/State's Program			<u> </u>	<u>121,889</u>
Home Investment Partnership Program	14.239	B-C-15-1CV-2		24,185
Total U.S. Department of Housing and Urban Development			<u> </u>	<u>146,074</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>(Passed Through Ohio Department of Job & Family Services)</i>				
Promoting Safe and Stable Families	93.556	G-1617-11-5589		16,627
TANF Cluster				
Temporary Assistance for Needy Families	93.558	G-1617-11-5589	\$30,412	419,617
Child Support Enforcement	93.563	G-1617-11-5589		416,866
CCDF Cluster				
Child Care and Development Block Grant	93.575	G-1617-11-5589		13,070
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1617-11-5589		43,725
Foster Care_Title IV-E	93.658	G-1617-11-5589		54,248
Adoption Assistance	93.659	G-1617-11-5589		36,989
Chafee Foster Care Independence Program	93.674	G-1617-11-5589		1,304
Children's Health Insurance Program	93.767	G-1617-11-5589		7,352
<i>(Passed Through Ohio Department of Developmental Disabilities)</i>				
Social Services Block Grant Program	93.667	G-1617-11-5589		20,104
<i>(Passed Through Ohio Department of Job & Family Services)</i>				
Social Services Block Grant Program	93.667	G-1617-11-5589		220,607
Total Social Services Block Grant Program			<u> </u>	<u>240,711</u>
<i>(Passed Through Ohio Department of Developmental Disabilities)</i>				
Medicaid Cluster				
Medical Assistance Program	93.778	G-1617-11-5589		81,427
<i>(Passed Through Ohio Department of Job & Family Services)</i>				
Medical Assistance Program	93.778	G-1617-11-5589		266,099
Total Medical Assistance Program/Medicaid Cluster			<u> </u>	<u>347,526</u>
Total U.S Department of Health and Human Services			<u> </u>	<u>\$30,412</u> <u>1,598,035</u>
U.S. DEPARTMENT OF AGRICULTURE				
<i>(Passed Through Ohio Department of Education)</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553			1,510
National School Lunch Program	10.555			2,368
Total ChildNutrition Cluster			<u> </u>	<u>3,878</u>
<i>(Passed Through Ohio Department of Job and Family Services)</i>				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1617-11-5589		133,764
Total U.S. Department of Agriculture			<u> </u>	<u>137,642</u>

VAN WERT COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Sub-recipients	Expenditures
U.S. DEPARTMENT OF LABOR				
<i>(Passed Through Ohio Department of Job & Family Services)</i>				
WIA/WIOA Cluster				
WIA/WIOA - Adult Program	17.258	G-1617-15-0182		1,967
WIA/WIOA - Youth Activities	17.259	G-1617-15-0182		10,931
Total U.S. Department of Labor/WIA/WIOA Cluster				<u>12,898</u>
U.S. DEPARTMENT OF TRANSPORTATION				
<i>(Passed Through Ohio Department of Transportation)</i>				
Airport Improvement Program				
	20.106	AIP 3-39-0081-017-2015		33,116
		AIP-3-39-0081-018-2016		50,967
Total U.S. Department of Transportation Federal Aviation Administration				<u>84,083</u>
U.S. DEPARTMENT OF EDUCATION				
<i>(Passed Through Ohio Department of Health)</i>				
<i>(Passed Through Van Wert City School District)</i>				
Special Education - Grants for Infants and Families				
	84.181			56,652
Total U.S. Department of Education				<u>56,652</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
<i>(Passed Through Ohio Department of Public Safety)</i>				
Emergency Management Performance Grants				
	97.042	EMC-2016-EP-00003-S01		12,237
		EMW-2015-EP-00034-F01		22,756
Total U.S. Department of Homeland Security				<u>34,993</u>
Total Expenditures of Federal Awards			<u>\$30,412</u>	<u>\$2,070,377</u>

The accompanying notes are an integral part of this schedule.

VAN WERT COUNTY

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Van Wert County (the County) under programs of the federal government for the year ended December 31, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – SUB-RECIPIENTS

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

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

NOTE D – CHILD NUTRITION CLUSTER

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

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

The current cash balance on the County's local program income account as of December 31, 2016 is \$77,011.

NOTE F – MATCHING REQUIREMENTS

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

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Dave Yost • Auditor of State

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

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

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Wert County, (the County) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 27, 2017. We noted the County's discretely presented component unit, Van Wert County Airport Authority, did not have sufficient evidential matter supporting the amounts recorded as rental revenue and related receivables and deferred inflows for the year ended December 31, 2016 and represents 26 percent, 25 percent, and 47 percent of the assets, net financial position and revenues, respectively, of the County's aggregate discretely presented component units. Our report refers to other auditors who audited the financial statements of the Van Wert Housing Services Inc., as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported. The financial statements of Van Wert Housing Services Inc., were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

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Compliance and Other Matters

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

County's Response to Finding

The County's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the County's response and, accordingly, we express no opinion on it.

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

September 27, 2017



Dave Yost • Auditor of State

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

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

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Van Wert County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the County's major federal programs for the year ended December 31, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Van Wert County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State
Columbus, Ohio

September 27, 2017

VAN WERT COUNTY
 SCHEDULE OF FINDINGS
 2 C.F.R § 200.515
 DECEMBER 31, 2016

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Qualified – Aggregate Discretely Presented Component Units Unmodified – Governmental Activities, Business Type Activities, Major General Fund, Major Motor Vehicle and Gas Tax Fund, Major Thomas Edison Fund, Major Brumback Library Fund, Major Recycling Fund, and Aggregate Remaining Fund Information
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR §200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	CFDA #93.563 Child Support Enforcement CFDA #93.558 - Temporary Assistance for Needy Families
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 C.F.R §200.520?	No

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

FINDING NUMBER 2016-001

MATERIAL WEAKNESS - Van Wert County Airport Authority (Component Unit) Rental Revenue

Charges for services revenue on the County's Statement of Activities included Hanger Rental revenue consisting of \$33,316. This amount is 22% of total operating revenue and 12% of total revenue for the Van Wert County Airport Authority (the Airport Authority), a discretely presented component unit of the County, for the year ended December 31, 2016. The Airport Authority did not obtain any lease agreements on the hangar rent collected in 2016.

The lack of approved leases on file indicating the applicable rate to be charged and time frame of rent of hangar space could result in inaccurate collection of revenue, possible loss of revenue, and overlapping of renters in the same rental space. This deficiency could also result in potential misstatement of revenues related to the hangar airplane rental revenue and accounts receivable and deferred revenue for financial statement presentation of the Van Wert Airport Authority. Our opinion, therefore, has been modified on hangar rental revenue for 2016.

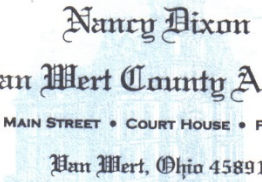
The Airport Authority Board should implement procedures that require all lease agreements for hangars to be in writing. A copy of the lease should be maintained. The Board should then monitor that the rates charged and recorded are in agreement with the authorized rates and leases.

Official's Response:

The Airport now has all hanger leases in writing and a copy is on file at the Airport. All invoices are created in the Airport's QuickBooks program and all payments are recorded in the QuickBooks program as well. A copy of the hangar report is distributed and reviewed at the Airport monthly board meetings.


3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.


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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2016

Finding Number	Finding Summary	Status	Additional Information
2015-001	Significant Deficiency - Capital Asset Additions	Partially Corrected	The County Departments have all been notified to submit the appropriate capital asset addition forms to the Commissioners' and/or Auditor's offices. The Commissioners' and Auditor's office will work together to get the additions correctly entered into the software system.
2015-002	Material Weakness - VW County Airport Fuel Sales and Rental Revenue	Partially Corrected	Repeated as Finding 2016-001



Nancy Dixon
Van Wert County Auditor
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 Van Wert, Ohio 45891

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2016

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2016-001	Written hanger rental agreements exist for all hangers rented in 2017.	1/1/2017	Mike Jackson, Treasurer/Secretary



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VAN WERT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 28, 2017