VAN WERT COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER

VAN WERT COUNTY
DECEMBER 31, 2018

TABLE OF CONTENTS

TITLE **PAGE**

TABLE OF CONTENTS
(Continued)

OHIO AUDITOR OF STATE
KEITH FABER

One First National Plaza
130 West Second Street, Suite 2040
Dayton, Ohio 45402-1502
(937) 285-6677 or (800) 443-9274
WestRegion@ohioauditor.gov

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, 2018, 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 Van Wert Housing Services, Inc, a discretely presented component unit, which represent 40 percent, 42 percent, and 6 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for the Van Wert Housing Services, Inc., is based solely on the report of other auditors. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement. The other auditors audited the financial statements of the Van Wert Housing Services, Inc. in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards.*

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Wert County, Ohio, as of December 31, 2018, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Motor Vehicle and Gas Tax, Thomas Edison, and Brumback Library funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 20 to the financial statements, during 2018, the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2019, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

December 10, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Van Wert County's discussion and analysis of the annual financial report provides a review of the financial performance for the year ended December 31, 2018.

FINANCIAL HIGHLIGHTS

The County's total net position decreased $1,057,791 during 2018. The net position of governmental activities decreased $1,067,097 or 4.8%. The net position of business-type activities increased by $9,306

The General Fund's fund balance increased $665,265 during 2018. The General Fund transferred $181,890 for debt service obligations. The General Fund also transferred $49,287 to the Department of Job and Family Services.

Business-type operations reflected an operating loss of $99,884.

Capital assets used in governmental activities decreased $728,259. During 2018, the County resurfaced some road and replaced bridges. In addition, a number of vehicles and body scanner were added to capital assets during 2018.

The net pension liability (NPL) is the largest single liability reported by the County at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For 2018, the County adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the County's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the deferred outflows related to pension and OPEB.

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

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

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service

2 Minus plan assets available to pay these benefits

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

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

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

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

As a result of implementing GASB 75, the County is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation had the effect of restating net position at December 31, 2017, from $28,509,591 to $22,010,736 for governmental activities and from $343,456 to $168,007 for business-type activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position and the Statement of Activities

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

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

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

> Governmental Activities – Most of the County's services are reported here including general government, public safety, public works, health, human services, conservation and recreation, economic development and assistance, and intergovernmental.
>
> Business-Type Activities – These services include recycling. Service fees for this operation are charged based upon the amount of usage. The intent is that the fees charged recoup operational costs.

FUND FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As stated previously, the Statement of Net Position looks at the County as a whole. The following table provides a summary of the County's net position for 2018 compared to 2017.

	Governmental Activities		Business-Type Activities		Total	
	2018	**2017 (Restated)**	**2018**	**2017 (Restated)**	**2018**	**2017 (Restated)**
Assets						
Current and Other Assets	$23,363,859	$22,858,792	$296,893	$358,597	$23,660,752	$23,217,389
Capital Assets	26,170,541	26,898,800	608,116	362,573	26,778,657	27,261,373
Total Assets	49,534,400	49,757,592	905,009	721,170	50,439,409	50,478,762
Deferred Outflows of Resources	3,399,585	6,201,629	130,756	198,977	3,530,341	6,400,606
Liabilities						
Current and Other Liabilities	1,400,442	1,088,884	15,226	15,396	1,415,668	1,104,280
Long-Term Liabilities:						
Due Within One Year	1,048,062	1,017,634	22,043	14,795	1,070,105	1,032,429
Net Pension/OPEB Liability	16,641,809	20,669,260	566,092	674,821	17,207,901	21,344,081
Other Amounts Due in More Than One Year	5,182,642	5,729,150	166,169	24,622	5,348,811	5,753,772
Total Liabilities	24,272,955	28,504,928	769,530	729,634	25,042,485	29,234,562
Deferred Inflows of Resources	7,717,391	5,443,557	88,922	22,506	7,806,313	5,466,063
Net Position						
Net Investment in Capital Assets	24,287,030	24,834,289	428,863	333,573	24,715,893	25,167,862
Restricted	5,843,864	6,196,136	-	-	5,843,864	6,196,136
Unrestricted (Deficit)	(9,187,255)	(9,019,689)	(251,550)	(165,566)	(9,438,805)	(9,185,255)
Total Net Position	$20,943,639	$22,010,736	$177,313	$168,007	$21,120,952	$22,178,743

Total assets of governmental activities decreased $223,192. Equity in pooled cash and cash equivalents increased $1,029,306. Capital assets decreased $728,259. Current and other liabilities increased due to a increase in due to other governments for amounts owed to the Ohio Treasurer for a quarterly medicated match payment. Then net pension/OPEB liability decreased due to a decrease in the pension portion of the liability.

Net position of business-type activities increased by $9,306. Business-type activities reported an operating loss for the last six years. Charges for services have not always been enough to cover depreciation expense.

The following table shows the changes in net position for 2018 compared with 2017:

	Governmental Activities		Business-Type Activities		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Revenues						
Program Revenues:						
Charges for Services	$4,356,079	$3,778,383	$555,682	$576,803	$4,911,761	$4,355,186
Operating Grants, Contributions and Interest	9,241,114	10,489,591	6,970	18,593	9,248,084	10,508,184
Capital Grants and Contributions	196,525	-	-	-	196,525	-
Total Program Revenues	13,793,718	14,267,974	562,652	595,396	14,356,370	14,863,370
General Revenues:						
Property and Other Taxes	4,731,272	4,542,387	-	-	4,731,272	4,542,387
Permissive Sales Tax	4,603,798	4,616,363	-	-	4,603,798	4,616,363
Grants and Entitlements	1,306,022	1,510,578	-	-	1,306,022	1,510,578
All Other Categories	1,084,172	994,220	1,210	-	1,085,382	994,220
Total General Revenues	11,725,264	11,663,548	1,210	-	11,726,474	11,663,548
Total Revenues	25,518,982	25,931,522	563,862	595,396	26,082,844	26,526,918
Program Expenses:						
General Government						
Legislative and Executive	5,498,439	5,421,858	-	-	5,498,439	5,421,858
Judicial	1,702,970	1,785,972	-	-	1,702,970	1,785,972
Public Safety	4,711,844	4,214,444	-	-	4,711,844	4,214,444
Public Works	4,670,630	4,430,229	-	-	4,670,630	4,430,229
Health	303,438	266,257	-	-	303,438	266,257
Human Services	8,728,807	8,421,354	-	-	8,728,807	8,421,354
Conservation and Recreation	37,401	-	-	-	37,401	-
Economic Development and Assistance	516,642	1,746,051	-	-	516,642	1,746,051
Intergovernmental	129,026	111,445	-	-	129,026	111,445
Debt Service Costs	179,914	193,683	-	-	179,914	193,683
Recycling	-	-	661,524	678,176	661,524	678,176
Total Expenses	26,479,111	26,591,293	661,524	678,176	27,140,635	27,269,469
Excess (Deficit) Before Transfers	(960,129)	(659,771)	(97,662)	(82,780)	(1,057,791)	(742,551)
Transfers	(106,968)	-	106,968	-	-	-
Increase (Decrease) in Net Position	(1,067,097)	(659,771)	9,306	(82,780)	(1,057,791)	(742,551)
Net Position Beginning of Year - Restated	22,010,736	NA	168,007	NA	22,178,743	NA
Net Position End of Year	$20,943,639	$22,010,736	$177,313	$168,007	$21,120,952	$22,178,743

Governmental Activities

Program revenues make up 54% of total governmental revenues for 2018 and 55% of total governmental revenues for 2017. 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.

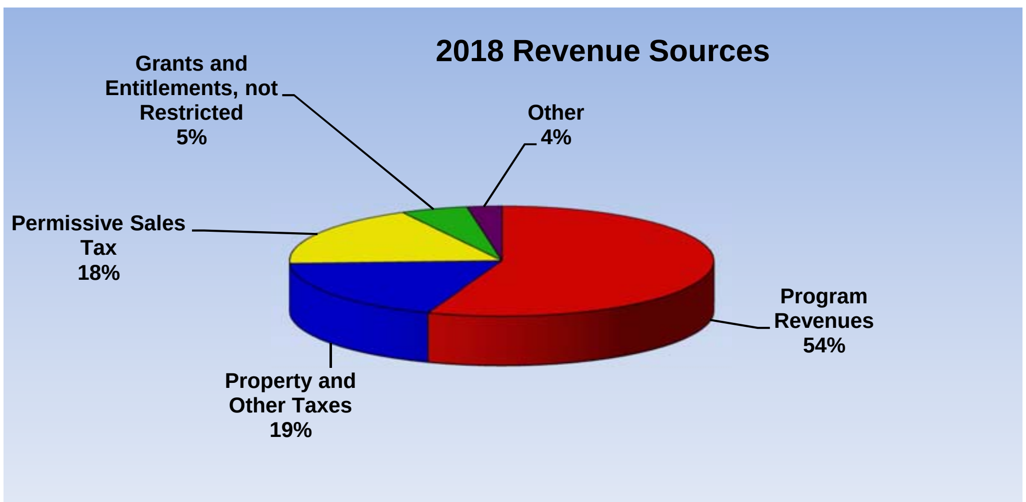
Operating grants and contributions decreased as a result of a bi-annual funding cycle of community development block grants.

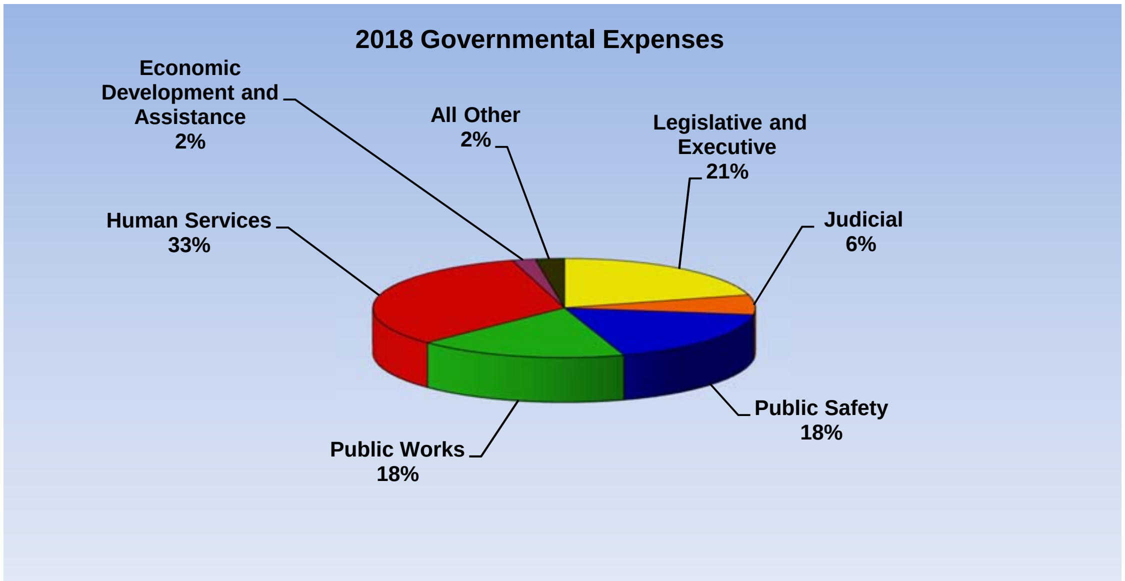
The County's capital grant consisted of a recycling grant received in 2018.

The County's direct charges to users of governmental services made up around 17% of total governmental revenues for 2018 and 15% for 2017. 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 $4,603,798 for 2018 or about 18% of total governmental revenues.

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

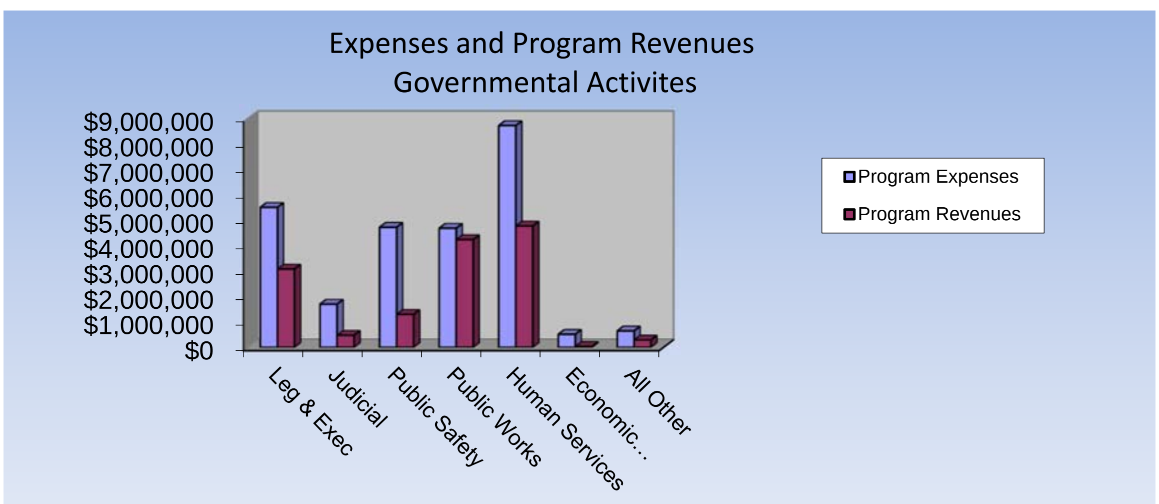




The legislative and executive expenses of the County rely heavily on general revenues to support the program. $2.4 million of legislative and executive expenses (44%) were covered by general revenues. The County has a separate tax levy which provides support for the Brumback Library.

For public safety, the net cost of services of $3.4 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 $4.3 million in net cost of services for human services demonstrates the cost of services that are not supported from State and federal sources. As such, the taxpayers have approved property tax levies for the Thomas Edison Center, the Senior Citizens Center, Tri-County Mental Health and the Cooperative Extension Service.



Business-Type Activities

The net position for business-type activities increased by $9,306 during 2018. Charges for services for recycling is the largest revenue source for business-type activities revenues. On September 22, 2016, the County Commissioners approved adding all business and exempt properties for recycling which increased revenue in the Recycling fund.

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 19. These funds are reported using the modified accrual basis of accounting. All Governmental funds had total revenues of $26.0 million and expenditures of $25.2 million. The General fund balance increased by $665,265. Within the General Fund, revenues exceeded expenditures by $473,774. Transfers to other funds such as the Debt Service funds and other Special Revenue funds totaled $231,177.

Unassigned General fund balance equals $1,182,532, 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 12% (14% in prior year) of total General Fund expenditures.

The Motor Vehicle and Gas Tax fund balance decreased $154,628 due to a increase in expenditures. Fund balance at December 31, 2018, was $1,281,212. The Thomas Edison fund balance decreased $230,155 due to increases in expenditures. Fund balance at December 31, 2018, was $1,548,355. The Brumback Library fund balance increased $327,885, while fund balance at year-end was $982,130. The increase in fund balance was due to an increase in donations to the Library Enrichment Foundation.

Enterprise Fund

The enterprise fund reflects a operating loss for 2018. 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 last 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 2018, there were numerous revisions to the General Fund budget. However, the net effect of the revisions was an increase in the appropriations of $465,588. Original General Fund budgeted revenues were also adjusted. The largest adjustment was to increase transfers in due to a monies from the county Medicaid transition fund.

Appropriations for the Motor Vehicle and Gas Tax fund were increased $478,134. Appropriations were increased $250,000 for health insurance, $150,000 for roads and $140,300 for road equipment.

Thomas Edison decreased anticipated receipts decreased due to a decrease in help me grow contracts of $100,000 and an increased anticipated receipts in interest revenue of $75,000. Appropriations increased $221,936.

Anticipated receipts for Brumback Library increased as funding from the State Public Library Fund increased. By monitoring expenditures, the Library's actual expenditures were $166,460 less than appropriated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital Assets, Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Land	$316,225	$316,225	$0	$0	$316,225	$316,225
Land Improvements	57,680	57,680	-	-	57,680	57,680
Buildings	11,678,347	12,135,591	198,557	207,807	11,876,904	12,343,398
Machinery and Equipment	677,145	653,693	341,464	29,957	1,018,609	683,650
Furniture and Fixtures	42,040	47,465	-	-	42,040	47,465
Vehicles	1,463,167	1,587,472	68,095	124,809	1,531,262	1,712,281
Infrastructure	11,935,937	12,100,674	-	-	11,935,937	12,100,674
	$26,170,541	$26,898,800	$608,116	$362,573	$26,778,657	$27,261,373

Additions to governmental capital assets were to roads, bridges, a body scanner, a John Deere tractor, a dump body and snow plow, and four Ford Explorers.

Recycling added a pro-roll off hook trailer and a baler.

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

Long-Term Debt

At December 31, 2018, Van Wert County had $5,457,420 total long-term debt outstanding.

Outstanding Long-Term Debt at Year End

	Governmental Activities		**Business-Type Activities**	
	2018	**2017**	**2018**	**2017**
General Obligation Notes	$1,903,866	$2,101,296	$22,000	$29,000
OWDA Loan	384,317	420,061	0	0
Loans	0	0	159,237	0
General Obligation Bonds	2,988,000	3,358,000	0	0
	$5,276,183	$5,879,357	$181,237	$29,000

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

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

CONTACTING THE COUNTY AUDITOR'S OFFICE

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

Van Wert County, Ohio
Statement of Net Position
December 31, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	$10,998,152	$14,877	$11,013,029
Cash and Cash Equivalents in Segregated Accounts	312,207	-	312,207
Accrued Interest Receivable	-	-	-
Accounts Receivable (Net, where applicable, of Uncollectible Accounts)	215,099	271,814	486,913
Permissive Sales Tax Receivable	748,485	-	748,485
Due from Other Governments	4,141,088	-	4,141,088
Internal Balances	(10,202)	10,202	-
Prepaid Items	118,326		118,326
Supplies Inventory	273,287	-	273,287
Property & Alternate Energy Taxes Receivable	4,680,719	-	4,680,719
Permissive Motor Vehicle License Tax Receivable	7,535	-	7,535
Tax Increment Financing Receivable	257,651	-	257,651
Assets Held for Resale	-	-	-
Loans Receivable	976,101	-	976,101
Special Assessments Receivable	271,965	-	271,965
Investments in Segregated Accounts	373,446	-	373,446
Depreciable Capital Assets, Net	25,796,636	608,116	26,404,752
Nondepreciable Capital Assets, Net	373,905	-	373,905
Total Assets	49,534,400	905,009	50,439,409
Deferred Outflows of Resources			
Deferred Charge on Refunding	180,743	-	180,743
Pension	2,704,660	116,875	2,821,535
OPEB	514,182	13,881	528,063
Total Deferred Outflows of Resources	3,399,585	130,756	3,530,341
Liabilities			
Accounts Payable	406,222	2,672	408,894
Accrued Salaries Payable	230,411	7,477	237,888
Contracts Payable	-	-	-
Due to Other Governments	487,689	4,248	491,937
Matured Compensated Absences Payable	37,052	-	37,052
Accrued Interest Payable	35,262	829	36,091
Claims Payable	133,040	-	133,040
Mortgage Payable	-	-	-
Compensatory Time Payable	70,766	-	70,766
Long-Term Liabilities:			
Due Within One Year	1,048,062	22,043	1,070,105
Due in More Than One Year			
Net Pension Liability	9,654,640	377,460	10,032,100
Net OPEB Liability	6,987,169	188,632	7,175,801
Other Amounts Due in More Than One Year	5,182,642	166,169	5,348,811
Total Liabilities	24,272,955	769,530	25,042,485
Deferred Inflows of Resources			
Property & Alternate Energy Taxes	4,624,101	-	4,624,101
Pension	2,572,793	74,870	2,647,663
OPEB	520,497	14,052	534,549
Unearned Revenues	-	-	-
Hanger Rent	-	-	-
Total Deferred Inflows of Resources	7,717,391	88,922	7,806,313
Net Position			
Net Investment in Capital Assets	24,287,030	428,863	24,715,893
Restricted for:			
Other Purposes	5,628,884	-	5,628,884
Capital Projects	214,980	-	214,980
Unrestricted (Deficit)	(9,187,255)	(251,550)	(9,438,805)
Total Net Position	$20,943,639	$177,313	$21,120,952

See accompanying notes to the basic financial statements

Component Units			
Van Wert Housing Services	Van Wert Land Reutilization Corporation	Van Wert County Port Authority	Van Wert County Airport Authority
		$163,722	
$23,074	$231,550	-	$98,436
2,139	-	-	-
117	-	-	10,262
-	-	-	-
-	-	-	29,161
-	-	-	-
5,166	1,480	-	-
-	-	-	14,449
-	-	-	-
-	-	-	-
-	-	-	-
-	790,380	-	-
-	-	-	-
-	-	-	-
1,904,018	-	-	-
723,631	-	436,776	1,314,680
-	-	646,425	233,836
2,658,145	1,023,410	1,246,923	1,700,824
-	-	-	-
-	-	-	15,787
-	-	-	2,238
-	-	-	18,025
7,729	1,313	-	20,314
-	-	-	808
-	-	-	26,477
-	-	-	3,355
-		-	-
-	-	-	54
-	-	-	-
-	1,160	-	-
-		-	-
-	-	-	17,720
-	-	-	47,535
-	-	-	30,406
-	-	-	2,635
7,729	2,473	-	149,304
			-
-	-	-	-
-	-	-	15,103
-	-	-	2,265
-	147,553	-	-
-	-	-	2,340
-	147,553	-	19,708
723,631	-	1,083,201	1,528,161
48,384	-	-	-
-	-	-	-
1,878,401	873,384	163,722	21,676
$2,650,416	$873,384	$1,246,923	$1,549,837

Van Wert County, Ohio
Statement of Activities
For the Year Ended December 31, 2018

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Contributions and Interest	Program Revenues: Capital Grants and Contributions
Governmental Activities				
General Government:				
Legislative and Executive	$5,498,439	$2,003,027	$1,081,471	$0
Judicial	1,702,970	313,218	165,510	-
Public Safety	4,711,844	850,461	448,979	-
Public Works	4,670,630	405,300	3,843,009	-
Health	303,438	95,307	-	-
Human Services	8,728,807	681,776	3,670,485	-
Conservation and Recreation	37,401	-	-	196,525
Economic Development and Assistance	516,642	6,056	31,660	-
Intergovernmental	129,026	-	-	-
Interest and Fiscal Charges	179,914	934	-	-
Total Governmental Activities	26,479,111	4,356,079	9,241,114	196,525
Business-Type Activity				
Recycling	661,524	555,682	6,970	-
Total Primary Government	27,140,635	4,911,761	9,248,084	196,525
Component Units				
Van Wert Housing Services	264,846	164,309	4,103	-
Van Wert Land Reutlization Corporation	121,739		-	-
Van Wert County Port Authority	18,142	27,544	-	-
Van Wert County Airport Authority	399,128	230,885	80,634	187,335
Total Component Units	$803,855	$422,738	$84,737	$187,335

General Revenues
Property and Other Taxes Levied for:
General Purposes
Thomas Edison
Other Purposes
Alternative Energy Tax
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 Land Reutilization Corporation	Van Wert County Port Authority	Van Wert County Airport Authority
($2,413,941)	-	($2,413,941)	-	-	-	-
(1,224,242)	-	(1,224,242)	-	-	-	-
(3,412,404)	-	(3,412,404)	-	-	-	-
(422,321)	-	(422,321)	-	-	-	-
(208,131)	-	(208,131)	-	-	-	-
(4,376,546)	-	(4,376,546)	-	-	-	-
159,124	-	159,124	-	-	-	-
(478,926)	-	(478,926)	-	-	-	-
(129,026)	-	(129,026)	-	-	-	-
(178,980)	-	(178,980)	-	-	-	-
(12,685,393)	-	(12,685,393)	-	-	-	-
-	($98,872)	(98,872)	-	-	-	-
(12,685,393)	(98,872)	(12,784,265)	-	-	-	-
-	-	-	($96,434)	-	-	-
-	-	-	-	($121,739)	-	-
-	-	-	-	-	$9,402	-
-	-	-	-	-	-	$99,726
-	-	-	(96,434)	(121,739)	9,402	99,726
1,431,961	-	1,431,961	-	-	-	-
1,802,079	-	1,802,079	-	-	-	-
1,194,523	-	1,194,523	-	-	-	-
302,709	-	302,709	-	-	-	-
4,603,798	-	4,603,798	-	-	-	-
1,306,022	-	1,306,022	-	687,781	-	-
260,958	-	260,958	(93,301)	-	-	-
367,613	-	367,613	-	-	-	-
455,601	1,210	456,811	-	3,385	-	-
11,725,264	1,210	11,726,474	(93,301)	691,166	-	-
	-					
(106,968)	106,968	-	-	-	-	-
(1,067,097)	9,306	(1,057,791)	(189,735)	569,427	9,402	99,726
22,010,736	168,007	22,178,743	2,840,151	303,957	1,237,521	1,450,111
$20,943,639	$177,313	$21,120,952	$2,650,416	$873,384	$1,246,923	$1,549,837

Van Wert County, Ohio

Balance Sheet

Governmental Funds

December 31, 2018

	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	$3,557,757	$997,902	$1,817,475	$293,928	$3,708,524	$10,375,586
Cash and Cash Equivalents in Segregated Accou	24,104	11,139	-	275,752	1,212	312,207
Investments in Segregated Accounts	-	-	-	373,446	-	373,446
Receivables:						
Property Taxes	1,480,498	-	1,670,472	174,644	852,545	4,178,159
Alternate Energy	302,683	-	130,223	15,142	54,512	502,560
Permissive Motor Vehicle License Tax	-	7,535	-	-	-	7,535
Permissive Sales Tax	748,485	-	-	-	-	748,485
Accounts (Net, where applicable, of Uncollectible Accounts)	172,065	4,484	-	-	573	177,122
Special Assessments	-	-	-	-	271,965	271,965
Interfund	174,498	32,396	49,587	-	156,442	412,923
Tax Increment Financing Receivable	-	-	-	-	257,651	257,651
Due from Other Governments	438,174	1,900,859	155,240	411,700	1,191,578	4,097,551
Prepaid Items	109,599	-	959	-	7,111	117,669
Supplies Inventory	13,198	252,113	-	-	7,976	273,287
Loans Receivable	-	-	-	-	976,101	976,101
Total Assets	$7,021,061	$3,206,428	$3,823,956	$1,544,612	$7,486,190	$23,082,247
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts Payable	$111,732	$109,610	$44,884	$13,447	$126,549	$406,222
Accrued Salaries Payable	107,682	28,572	16,526	7,258	70,373	230,411
Due to Other Governments	92,318	34,847	214,438	4,370	141,716	487,689
Interfund Payable	4,852	62,319	74,149	198	263,380	404,898
Compensated Absences Payable	6,018	31,034	-	-		37,052
Total Liabilities	322,602	266,382	349,997	25,273	602,018	1,566,272
Deferred Inflows of Resources:						
Property Taxes & Alternate Energy Tax	1,763,545	-	1,777,688	187,243	895,625	4,624,101
Unavailable Revenue - Delinquent Property Taxe	19,636	-	23,007	2,543	11,432	56,618
Unavailable Revenue - Payments in Lieu of Taxe	-	-	-	-	257,651	257,651
Unavailable Revenue - Sales Taxes	387,932	-	-	-	-	387,932
Unavailable Revenue - Grants	18,720	-	21,685	-	770,891	811,296
Unavailable Revenue - Local Government	174,977	-	-	-	-	174,977
Unavailable Revenue - Gasoline Taxes and Vehicle License		1,632,565	-	-	-	1,632,565
Unavailable Revenue - Public Library Funds	-	-	-	347,423	-	347,423
Unavailable Revenue - Other	440,855	26,269	103,224	-	313,299	883,647
Total Deferred Inflows of Resources	2,805,665	1,658,834	1,925,604	537,209	2,248,898	9,176,210
Fund Balances						
Nonspendable	129,493	252,113	959	-	991,188	1,373,753
Restricted	-	1,029,099	1,547,396	982,130	3,401,650	6,960,275
Committed	-	-	-	-	347,072	347,072
Assigned	2,580,769	-	-	-	-	2,580,769
Unassigned	1,182,532	-	-	-	(104,636)	1,077,896
Total Fund Balances	3,892,794	1,281,212	1,548,355	982,130	4,635,274	12,339,765
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$7,021,061	$3,206,428	$3,823,956	$1,544,612	$7,486,190	$23,082,247

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, 2018

Total Governmental Fund Balances		$12,339,765
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets reported in governmental activities are not financial resources and therefore are not reported in the funds.		26,170,541
Deferred charge on refunding		180,743
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property and Other Taxes	56,618	
Tax Increment Financing	257,651	
Permissive Sales Tax	387,932	
Intergovermental	3,419,192	
Charges for Services	53,713	
Fines and Forfeitures	151,360	
Special Assessments	161,622	
Other	64,021	
Total		4,552,109
An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.		553,470
The net pension liability is not due and payable in the current period; therefore, the liabiity and related deferred inflows/outflows are not reported in governmental funds.		
Deferred Outflows - Pension	2,704,660	
Deferred Inflows - Pension	(2,572,793)	
Deferred Outflows - OPEB	514,182	
Deferred Inflows - OPEB	(520,497)	
Net Pension Liability	(9,654,640)	
Net OPEB Liability	(6,987,169)	
Total		(16,516,257)
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	(35,262)	
General Obligation Notes	(1,903,866)	
General Obligation Bonds	(2,988,000)	
OWDA Loan	(384,317)	
Compensated Absences	(954,521)	
Compensatory Time Payable	(70,766)	
Total		(6,336,732)
Net Position of Governmental Activities		$20,943,639

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, 2018

	General	Motor Vehicle and Gas Tax	Thomas Edison	Brumback Library	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	$1,429,965	$0	$1,669,184	$182,385	$830,720	$4,112,254
Permissive Sales Tax	4,564,205	-	-	-	-	4,564,205
Alternate Energy Tax	302,709	-	130,271	15,148	54,533	502,661
Permissive Motor Vehicle License Tax	-	110,070	-	-	-	110,070
Intergovernmental	1,134,472	3,621,954	828,948	824,918	4,388,596	10,798,888
Charges for Services	1,989,645	191,658	416,344	4,561	810,888	3,413,096
Licenses and Permits	1,646	-	-	-	101,502	103,148
Fines and Forfeitures	63,032	44,278	-	6,247	69,408	182,965
Special Assessments	-	-	-	-	199,796	199,796
Interest	260,958	18,126	40,998	(12,134)	17,937	325,885
Tax Increment Financing	-	-	-	-	349,172	349,172
Other	469,117	5,667	1,388	268,062	574,113	1,318,347
Total Revenues	10,215,749	3,991,753	3,087,133	1,289,187	7,396,665	25,980,487
Expenditures						
Current:						
General Government:						
Legislative and Executive	3,834,812	-	-	961,302	423,185	5,219,299
Judicial	1,485,425	-	-	-	98,664	1,584,089
Public Safety	3,852,486	-	-	-	566,332	4,418,818
Public Works	47,734	4,029,212	-	-	98,591	4,175,537
Health	205,396	-	-	-	89,777	295,173
Human Services	157,096	-	3,317,288	-	4,524,302	7,998,686
Conservation and Recreation	-	-	-	-	144,369	144,369
Economic Development and Assistance	30,000	-	-	-	478,746	508,746
Intergovernmental	129,026	-	-	-	-	129,026
Debt Service:						
Principal Retirement	-	-	-	-	603,174	603,174
Interest and Fiscal Charges	-	-	-	-	156,412	156,412
Total Expenditures	9,741,975	4,029,212	3,317,288	961,302	7,183,552	25,233,329
Excess of Revenues Over (Under) Expenditures	473,774	(37,459)	(230,155)	327,885	213,113	747,158
Other Financing Sources (Uses)						
Proceeds from Sale of Capital Assets	2,855	4,000	-	-	-	6,855
Transfers In	419,813	-	-	-	354,334	774,147
Transfers Out	(231,177)	(121,169)	-	-	(421,801)	(774,147)
Total Other Financing Sources (Uses)	191,491	(117,169)	-	-	(67,467)	6,855
Net Change in Fund Balances	665,265	(154,628)	(230,155)	327,885	145,646	754,013
Fund Balances Beginning of Year	3,227,529	1,435,840	1,778,510	654,245	4,489,628	11,585,752
Fund Balances End of Year	$3,892,794	$1,281,212	$1,548,355	$982,130	$4,635,274	$12,339,765

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, 2018

Net Change in Fund Balances - Total Governmental Funds		$754,013
Amounts reported for governmental activities in the statement of activities are different because		
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	683,389	
Depreciation	(1,328,916)	
Excess of Capital Outlay Over Depreciation Expense		(645,527)
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.		(82,732)
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	6,287	
Tax Increment Financing	17,069	
Permissive Sales Tax	39,593	
Intergovermental	(355,661)	
Charges for Services	(95,642)	
Fines and Forfeitures	(82,947)	
Other	2,941	
Total		(468,360)
The issuance of long-term debt provides current financial resources to governmental funds, but in the statement of net position, the debt is reported as a liability.		
Amortization of Premium on Refunding Bonds		(25,820)
Contractually required contributions are reported as expenditures in governmental funds; however; the statement of net position reports these amounts as deferred		1,362,717
Except for amounts reported as deferred inflows/outflows, changes in net pension/OPEB liability are reported as pension/OPEB expense in the statement of		(2,571,631)
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 amd related internal service fund revenue are eliminated.		86,414
Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consisted of:		
General Obligation Note Prinicpal Payments	197,430	
General Obligation Bonds Prinicpal Payments	370,000	
OWDA Loan	35,744	
Total		603,174
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:		
Accrued Interest	2,318	
Compensatory Time Payable	5,431	
Compensated Absences	(87,094)	
Total		(79,345)
Change in Net Position of Governmental Activities		($1,067,097)

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, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Property Taxes	$1,457,500	$1,457,500	$1,456,062	($1,438)
Permissive Sales Tax	3,900,000	3,900,000	4,569,815	669,815
Alternate Energy Tax	303,999	303,999	302,709	(1,290)
Intergovernmental	1,412,902	1,160,953	1,213,633	52,680
Charges for Services	844,100	1,175,942	1,694,869	518,927
Licenses and Permits	1,600	1,600	1,646	46
Fines and Forfeitures	124,500	49,500	61,975	12,475
Interest	160,020	160,020	250,510	90,490
Other	342,239	369,282	478,934	109,652
Total Revenues	8,546,860	8,578,796	10,030,153	1,451,357
Expenditures				
Current:				
General Government:				
Legislative and Executive	4,146,896	4,081,143	3,745,316	335,827
Judicial	1,610,927	1,605,548	1,496,088	109,460
Public Safety	3,765,068	4,159,830	4,044,558	115,272
Public Works	48,636	48,636	47,521	1,115
Health	243,206	240,691	206,246	34,445
Human Services	164,215	170,679	156,316	14,363
Economic Development and Assistance	26,000	30,000	30,000	-
Intergovernmental	110,289	134,670	129,670	5,000
Total Expenditures	10,115,237	10,471,197	9,855,715	615,482
Excess of Revenues Over (Under) Expenditures	(1,568,377)	(1,892,401)	174,438	2,066,839
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	2,000	2,005	2,855	850
Advances In	-	-	46,248	46,248
Advances Out	-	(81,556)	(106,291)	(24,735)
Transfers In	-	300,000	450,042	150,042
Transfers Out	(405,319)	(433,391)	(231,177)	202,214
Total Other Financing Sources (Uses)	(403,319)	(212,942)	161,677	374,619
Net Change in Fund Balance	(1,971,696)	(2,105,343)	336,115	2,441,458
Fund Balance Beginning of Year	2,199,039	2,199,039	2,199,039	-
Prior Year Encumbrances Appropriated	149,869	149,869	149,869	-
Fund Balance End of Year	$377,212	$243,565	$2,685,023	$2,441,458

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, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Permissive Motor Vehicle License Tax	$100,000	$100,000	$110,061	$10,061
Intergovernmental	3,507,300	3,507,300	3,591,815	84,515
Charges for Services	110,000	110,000	193,219	83,219
Fines and Forfeitures	50,000	50,000	44,852	(5,148)
Interest	5,000	5,000	17,174	12,174
Other	2,500	2,500	5,723	3,223
Total Revenues	3,774,800	3,774,800	3,962,844	188,044
Expenditures				
Current:				
Public Works	4,227,973	4,706,107	4,067,255	638,852
Excess of Revenues Over (Under) Expenditures	(453,173)	(931,307)	(104,411)	826,896
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	-	-	4,000	4,000
Transfers Out	(130,000)	(130,000)	(121,169)	8,831
Total Other Financing Sources (Uses)	(130,000)	(130,000)	(117,169)	12,831
Net Change in Fund Balance	(583,173)	(1,061,307)	(221,580)	839,727
Fund Balance at Beginning of Year	885,750	885,750	885,750	-
Prior Year Encumbrances Appropriated	206,236	206,236	206,236	-
Fund Balance at End of Year	$508,813	$30,679	$870,406	$839,727

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, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Property Taxes	$1,645,600	$1,645,600	$1,698,816	$53,216
Alternate Energy Tax	132,582	132,582	130,271	(2,311)
Intergovernmental	748,500	748,500	782,505	34,005
Charges for Services	195,000	95,000	424,365	329,365
Interest	-	75,000	31,970	(43,030)
Other	7,000	7,000	8,140	1,140
Total Revenues	2,728,682	2,703,682	3,076,067	372,385
Expenditures				
Current:				
Human Services	3,179,881	3,401,817	3,255,883	145,934
Net Change in Fund Balance	(451,199)	(698,135)	(179,816)	518,319
Fund Balance at Beginning of Year	1,740,400	1,740,400	1,740,400	-
Prior Year Encumbrances Appropriated	58,939	58,939	58,939	-
Fund Balance at End of Year	$1,348,140	$1,101,204	$1,619,523	$518,319

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, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Property Taxes	$175,000	$175,000	$185,897	$10,897
Alternate Energy Tax	15,000	15,000	15,148	148
Intergovernmental	651,000	744,041	824,168	80,127
Charges for Services	4,000	4,000	4,581	581
Fines and Forfeitures	6,000	6,000	6,271	271
Other	16,250	16,250	43,552	27,302
Total Revenues	867,250	960,291	1,079,617	119,326
Expenditures				
Current:				
General Government:				
Legislative and Executive	1,049,180	1,146,826	980,366	166,460
Net Change in Fund Balance	(181,930)	(186,535)	99,251	285,786
Fund Balance at Beginning of Year	183,549	183,549	183,549	-
Prior Year Encumbrances Appropriated	2,988	2,988	2,988	-
Fund Balance at End of Year	$4,607	$2	$285,788	$285,786

See accompanying notes to the basic financial statements

Van Wert County, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2018

	Recycling	Government Activities Internal Service
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	$14,877	$622,566
Accounts Receivable	271,814	37,977
Due from Other Governments	-	43,537
Interfund Receivab le	44,842	-
Prepaid Items		657
Total Current Assets	331,533	704,737
Non-current Assets:		
Depreciable Capital Assets, Net	608,116	-
Total Assets	939,649	704,737
Deferred Outflows of Resources		
Pension	116,875	-
OPEB	13,881	-
Total Deferred Outflows of Resources	130,756	-
Liabilities		
Current Liabilities:		
Accounts Payable	2,672	-
Accrued Salaries Payable	7,477	-
Interfund Payable	52,867	-
Due to Other Governments	4,248	-
Claims Payable	-	133,040
Accrued Interest Payable	829	-
Compensated Absences Payable	5,119	-
Note Payable	25,227	-
Total Current Liabilities	98,439	133,040
Long-Term Liabilities:		
Compensated Absences Payable	1,856	-
Note Payable	156,010	-
Net Pension Liability	377,460	
Net OPEB Liability	188,632	-
Total Long-Term Liabilities	723,958	-
Total Liabilities	822,397	133,040
Deferred Inflows of Resources		
Pension	74,870	-
OPEB	14,052	-
Total Deferred Inflows of Resources	88,922	-
Net Position		
Net Investment in Capital Assets	428,863	-
Unrestricted	(269,777)	571,697
Total Net Position	159,086	$571,697
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.	18,227	
Net Position of Business Type Activities	$177,313	

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, 2018

	Recycling	Governmental Activities Internal Service
Operating Revenues		
Charges for Services	$555,682	$2,198,948
Operating Grants	6,970	-
Other	1,210	41,906
Total Operating Revenues	563,862	2,240,854
Operating Expenses		
Personal Services	468,222	-
Contractual Services	61,034	126,763
Materials and Supplies	65,165	-
Claims	-	2,023,971
Depreciation	69,325	-
Total Operating Expenses	663,746	2,150,734
Operating Income (Loss)	(99,884)	90,120
Non-Operating Income (Expenses)		
Capital Grants and Contributions	106,968	-
Interest and Fiscal Charges	(1,484)	-
Total Non-Operating Income (Expenses)	105,484	-
Change in Net Position	5,600	90,120
Net Position Beginning of Year - Restated	153,486	481,577
Net Position End of Year	159,086	$571,697
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.	18,227	
Net Position of Business Type Activities	$177,313	

See accompanying notes to the basic financial statements

Van Wert County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

	Recycling	Governmental Activities Internal Service
Increase (Decrease) in Cash and Cash Equivalents:		
Cash Flows from Operating Activities		
Cash Received from Customers and Support	$553,504	$2,198,948
Cash Received from Other Sources	8,180	-
Cash Payments for Employee Services and Benefits	(443,860)	-
Cash Payments to Suppliers	(130,766)	(105,198)
Cash Payments for Claims		(2,045,873)
Net Cash Provided by (Used for) Operating Activities	($12,942)	47,877
Cash Flows from Noncapital Financing Activities		
Advance In	50,763	-
Advances Out	(44,842)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	5,921	-
Cash Flows from Capital and Related Financing Activities		
Acquisition and Construction of Capital Assets	(207,900)	-
Proceeds of Loan	159,237	-
Note Principal Payments	(7,000)	-
Note Interest Payments	(698)	-
Net Cash Provided by (Used for) Capital and Related Financing Activitie	(56,361)	-
Net Increase (Decrease) in Cash and Cash Equivalents	(63,382)	47,877
Cash and Cash Equivalents Beginning of Year	78,259	574,689
Cash and Cash Equivalents End of Year	$14,877	$622,566
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating Loss	($99,884)	$90,120
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	69,325	-
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(2,178)	(24,795)
(Increase) Decrease in Prepaid Items	-	21,565
(Increase) Decrease in Due from Other Governments	-	(17,111)
(Increase) Decrease in Interfund Receivable		-
(Increase) Decrease in Deferred Outflows of Resources - Pension	82,102	-
(Increase) Decrease in Deferred Outflows of Resources - OPEB	(13,881)	-
Increase (Decrease) in Accounts Payable	(2,842)	-
Increase (Decrease) in Accrued Salaries Payable	1,893	-
Increase (Decrease) in Interfund Payable	(1,715)	-
Increase (Decrease) in Due to Other Governments	(7)	-
Increase (Decrease) in Claims Payable	-	(21,902)
Increase (Decrease) in Compensated Absences Payable	(3,442)	-
Increase (Decrease) in Net Pension Liability	(121,912)	-
Increase (Decrease) in Net OPEB Liability	13,183	-
Increase (Decrease) in Deferred Inflows of Resources - Pension	52,364	-
Increase (Decrease) in Deferred Inflows of Resources - OPEB	14,052	-
Net Cash Provided By (Used for) Operating Activities	($12,942)	$47,877

Non-Cash Transaction:

During 2018, the Recycling Fund had a capital contribution for capital assets of $12,942.

See accompanying notes to the basic financial statements

Van Wert County, Ohio

Statement of Fiduciary Assets and Liabilities

Agency Funds

December 31, 2018

Assets	
Equity in Pooled Cash and Cash Equivalents	$1,227,472
Cash and Cash Equivalents in Segregated Accounts	323,559
Receivables:	
Property and Other Taxes	24,508,080
Accounts (Net of Uncollectible Accounts)	138,649
Special Assessments	665,786
Due from Other Governments	1,735,272
Tax Increment Financing Receivable	369,588
Supplies Inventory	22,461
Total Assets	$28,990,867
Liabilities	
Accounts Payable	$20,597
Due to Other Governments	28,212,062
Undistributed Monies	758,208
Total Liabilities	$28,990,867

See accompanying notes to the basic financial statements

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.

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

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

Discretely Presented Component Units

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

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

Van Wert Housing Services, Inc. - The Van Wert Housing Services, Inc. is a legally separate not-for-profit corporation served by a board appointed by the Van Wert County Board of DD. The corporation, under contractual agreement with the Van Wert County Board of DD, has agreed to acquire, manage and maintain residential properties. The Van Wert County Board of DD makes grants available to assist in the purchase of the properties. The Van Wert County Board of DD is financially accountable for the Van Wert Housing Services, Inc. The Van Wert County Board of DD has maintained a legal interest through a note and a second mortgage on the property purchased by the corporation. In the event of default or violation of the contract terms, the Van Wert County Board of DD has the right to assume the mortgage and the right to insist on the transfer of title of the property. Separately issued financial statements can be obtained from the Van Wert Housing Services, Inc. at 813 N. Franklin St, P.O. Box 604, Van Wert, Ohio 45891.

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

Thomas Edison Memorial Endowment - The Thomas Edison Memorial Endowment was organized in 1975 as a not-for-profit corporation. The Van Wert County Board of DD authorized the formation of a foundation that would build funds over the years through donations and bequests. The foundation was established in order to receive gifts and memorial monies that are intended to provide long range support for the programs of the Thomas Edison Center. The foundation was designed so only the interest of this money would be available for use as determined by a non-profit board of directors. The Van Wert County Board of DD called this foundation the Thomas Edison Memorial Endowment. The Board formed a non-profit board of directors to conduct the operations of the Thomas Edison Endowment. The five board members are appointed by the Van Wert County Board of Development Disabilities. Due to control arising from common membership of board of directors, the Thomas Edison Memorial Endowment has been consolidated with the Van Wert Housing Services, Inc. Separately issued financial statements can be obtained from the Thomas Edison Memorial Endowment at 813 N. Franklin St, P.O. Box 604, Van Wert, Ohio 45891.

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

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

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

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

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

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

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

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

The Jointly Governed Organizations of the County, the Alcohol, Drug Addiction and Mental Health Services Board of Mercer, Paulding and Van Wert Counties (Tri County Mental Health Board), the Community Improvement Corporation of the City of Van Wert and 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), Ohio School Plan and the County Commissioners' Association of Ohio Service Corporation (CCAOSC) are presented in Note 17. The Pool is a risk-sharing pool, while the CCAOSC and the Ohio School Plan are insurance purchasing pools. A risk-sharing pool is an organization formed by a group of governments to combine risks and resources and share in the cost of losses. An insurance purchasing pool is an organization formed by a group of governments to pool funds or resources to purchase commercial insurance policies.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Proprietary Fund

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

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

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

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

Fiduciary Funds

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Component Units

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

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

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

Basis of Accounting

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues - Exchange and Non-exchange Transaction

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

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

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial positions report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes, pension /OPEB and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but were levied to finance 2019 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenses/Expenditures

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

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

Cash and Cash Equivalents

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

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

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

During 2018, the County invested in STAR Ohio and certificates of deposits. The Library Enrichment Foundation of the Brumback Library invests in First Financial Bancorp Common Stock, Vanguard Growth and Income Fund, Vanguard Mid-Cap Index Fund, Vanguard Small-Cap Growth Index Fund, and Vanguard Value Index Fund.

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

The County invested funds in STAR Ohio during 2018. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2018. The County measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given twenty-four hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes. Note 4 provides details regarding cash, cash equivalents and investments held by the County.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest income is distributed to the funds according to statutory requirements. Interest revenue of $260,958 was credited to the General Fund during 2018, which includes $195,848 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, 2018, are recorded as prepaid items using the consumption method. A current asset is recorded for the prepaid amount at the time of purchase and reflects the expenditure/expense in the year in which services are consumed.

Inventory of Supplies

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

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

Inventory consists of expendable supplies held for consumption.

Capital Assets

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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

The County's infrastructure consists of roads and bridges.

Interfund Receivables/Payables

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

Compensated Absences

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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/Other Postemployment Benefits (OPEB)

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

Accrued Liabilities and Long-Term Obligations

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

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

Capital Contributions

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

Net position

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 2018.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

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.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING (Continued)

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

Net Change in Fund Balance	General	Motor Vehicle and Gas Tax	Thomas Edison	Brumback Library
GAAP Basis	$665,265	($154,628)	($230,155)	$327,885
Revenue Accruals	51,710	(27,963)	(42,624)	(24,322)
Expenditure Accruals	87,098	87,746	208,006	(15,031)
2018 Unrecorded Cash/Agency Fund Allocation	(99,846)	(1,681)	(42,594)	(4,397)
2017 Unrecorded Cash/Agency Fund Allocation	101,916	735	74,152	8,307
Change in Fair Value of Investments - 2018	-	-	-	18,412
Change in Fair Value of Investments - 2017	-	-	-	22,588
Activity of Non-budgeted Funds/Perspective Differences	(33,776)	-	-	(228,078)
Advances	(60,043)	-	-	-
Prepaid Items	18,116	-	(275)	(2,770)
Encumbrances	(394,325)	(125,789)	(146,326)	(3,343)
Budget Basis	$336,115	($221,580)	($179,816)	$99,251

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.

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;

5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer's investment pool (STAR Ohio);

8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash, or both securities and cash, equal value for equal value;

9. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio; and

10. Bankers' acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio.

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

Deposits

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

At year-end, the carrying amount of the County's deposits was $13,206,647, which includes $163,722 for the Port Authority component unit's deposits and the bank balance was $13,470,402. Of the bank balance, $5,009,948 was covered by federal deposit insurance. $8,460,454 of the County's bank balance of $13,470,402 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 or covered by OPCS.

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	$27,094
Vanguard Mid-Cap Index Fund	1	43,355
Vanguard Small-Cap Growth Index Fund	1	53,005
Vanguard Value Index Fund	1	33,682
First Financial Bancorp	1	31,622
STAR Ohio	1	18,314
Total		$207,072

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

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

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

NOTE 5 - RECEIVABLES

Receivables at December 31, 2018, 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	$276,351	$48,595	$324,946
Allowance for Uncollectibles	(109,847)	-	(109,847)
Net Accounts Receivable	$166,504	$48,595	$215,099

For the agency funds, the total receivable for the Common Pleas Court was $131,634. In addition, the health department had a receivable of $6,809, and the Housing Trust Fund of $206, for total accounts receivable for agency funds $138,649.

Property Taxes

Property taxes include amounts levied against all real and public utility located in the County. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes are levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35% of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

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

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

NOTE 5 – RECEIVABLES (Continued)

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

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to each subdivision its portion of the taxes collected. Accrued property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2018, 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 2018 operations.

The full tax rate for all County operations for the year ended December 31, 2018, was $7.15 per $1,000 of assessed value. The assessed values of real property upon which 2018 property tax receipts were based are as follows:

Category	Assessed Value	Percent
Agricultural/Residential Real Property	$582,901,790	81.90%
Other Real Property	66,432,060	9.33%
Public Utility Personal Property	62,386,750	8.77%
Total Assessed Valuation	$711,720,600	100.00%

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 2018 amounted to $4,564,205 in the General Fund.

NOTE 5 - RECEIVABLES (Continued)

Due from Other Governments

A summary of intergovernmental receivables follows:

Governmental Activities:	Amounts
Homestead and Rollback	$270,974
Local Government	206,903
Election Costs	12,437
Advertising for Delinquent Taxes	1,427
Boarding Fees	1,653
Casino Tax Revenue	83,021
Motor Vehicle License Tax	720,650
Gasoline Cents per Gallon	1,177,215
Undivided Library	400,407
Municipal Court Fees	7,770
Bureau of Workers Compensation	43,653
Emergency Management Performance Grant	48,621
Indigent Defense Reimbursement	28,527
CSEA	84,296
DJFS	155,437
PSCA close-out	14,995
PSCA SCPA	140,018
Help Me Grow	8,805
IV-D/IV-E reimbursement	26,277
Homeland Security Salary Reimbursement	1,326
Thomas Edison Subsidy Payment	43,211
Pre-sentence investigation	7,679
Youth Bureau Reclaim Ohio Grant	48,784
Community Corrections Grants - Jail Diversion	35,210
TCAP grant	43,072
Recycle Ohio	100,000
CDBG Grants	428,720
Total Intergovernmental Receivables	$4,141,088

NOTE 5 - RECEIVABLES (Continued)

Loans Receivable

The County has the following loans receivable at December 31, 2018:

Date of Issue	Description	Interest Rate	Balance at 12/31/2017	Increases	Decreases	Balance at 12/31/2018	Due in One Year
1999	Airport Construction	2.11%	$9,285	$0	($4,430)	$4,855	$4,855
2003	Airport Improvement	1.79%	27,500	-	(12,000)	15,500	15,500
various	Revolving Loans	various	891,172	196,500	(131,926)	955,746	99,321
			$927,957	$196,500	($148,356)	$976,101	$119,676

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

The Revolving Loans are due from various businesses in the local community. Van Wert County partnered with the Van Wert County Port Authority to receive a micro-enterprise CDBG grant that was loaned to various start-up businesses in the local community. 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, 2018, was as follows:

	Balance at 1/1/18	Additions	Deletions	Balance at 12/31/18
Governmental Activities				
Capital Assets, not being Depreciated:				
Land	$316,225	$0	$0	$316,225
Land Improvements	57,680	-	-	57,680
Construction in Progress	-	-	-	-
Total Assets, not being Depreciated	373,905	-	-	373,905
Depreciable Capital Assets:				
Buildings	20,609,587	-	-	20,609,587
Machinery and Equipment	1,179,165	118,750	(196,028)	1,101,887
Furniture and Fixtures	235,316	-	-	235,316
Vehicles	5,497,627	254,247	(449,828)	5,302,046
Infrastructure:				
Roads	9,350,135	211,700	-	9,561,835
Bridges	13,285,738	98,692	-	13,384,430
Total Depreciable Capital Assets	50,157,568	683,389	(645,856)	50,195,101
Less Accumulated Depreciation:				
Buildings	(8,473,996)	(457,244)	-	(8,931,240)
Machinery and Equipment	(525,472)	(66,265)	166,995	(424,742)
Furniture and Fixtures	(187,851)	(5,425)	-	(193,276)
Vehicles	(3,910,155)	(324,853)	396,129	(3,838,879)
Infrastructure:				
Roads	(4,358,378)	(202,585)		(4,560,963)
Bridges	(6,176,821)	(272,544)	-	(6,449,365)
Total Accumulated Depreciation	(23,632,673)	(1,328,916)	563,124	(24,398,465)
Depreciable Capital Assets, Net	26,524,895	(645,527)	(82,732)	25,796,636
Governmental Activities Capital Assets, Net	$26,898,800	($645,527)	($82,732)	$26,170,541

NOTE 6 – CAPITAL ASSETS (Continued)

	Balance at 1/1/18	Additions	Deletions	Balance at 12/31/18
Business-Type Activities				
Depreciable Capital Assets:				
Buildings	$361,032	$0	$0	$361,032
Machinery and Equipment	406,413	314,868	(218,800)	502,481
Furniture and Fixtures	11,357	-	-	11,357
Vehicles	739,427			739,427
Total Depreciable Capital Assets	1,518,229	314,868	(218,800)	1,614,297
Less Accumulated Depreciation:				
Buildings	(153,225)	(9,250)	-	(162,475)
Machinery and Equipment	(376,456)	(3,361)	218,800	(161,017)
Furniture and Fixtures	(11,357)	-	-	(11,357)
Vehicles	(614,618)	(56,714)		(671,332)
Total Accumulated Depreciation	(1,155,656)	(69,325)	218,800	1,006,181
Business-Type Activities Capital Assets, Net	$362,573	$245,543	($)	$608,116

Depreciation expense was charged to governmental programs as follows:

General Government	
Legislative and Executive	$118,226
Judicial	19,655
Public Safety	169,171
Public Works	788,832
Human Services	225,136
Economic Development and Assistance	7,896
Total Depreciation Expense	$1,328,916

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.

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

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

	State and Local	Public Safety	Law Enforcement
2018 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2018 Actual Contribution Rates			
Employer:			
Pension	14.0 %	17.1 %	17.1 %
Post-employment Health Care Benefits	0.0	1.0	1.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

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

The County's contractually required contribution was $1,406,234 for 2018. Of this amount, $117,662 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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. 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:

	OPERS
Proportionate Share of the Net Pension Liability	$10,032,100
Proportion of the Net Pension	
Current Measurement Date	0.067313%
Prior Measurement Date	0.068001%
Change in Proportionate Share	-0.000688%
Pension Expense	$2,133,074

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	$10,245
Changes of assumptions	1,198,903
Changes in proportion and differences between City contributions and proportionate share of contributions	206,153
County contributions subsequent to the measurement date	1,406,234
Total Deferred Outflows of Resources	$2,821,535
Deferred Inflows of Resources	
Differences between expected and actual experience	$197,701
Net difference between projected and actual earnings on pension plan investments	$2,153,759
Changes in proportion and differences between City contributions and proportionate share of contributions	296,203
Total Deferred Inflows of Resources	$2,647,663

$1,406,234 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS
Year Ending December 31:	
2019	**$887,678**
2020	**(245,298)**
2021	**(990,560)**
2022	**(884,183)**
Total	**($1,232,363)**

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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

During 2017, OPERS managed investments in three portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are 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 expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 16.82 percent for 2017.

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 2017 and the long-term expected real rates of return:

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other investments	18.00	5.26
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made contractually required rates as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability	$18,752,056	$10,032,100	$3,730,486

NOTE 8 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

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

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

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

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

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

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

The County's contractually required contribution was $0 for 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The County's proportion of the net OPEB liability was based on the County's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.066080%
Prior Measurement Date	0.066080%
Change in Proportionate Share	0.0000000%
Proportionate Share of the Net Pension Liability	$7,175,801
OPEB Expense	$507,982

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	$5,590
Changes of assumptions	522,473
Total Deferred Outflows of Resources	$528,063
Deferred Inflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	$534,549
Total Deferred Inflows of Resources	$534,549

$0 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS
2019	($118,832)
2020	(118,832)
2021	110,511
2022	133,637
Total	$6,484

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

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

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the County's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
County's proportionate share of the net OPEB liability	$9,533,362	$7,175,801	$5,268,558

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

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB liability	$6,865,712	$7,175,801	$7,496,115

NOTE 9 – OTHER EMPLOYEE BENEFITS

Deferred Compensation Plans

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

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

Compensated Absences

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

The County's current leave policy states that all full-time employees working eighty hours in active pay status are entitled to 4.6 hours of sick leave with pay for every full pay period worked. Employees working less or more than the required amount for the pay period shall receive a pro-rated share of sick leave. Any County employee who has ten years of service with the state, any political subdivision, or combination thereof, will be paid for 25% of the value of his accrued but unused sick leave up to a maximum of 240 hours.

NOTE 9 – OTHER EMPLOYEE BENEFITS (Continued)

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 10 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 2018, the County contracted with the Midwest Pool Risk Management Agency, Inc. and the Public Entity Risk Consortium (PERC) for liability, property and crime insurance. The listing below is a general description of insurance coverage. All policy terms, conditions, restrictions, exclusions, etc. are not included.

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

Property
- $500,000,000 limit per occurrence, subject to following limits:
- Building and Contents at 150% of reported value for location
- Flood at $50,000,000 combined annual aggregate for all MPRMA members
- Earthquake at $100,000,000 combined annual aggregate for all MPRMA members

Boiler and Machinery
- $100,000,000 per occurrence

Liability – General, Auto, Law Enforcement, Employee Benefits, Public Official Liability
- $7,000,000 per occurrence ($2,000,000 primary + $5,000,000 excess)

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

Crime
- $2,000,000

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

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

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

NOTE 10 - RISK MANAGEMENT (Continued)

Health Care Benefits

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

Under the health insurance program, the Health internal service fund provides coverage with no limit. The dental insurance maximum annual benefit is $1,000. The County purchased commercial insurance for claims in excess of coverage provided by the Health internal service fund. The group aggregate stop-loss coverage for 2018 was $494,161. Settled claims have not exceeded this commercial coverage.

Claims payable at December 31, 2018, was estimated by a third party administrator at $133,040. The changes in the claims liability for 2018 were:

	Beginning Balance	Current Year Claims	Claim Payments	Ending Balance
2018	$ 154,942	$ 2,023,971	$ 2,045,873	$ 133,040

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

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

Teamsters have insurance through the Teamsters.

Workers' Compensation

The County participates in the County Commissioners' Association of Ohio Workers' Compensation Group 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.

NOTE 10 - RISK MANAGEMENT (Continued)

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

The County established an internal service fund to account for participation in this program. Assessments were completed for various policy years and the County received $43,479 in refunds. In addition, the County received a $166 true-up refund for 2018. These refunds are reported as an intergovernmental receivable at 12/31/18. For 2018, the County paid $98,000 for workers compensation.

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, the Sheriff's office is leasing a copier and the Commissioners are leasing copiers. Lease payments made on operating leases were $39,511.

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

For the Year Ending:	Amount
2019	$25,603
2020	13,836
2021	3,285
Total	$42,724

NOTE 12 - LONG-TERM OBLIGATIONS

The changes in the County's long-term obligations of the governmental activities of the County during 2018 follow:

Date of Issue	Description	Interest Rate	Restated Balance at 12/31/17	Increases	Decreases	Balance at 12/31/18	Amounts Due in One Year
	General Obligation Notes						
1999	Airport Construction	2.11%	$9,285	$0	($4,430)	$4,855	$4,855
2002	County Annex	1.33%	324,008	-	(65,000)	259,008	65,000
2003	Airport Improvement	1.79%	27,500	-	(12,000)	15,500	15,500
2003	County Annex/County Home	1.79%	55,503	-	(41,000)	14,503	14,503
2014	Engineer Building Note	0.74%	1,685,000	-	(75,000)	1,610,000	75,000
	Total General Obligation Notes		2,101,296	-	(197,430)	1,903,866	174,858
	OWDA Special Assessment Loans						
2007	Washington Twp/Delphos Sewers	0.00%	266,810	-	(24,256)	242,554	24,256
2009	OWDA Loan - 127 Sewer/118 Sewer	0.00%	105,589	-	(7,822)	97,767	7,822
2010	OWDA Loan - Overholt Addition	0.00%	47,662	-	(3,666)	43,996	3,666
			420,061	-	(35,744)	384,317	35,744
	General Obligation Bonds						
2008	Capital Facilities Bond Series B	9.375%	450,000	-	(40,000)	410,000	45,000
2012	County Building Improvement	2.91%	508,000	-	(50,000)	458,000	85,000
2016	Towne Center Refunding	1.87%	2,400,000	-	(280,000)	2,120,000	285,000
	Total General Obligation Bonds		3,358,000	-	(370,000)	2,988,000	415,000
	Total Notes, Loans and Bonds		5,879,357	-	(603,174)	5,276,183	625,602
	Other Long-Term Obligations:						
	Compensated Absences		867,427	509,554	(422,460)	954,521	422,460
	Net Pension Liability		14,170,405		(4,515,765)	9,654,640	-
	Net OPEB Liability		6,498,855	488,314	-	6,987,169	-
	Total - Other Long-Term Obligations		21,536,687	997,868	(4,938,225)	17,596,330	422,460
	Total - General Long-Term Obligations		$27,416,044	$997,868	($5,541,399)	$22,872,513	$1,048,062

NOTE 12 - LONG-TERM OBLIGATIONS (Continued)

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

Issue	Amount
General Obligation Notes:	
1999 Airport Construction	$55,390
2002 County Annex	1,300,000
2003 Airport Improvement	108,000
2003 County Annex/Solid Waste	495,334
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 Special Assessment Loans:	
2007 Washington Twp/Delphos Sewer	485,111
2009 Rt. 127 & 118 Sewer	152,520
2010 Overholt - Sewer Design	73,323

All of the notes are general obligation notes and they are backed by the full faith and credit of Van Wert County. The Airport Construction and Improvement Notes are being paid with reimbursements from the Van Wert Count Airport Authority. The Thomas Edison Improvement Notes are being paid with monies from the Thomas Edison Center. The Engineering Build Note is being paid with monies from the Motor Vehicle Gas Tax fund. The County Annex / Solid Waste Notes are being partially paid with monies from Recycling. 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 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.

NOTE 12 - LONG-TERM OBLIGATIONS (Continued)

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

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

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

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

On November 31, 2016, the County issued $2,675,000 in general obligation bonds for the purpose of advance refunding the 2008 Towne Center 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 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 2018 were as follows:

Date of Issue	Description	Interest Rate	Restated Balance at 12/31/17	Increases	Decreases	Balance at 12/31/18	Amounts Due in One Year
2003	Recycling Bldg and Trucks	2.20%	$29,000	$0	($7,000)	$22,000	$7,500
2018	Recycling Center	2.00%	$0	$159,237	$0	159,237	$14,543
	Compensated Absences		10,417	-	(3,442)	6,975	-
	Net Pension Liability		499,372		(121,912)	377,460	
	Net OPEB Liability		175,449	13,183	-	188,632	-
	Totals		$714,238	$172,420	($132,354)	$754,304	$22,043

NOTE 12 - LONG-TERM OBLIGATIONS (Continued)

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

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

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, 2018, are an overall debt margin of $14,321,473 and an un-voted debt margin of $5,198,520.

Principal and interest requirements to retire the County's long-term obligations outstanding at December 31, 2018, were as follows:

	Governmental Activities			
	General Obligation Notes		General Obligation Bonds	
Year	Principal	Interest	Principal	Interest
2019	$174,858	$48,198	$415,000	$91,384
2020	1,600,000	44,639	393,000	80,356
2021	65,000	1,716	405,000	68,668
2022	64,008	851	416,000	56,395
2023	-		428,000	43,905
2024-2028	-		931,000	49,266
Totals	$1,903,866	$95,404	$2,988,000	$389,974

	Governmental Activities		Business-Type Activities	
	OWDA Loans		General Obligation Notes	
Year	Principal	Interest	Principal	Interest
2019	$35,744	$0	$22,043	$4,428
2020	35,744	-	23,333	3,972
2021	35,743	-	21,130	3,488
2022	35,743	-	15,433	2,295
2023	35,744	-	15,741	1,986
2024-2028	178,714	-	83,557	5,079
2029-2031	26,885	-	-	-
Totals	$384,317	$0	$181,237	$21,248

During 1996, the County issued a health care facilities revenue bond with the principal amount of $184,000 outstanding at December 31, 2018, for facilities used by the Stepping Stones Center, Inc.

NOTE 12 - LONG-TERM OBLIGATIONS (Continued)

During 2007, Series 2007 Health Care Facilities Revenue Bonds were issued for the Van Wert Area Visiting Nurses Association, with the bonds being paid off in 2018.

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 12/31/18 was $3,129,600.

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, 2018, consisted of the following amounts and resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting, and (3) payments between funds are made. All are expected to be paid within one year.

		Interfund Receivable					
		General	Motor Vehicle and Gas Tax	Thomas Edison	Recycling	Other Governmental	Total
Interfund Payable	General	$1,343	$3,509	$0	$0	$0	$4,852
	Motor Vehicle & Gas Tax	62,319	0	0	0	0	62,319
	Thomas Edison	22,649	1,913	49,587	0	0	74,149
	Brumback Library	198	0	0	0	0	198
	Other Governmental	87,749	25,110		44,842	105,679	263,380
	Recycling	240	1,864	0	0	50,763	52,867
	Total	$174,498	$32,396	$49,587	$44,842	$156,442	$457,765

During 2017, the General Fund advanced $1,372 to the Town Center Bond Fund. This was repaid in 2018. During 2018, the General Fund advanced $57,899 to the Town Center Bond Fund. It will be repaid in 2019 when tax increment financing revenues are received.

In addition, the General fund advanced $3,516 to the Delphos Sewer Note fund. It will be repaid in 2019 when assessments are received.

The Building Construction fund advanced $210,000 to the Recycling fund. $159,237 was returned in 2018, leaving a balance of $50,763.

Finally, the Recycling Fund advanced $44,842 to the Recycle Ohio Grant Fund. The advance will be repaid when grant monies are received.

NOTE 13 - INTERFUND ASSETS/LIABILITIES (Continued)

		Transfers From			
		General	Motor Vehicle and Gas Tax	Other Governmental	Total
Transfers to	General	$0	$0	$419,813	$419,813
	Other Governmental	$231,177	$121,169	$1,988	$354,334
	Total	$231,177	$121,169	$421,801	$774,147

The General Fund transferred $181,890 for debt service obligations. The General Fund also transferred $49,287 to the Department of Job and Family Services.

The Motor Vehicle and Gas Tax Special Revenue Fund transferred $121,169 to the Engineer Building Note Fund.

Finally, the Common Pleas Court Special Projects Special Revenue fund transferred $1,988 to the Common Pleas Courtroom Improvement Capital Projects Fund and the County Medicaid Transition Fund transferred $419,813 to the General Fund.

NOTE 14 – DISCRETELY PRESENTED COMPONENT UNITS

Summary of Significant Accounting Policies

A. Nature of Organizations

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

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

Van Wert Housing Services, Inc. was organized in 1992 as a not-for-profit corporation. The purpose is to develop dwellings and provide affordable housing in Van Wert County or other counties for occupancy by disabled persons from Van Wert County. Van Wert Housing Services, Inc. is primarily funded by the Van Wert County Board of DD as disclosed in Note 1. Van Wert Housing Services, Inc. is exempt under Internal Revenue Code Section 501(c)(3) from federal income tax. It is also currently exempt from federal unemployment tax and Ohio franchise, personal property, and sales taxes. The payroll of Van Wert Housing Services, Inc. became subject to social security (FICA) coverage due to the Social Security Amendments of 1983.

NOTE 14 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)

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

(2) The Van Wert County Port Authority is a legally separate organization created to maintain and operate the rail property located within the County.

(3) The Van Wert County Airport Authority is a legally separate organization. It was created in 1974 by resolution of the Van Wert County Commissioners.

(4) The Van Wert County Land Reutilization Corporation was created August 2, 2016, by resolution of the Van Wert County Commissioners.

B. Classification of Net Position

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

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

The permanently restricted component of net position comprises those assets contributed to the component units by donors who have indicated an intention that the assets are to remain in perpetuity as permanent endowments of the component units. Investment income generated by these assets is reported as unrestricted or temporarily restricted, depending upon whether the donors have limited the expenditure of income to a particular purpose or purposes or have indicated that such income is to be available for the general purposes of the component units. At December 31, 2018, $48,384 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.

NOTE 14 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)

D. Accounts Receivable

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

E. Assets held for Resale

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

F. Inventories

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

G. Capital Assets

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

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

During the year ended December 31, 2018, depreciation expense for Van Wert Housing Services, Inc., Port Authority, and the Airport Authority is $45,867, $13,977, and $128,862, respectively. A summary of the component units' capital assets at December 31, 2018, follows:

<u>NOTE 14 – DISCRETELY PRESENTED COMPONENT UNITS</u> (Continued)

Van Wert Housing Services, Inc.	
Houses and related improvements	$1,331,491
Home furnishings	11,680
Total	1,343,171
Accumulated Depreciation	(619,540)
Book Value	$723,631

	Port Authority	Airport Authority
Capital Assets, not being depreciated:		
Land	$646,425	$214,100
Construction in Progress	0	19,736
Total Capital Assets, not being depreciated	646,425	233,836
Capital Assets, being depreciated:		
Buildings	2,159	105,575
Vehicles	0	1,500
Furniture and Fixtures	0	3,248
Equipment	0	121,875
Fueling System	0	116,150
Rental Plane	0	62,000
Taxiways	0	2,200,166
Infrastructure	529,072	0
Capital Assets Being Depreciated	531,231	2,610,514
Less: Accumulated Depreciation		
Buildings	(1,889)	(55,282)
Vehicles	0	(1,500)
Furniture and Fixtures	0	(3,235)
Equipment	0	(55,434)
Fueling System	0	(58,075)
Rental Plane	0	(53,733)
Taxiways	0	(1,068,575)
Infrastructure	(92,566)	0
Accumulated Depreciation	(94,455)	(1,295,834)
Total Capital Assets Being Depreciated, Net	436,776	1,314,680
Total Capital Assets, Net	$1,083,201	$1,548,516

NOTE 14 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)

H. Use of Estimates

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

I. Bad Debt

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

J. Deposits and Investments

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

(1)At year-end, the carrying amount of deposits for Van Wert Housing Services, Inc. was $23,074 and the bank balance was $23,074. The entire balance was covered by federal deposit insurance. There are no statutory guidelines regarding the deposit and investment of funds for the not-for-profit corporation. The Board of Trustees has adopted an investment policy with regards to the Thomas Edison Memorial Endowment Fund. The purpose of the policy is to document fund objectives and provide guidelines for achieving those objectives. The objectives are to provide principal security, maximize income (while maintaining principal security), diversify asset holdings and have earnings available when needed for the support of the Thomas Edison Center and its affiliates. The rate of return target established by the policy is not less than 1% over annual certificate of deposit return rates. Investments primarily consist of U.S. government obligations, corporate obligations and common stocks.

	Cost	Fair Value	Unrealized Gain (Loss)
Money Market Funds	$26,712	$26,712	$0
Debt Securities	671,162	648,292	(22,870)
Equity Securities	470,372	774,103	303,731
Mutual Funds	428,990	454,911	25,921
	$1,597,236	$1,904,018	$306,782

The stock and bonds are not rated.

(2) Since the County Auditor is the fiscal agent for the Van Wert County Port Authority, the Port

NOTE 14 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)

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 $98,436, and the bank balance was $99,440. The entire bank balance was covered by federal depository insurance. The Van Wert County Airport Authority follows the same investment guidelines as the County Treasurer, which can be found in Note 4.

(4) The carrying amount of the Land Bank was $231,550. The entire balance was covered by federal depository insurance.

K. Loans Payable

A summary of the loan transactions for the component units for the year ended December 31, 2018, follows:

	Interest Rate	Balance at December 31, 2017	Increases	Decreases	Balance at December 31, 2018
Airport Authority					
Fuel Tank Removal	1.79%	$27,500	$0	$12,000	$15,500
Airport Hangar Loan #2	2.11%	9,285	0	4,430	4,855
Total Loans Payable		$36,785	$0	$16,430	$20,355

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

	Balance 1/1/18	Additions	Deletions	Balance 12/31/18
Mortgage Payable	$240	$1,480	($560)	$1,160

The Corporation places a $10 lien on properties for a total mortgage payable of $1,160 at year-end.

NOTE 15 – JOINT VENTURE

Van Wert County Regional Planning Commission

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

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. The County made $2,500 in contributions during 2018 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 2018, the tax levy provided $536,225 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.

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 2018, the County contributed $80,000 to the CIC.

Van Wert County Council on Aging, Inc.

The Van Wert County Council on Aging, Inc. (the Council) is a jointly governed organization among the County, the City of Van Wert, neighboring townships, and local related organizations. The Council was formed to secure and maintain maximum independence and dignity for older persons (1) in a home environment for older persons capable of self-care with appropriate supportive services by providing such services and to remove individual and social barriers to economic and personal independence, (2) in a home-like environment for older persons not capable of self-care with adequate institutional situations by providing assistance to these institutions in developing policy. The Board of Directors consists of thirteen members, who represent, as nearly as possible, a cross section of the entire county population. Representatives of local health services, low income persons, the clergy, government officials, consumers and other concerned citizens shall be appointed to the Board. The majority of the Council's revenue comes from a property tax levied by the Council. During 2018, the tax levy provided $277,347 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 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.

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 17 – INSURANCE POOLS (Continued)

The Ohio School Plan

Ohio School Plan - The County participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP was created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the sole purpose of enabling members of the OSP to provide for a formalized, jointly administered self-insurance program to maintain adequate self-insurance protection, risk management programs and other administrative services.

The OSP's business and affairs are conducted by a 12 member Board of Directors consisting of school district superintendents and treasurers. The OSP has an agreement with Hylant Administrative Services, LLC to provide underwriting, claims management, risk management, accounting, system support services, sales and marking to the OSP. Hylant Administrative Services, LLC also coordinates reinsurance brokerage services for the OSP.

NOTE 18 – RELATED PARTY TRANSACTIONS

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

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

NOTE 19 – FUND BALANCE

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

	General	Motor Vehicle and Gas Tax	Thomas Edison	Brumback Library	Other Governmental Funds	Total
Nonspendable						
Prepaid Items	$109,599	$0	$959	$0	$7,111	$117,669
Material and Supplies Inventory	13,198	252,113	-	-	7,976	273,287
Unclaimed Monies	6,696	-	-	-	-	6,696
Loans Receivable	-	-	-	-	976,101	976,101
Total Nonspendable	129,493	252,113	959	-	991,188	1,373,753
Restricted for						
Development Disabilities	-	-	1,547,396	-	-	1,547,396
Job and Family/Children Services/CSEA	-	-	-	-	493,711	493,711
Motor Vehicle & Gas Tax	-	1,029,099	-	-	-	1,029,099
Library Services	-	-	-	982,130	-	982,130
Ditch Maintenance	-	-	-	-	1,047,201	1,047,201
Debt Service	-	-	-	-	51,445	51,445
Capital Projects	-	-	-	-	3,213	3,213
Other Purposes	-	-	-	-	1,806,080	1,806,080
Total Restricted	-	1,029,099	1,547,396	982,130	3,401,650	6,960,275
Committed						
Building and Grounds Improvement	-	-	-	-	347,072	347,072
Assigned						
Next Year Appropriations	2,334,675	-	-	-	-	2,334,675
Outstanding Encumbrances	246,094	-	-	-	-	246,094
Total Assigned	2,580,769	-	-	-	-	2,580,769
Unassigned	1,182,532	-	-	-	(104,636)	1,077,896
Total	3,892,794	$1,281,212	$1,548,355	$982,130	$4,635,274	$12,339,765

NOTE 20 – CHANGES IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENTS

For 2018, the County has implemented Governmental Accounting Standard Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits other than Pensions". This statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). In addition, the County has implemented Governmental Accounting Standard Board Statement No. 82, "Pension Issues – An Amendment of GASB Statements No. 67, No. 68 and no. 73". This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplemental information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of these statements resulted in an adjustment to beginning balance as follows:

	Governmental Activities	Business-Type Activities
Net Position at Beginning of Year	$28,509,591	$343,456
Net OPEB Liability	(6,498,855)	(175,449)
Restated Net Position at Beginning of Year	$22,010,736	$168,007

For 2018, the County has implemented Governmental Accounting Standard Board Statement No. 85, "Omnibus 2017". This statement addresses practice issues that have been identified during implementation and application of certain GASB statements. The statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application and postemployment benefits. The implementation of this statement had no effect on the financial statements of the County.

For 2018, the County has implemented Governmental Accounting Standard Board Statement No. 86, "Certain Debt Extinguishment Issues". This statement improves the consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. The implementation of this statement had no effect on the financial statements of the County.

NOTE 21 – TAX ABATEMENT DISCLOSURES

As of December 31, 2018, 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	$168,618

NOTE 22 – FUND BALANCE DEFICITS

The Town Center TIF Debt Retirement, the Delphos Sewer Note and the Recycle Ohio Grant funds had deficit fund balances of $57,899, $1,761, and $44,369 due to an outstanding advances at December 31, 2018. The deficit will be eliminated when the advances are repaid in 2019. In addition, the Federal Workforce Innovation grant fund had a deficit fund balance of $607. The deficit will be eliminated in 2019 when additional grant monies are received.

NOTE 23 - CONTINGENT LIABILITIES

Grants

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

Litigation

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

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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 Five Years (1)

	2017	2016	2015	2014	2013
County's Proportion of the Net Pension Liability	0.0673130%	0.0680010%	0.0705080%	0.0709580%	0.0709580%
County's Proportionate Share of the Net Pension Liability	$10,032,100	$14,669,777	$11,684,455	$8,101,528	$7,918,539
County's Covered Employee Payroll	$10,151,900	$10,944,017	$10,772,175	$8,951,892	$8,742,662
County's Proportionate Share of the Net Pension Liaiblity as a Percentage of its Covered-Employee Payroll	98.82%	134.04%	108.47%	90.50%	90.57%
Plan Fiduciary Net Position as a Percentage Of the Total Net Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Information Prior to 2013 is not available

Van Wert County

Required Supplementary Information

Schedule of the County's Proportionate Share of the Net OPEB Liability

Ohio Public Employees Retirement System

Last Two Years (1)

	2017	2016
County's Proportion of the Net OPEB Liability	0.0660800%	0.0660800%
County's Proportionate Share of the Net OPEB Liability	$7,175,801	$6,674,304
County's Covered Employee Payroll	$10,151,900	$10,944,017
County's Proportionate Share of the Net OPEB Liaiblity as a Percentage of its Covered-Employee Payroll	70.68%	60.99%
Plan Fiduciary Net Position as a Percentage Of the Total Net OPEB Liability	54.14%	54.04%

(1) Information Prior to 2016 is not available

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

	2018	2017	2016	2015
Contractually Required Pension Contributions (1	$1,474,833	$1,319,747	$1,313,282	$1,292,661
Contributions in Relation to the Contractually Required Contribution	(1,474,833)	(1,319,747)	(1,313,282)	(1,292,661)
Contribution Deficiency (Excess)	$0	$0	$0	$0
County's Covered Payroll	$10,534,521	$10,151,900	$10,944,017	$10,772,175
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	12.00%	12.00%

(1) Includes agency portion

2014	2013	2012	2011	2010	2009
$1,074,227	$1,136,546	$847,853	$846,595	$854,192	$792,539
(1,074,227)	(1,136,546)	(847,853)	(846,595)	(854,192)	(792,539)
$0	$0	$0	$0	$0	$0
$8,951,892	$8,742,662	$8,478,530	$8,465,950	$9,491,022	$9,969,044
12.00%	13.00%	10.00%	10.00%	9.00%	7.95%

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

	2018	2017	2016	2015
Contractually Required OPEB Contributions (1)	$0	$101,519	$218,880	$215,444
Contributions in Relation to the Contractually Required Contribution	-	(101,519)	(218,880)	(215,444)
Contribution Deficiency (Excess)	$0	$0	$0	$0
County's Covered Payroll	$10,534,521	$10,151,900	$10,944,017	$10,772,175
Contributions as a Percentage of Covered-Employee Payroll	0.00%	1.00%	2.00%	2.00%

(1) Includes agency portion

2014	2013	2012	2011	2010	2009
$173,852	$87,427	$339,141	$338,638	$474,551	$603,127
(173,852)	(87,427)	(339,141)	(338,638)	(474,551)	(603,127)
$0	$0	$0	$0	$0	$0
$8,951,892	$8,742,662	$8,478,530	$8,465,950	$9,491,022	$9,969,044
1.94%	1.00%	4.00%	4.00%	5.00%	6.05%

Changes in Assumptions – OPERS OPEB

For 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

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VAN WERT COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

FEDERAL GRANTOR *Pass Through Grantor* Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
(Passed Through Ohio Development Services Agency)				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-F-15-1CV-1		$27,000
		B-F-16-1CV-1		39,512
		B-X-17-1CV-1		285,646
		B-C-17-1CV-1		125,565
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				477,723
Home Investment Partnerships Program	14.239	B-C-17-1CV-2		98,358
Total U.S. Department of Housing and Urban Development				576,081
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
(Passed Through Ohio Department of Job & Family Services)				
Promoting Safe and Stabile Families	93.556	G-1819-11-5815		13,860
TANF Cluster:				
Temporary Assistance for Needy Families	93.558	G-1819-11-5815	$69,735	684,851
Child Support Enforcement	93.563	G-1819-11-5815		459,511
CCDF Cluster:				
Child Care and Development Block Grant	93.575	G-1819-11-5815	13,518	27,036
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1819-11-5815		38,826
Foster CareTitle IV-E	93.658	G-1819-11-5815		142,369
Adoption Assistance	93.659	G-1819-11-5815		7,970
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G-1819-11-5815		584
Children's Health Insurance Program	93.767	G-1819-11-5815		6,732
(Passed Through Ohio Department of Developmental Disabilities)				
Social Services Block Grant Program	93.667	1801OHSOSR		19,822
(Passed Through Ohio Department of Job & Family Services)				
Social Services Block Grant Program	93.667	G-1819-11-5815		238,793
Total Social Services Block Grant Program				258,615
Medicaid Cluster:				
(Passed Through Ohio Department of Developmental Disabilities)				
Medical Assistance Program	93.778	1805OH5ADM/19050H5ADM		94,160
(Passed Through Ohio Department of Job & Family Services)				
Medical Assistance Program	93.778	G-1819-11-5815		251,631
Total Medical Assistance Program/Medicaid Cluster				345,791
Total U.S Department of Health and Human Services			83,253	1,986,145
U.S. DEPARTMENT OF AGRICULTURE				
(Passed Through Ohio Department of Education)				
Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A		2,587
National School Lunch Program	10.555	N/A		4,099
Total Child Nutrition Cluster				6,686
(Passed Through Ohio Department of Job and Family Services)				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1819-11-5815		155,765
Total U.S. Department of Agriculture				162,451

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Provided Through to Subrecipients**	**Expenditures**
U.S. DEPARTMENT OF LABOR				
(Passed Through Ohio Department of Job & Family Services)				
WIOA Cluster:				
WIA/WIOA - Adult Program	17.258	G-1819-11-5815		111,232
WIA/WIOA - Youth Activities	17.259	G-1819-11-5815	23,470	67,420
WIA/WIOA - Dislocated Worker Formula Grant	17.278	G-1819-11-5815		47,520
Total WIOA Cluster:				226,172
Trade Adjustment Assistance	17.245	G-1819-11-5815		1,678
Employment Services Cluster:				
Employment Services/Wagner-Peyser Funded Activities	17.207	G-1819-11-5815		9,258
Total U.S Department of Labor			23,470	237,108
U.S. DEPARTMENT OF TRANSPORTATION				
(Passed Through Ohio Department of Transportation)				
Airport Improvement Program	20.106	AIP-3-39-0081-019-2017		111,807
		AIP-3-39-0081-020-2018		14,737
Total Airport Improvemet Program and U.S. Department of Transportation				126,544
U.S. ELECTION ASSISTANCE COMMISSION				
(Passed throught Ohio Secretary of State)				
HAVA Election Security Grants	90.404	N/A		6,000
Total U.S. Election Assistance Commission				6,000
U.S. DEPARTMENT OF TRANSPORTATION				
(Passed through Ohio Department of Transportation)				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	PID #106861		4,410
		PID #106255		22,896
		PID #103460		2,395
Total Highway Planning and Construction Cluster and U. S. Department of Transportation				29,701
U.S. DEPARTMENT OF JUSTICE				
(Passed through Ohio Department of Public Safety)				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	20176-JAG-LLE-5969		8,177
Total U.S. Department of Justice				8,177
U.S. DEPARTMENT OF EDUCATION				
(Passed Through Ohio Department of Developmental Disabilities)				
(Passed Through Van Wert City School District)				
Special Education - Grants for Infants and Families	84.181	N/A		56,478
Total U.S Department of Education				56,478
U.S. DEPARTMENT OF HOMELAND SECURITY				
(Passed Through Ohio Department of Public Safety)				
Emergency Management Performance Grants	97.042	EMC-2017-EP-00006-S01		36,842
Total U.S. Department of Homeland Security				36,842
Total Expenditures of Federal Awards			$106,723	$3,225,527

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 C.F.R. 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Van Wert County (the County's) under programs of the federal government for the year ended December 31, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting, except expenditures passed through the Ohio Department of Job and Family Services for the WIA/WIOA Cluster which is reported on an accrual basis. Such expenditures are contained in Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

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

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

NOTE E - CHILD NUTRITION CLUSTER

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

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

The current cash balance on the County local program income account as of December 31, 2018 $68,791.

NOTE G - MATCHING REQUIREMENTS

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

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OHIO AUDITOR OF STATE
KEITH FABER

One First National Plaza
130 West Second Street, Suite 2040
Dayton, Ohio 45402-1502
(937) 285-6677 or (800) 443-9274
WestRegion@ohioauditor.gov

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

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

To the Board of County Commissioners:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the 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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 10, 2019 wherein we noted the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 the 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2018-001 to be a significant deficiency.

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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2018-001.

County's Response to Finding

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

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

December 10, 2019

OHIO AUDITOR OF STATE
KEITH FABER

One First National Plaza
130 West Second Street, Suite 2040
Dayton, Ohio 45402-1502
(937) 285-6677 or (800) 443-9274
WestRegion@ohioauditor.gov

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

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

To the Board of County Commissioners:

Report on Compliance for each Major Federal Program

We have audited Van Wert County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Van Wert County's major federal programs for the year ended December 31, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies each of the County's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

As described in findings 2018-002 and 2018-003 in the accompanying schedule of findings, the County did not comply with requirements regarding cash management and allowable cost / cost principles applicable to its CFDA #14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii major federal program. Compliance with these requirements is necessary, in our opinion, for the County to comply with requirements applicable to this program.

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

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the* Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii paragraph, Van Wert County complied, in all material respects, with the requirements referred to above that could directly and materially affect its Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii for the year ended December 31, 2018.

Unmodified Opinion on the Other Major Federal Programs

In our opinion, Van Wert County complied in all material respects with the requirements referred to above that could directly and materially affect each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings for the year ended December 31, 2018.

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's compliance requirement will not be prevented, or timely detected or corrected. A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses, described in the accompanying schedule of findings as item 2018-002 and 2018-003.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

December 10, 2019

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VAN WERT COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
2 C.F.R. § 200.515
DECEMBER 31, 2018

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	Yes
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	Yes
(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**	Qualified – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii Unmodified - Temporary Assistance for Needy Families (TANF) and Child Support Enforcement
(d)(1)(vi)	**Are there any reportable findings under 2 C.F.R. § 200.516(a)?**	Yes
(d)(1)(vii)	**Major Programs (list):**	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (CDBG) – CFDA 14.228 Temporary Assistance for Needy Families (TANF) – CFDA #93.558 Child Support Enforcement – CFDA #93.563
(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 2018-001

Noncompliance/Significant Deficiency

County Treasurer Accountability Deficiencies

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

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

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

A bank reconciliation was prepared monthly by the Treasurer's office but this reconciliation did not balance and did not include a monthly bank-to-book reconciliation to include all accounts under the County's control. Seventeen additional accounts were not shown reconciled on the bank reconciliation prepared, but were reconciled by individual departments and not reviewed in the Treasurer's office. By not reconciling and not including all accounts, this resulted in a variance between the County's cash accounting balance and the compiled financial statements of $30,475.

In addition, the Treasurer's office retained significant amounts in the "treasury" consisting of cash in cash drawers and the 'vault'; the amount of which fluctuated daily. The Treasurer's office also had a practice of cashing county warrants written from other county departments from their collection drawer and no documentation was maintained to support the checks which were cashed using the treasury.

The narrative of the collection process provided during the audit was based on the previous Treasurer's practices. The person holding the Treasurer position changed on September 1, 2018, and has not documented any new or additional policies for the operation of the Treasurer's office. Policies and procedures of the prior Treasurer were no longer followed. The Treasurer's office had not adopted a written procedure policy for the collection, depositing, and posting of the daily property tax payments and other receipts.

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

FINDING NUMBER 2018-001
(Continued)

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

Formal policies and procedures should be developed and implemented to enhance the operations of the Treasurer's office. The Treasurer's office should also develop and implement formal written procedures to be followed for taking collections of real estate and other receipts, for cashing checks, for end-of-day close out procedures, for the completion of reconciling the drawer each day, for the creation of the deposit slip, and for the creation of the daily Form 6 statement. The amount of change funds for each drawer should also be documented as well as the amount of cash maintained in reserve in the vault. The County Treasurer should determine an amount of cash that the Treasurer's office should maintain in the treasury for day-to-day activities. The treasury balance of the Treasurer's daily statement should then always carry this amount as the balance at the end of the day. All monies received by the Treasurer's office each day should be deposited into the financial institution depository 'in total' at the close of that day's business or on the following day.

Officials' Response:

All transactions will be processed and posted by fund to the treasurer's records. Bank activity of the treasury is balanced with the depository on a daily basis. The treasurer will provide evidence of this reconciliation to the auditor on a daily basis (Form 6) to ascertain that both offices' records are in agreement. The Form 6 is a summary sheet that recaps the cash position and the daily operations of the Treasurer's office. This is chronological and contains a daily statement of transactions to the Auditor showing cash balances, daily receipts and disbursements. This information will consist of the total amount deposited in the depository, the total amount paid by check on the depository, the total amount paid out in cash, the balance in the depository, and the balance in the county treasury.

The Van Wert County Treasurer's office has engaged into contract RAE & Associates to perform a bank to book reconciliation and upon completion of this reconciliation, the County Treasurer and staff will undergo proper training on the daily and monthly practice of balancing the bank to the book, balancing the cash for proper accounting records.

In response to the significant amounts found in the Treasury based on the audit report. The County Treasurer has enacted a policy that each cash drawer (the County Treasurer's office has two) will begin the day with $220.00 (2x$220=$440.00 of cash to start the business day) and the safe/vault will consist of $812.00 ($200.00 in $10 bills, $300,00 in $5 bills, $275.00 in $1 bills, $20.00 in quarters, $10.00 in dimes, $6.00 in nickels and $1.00 in pennies). Anything over this will be deposited nightly into the First Bank of Berne to ensure proper reconciliation of cash to daily receipts.

The County Treasurer has also enacted a rule of not cashing any checks in the Treasurer's office from any department or any person. The practice referenced in this audit was practices followed by the former treasurer. These new policies have been in effect since the beginning of 2019.

New policies and Procedures have been developed and are now being followed by the Van Wert County Treasurer's staff. At the time documentation was requested, the new County Treasurer had not fully implemented all "new" policies to be followed by staff.

Changes listed above have been set into place to ensure that the County Treasurer and the County Treasurer's office are acting in accordance to the law, ensuring we are safeguarding all county funds, as set forth by the Ohio Revised Code standards for County Treasurers.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Material Weakness / Noncompliance – Federal Cash Management

Finding Number:	**2018-002**
CFDA Number and Title:	**Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii - CFDA # 14.228**
Federal Award Identification Number / Year:	**B-F-16-1CV-1, B-X-17-1CV-1, and B-C-17-1CV-1**
Federal Agency:	**U.S. Department of Housing and Urban Development**
Compliance Requirement:	**Cash Management**
Pass-Through Entity:	**Ohio Development Services Agency**
Repeat Finding from Prior Audit?	**Yes**
Prior Audit Finding Number:	**2017-002**

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

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

The Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (CDBG) BF-16-1CV-1, BX-17-1CV-1, and BC-17-1CV-1 all had instances in which the balance of the grant remained greater than $5,000 thirty days after receipt of advanced funds. There were eight out of twelve cash draws for the CDBG grants that had a balance in excess of $5,000 thirty days after receipt of the cash draw. The balances remaining ranged from $5,819 to $50,061, and cash was drawn with balances remaining that appeared to be sufficient for the expenditures that were recorded in the next thirty days. Balances held ranged from five days to two months past the thirty days limit.

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

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

FINDING NUMBER 2018-002
(Continued)

Officials' Response:

The County has contracted with Van Wert Area Economic Development Corporation to administer cash management for all grants. Van Wert Area Economic Development Corporation will draw funds on as needed basis and disburse within 30 days to vendors/contractors.

Questioned Cost / Material Weakness / Noncompliance – Allowable Cost/Cost Principles

Finding Number:	**2018-003**
CFDA Number and Title:	**Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii - CFDA # 14.228**
Federal Award Identification Number / Year:	**B-F-16-1CV-1, B-X-17-1CV-1, and B-C-17-1CV-1**
Federal Agency:	**U.S. Department of Housing and Urban Development**
Compliance Requirement:	**Allowable Cost / Cost Principles**
Pass-Through Entity:	**Ohio Development Services Agency**
Repeat Finding from Prior Audit?	**Yes**
Prior Audit Finding Number:	**2017-001**

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

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

Two out of nine total expenditures selected did not have adequate documentation attached to the voucher packets to support the amount of the payment. Expenditures of $27,000 and $30,223 were requested for payment for administrative time spent by the Grant Administrator on the Community Development Block Grants (CDBG). Attached to each of the voucher packets was an invoice. The invoices were not dated, one did not state the time period covered, and no supporting documentation was attached to determine time spent for administrative purposes. No additional support was available or provided by the Grant Administrator. Therefore, we are questioning costs in the amount of $57,223.

FINDING NUMBER 2018-003
(Continued)

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

Failure to provide proper documentation to support payment requests and to provide for the independent review and approval of the documentation could lead to the improper expenditure of grant funds for the payment of administrative expenditures exceeding those that actually occurred and could result in additional questioned costs being issued in future audits.

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

Officials’ Response:

The County has contracted with Van Wert Area Economic Development Corporation to administer cash management for all grants. Van Wert Area Economic Development Corporation will review all invoices to ensure all documentation is included before disbursing funds.

PHILIP BAXTER
Van Wert County Auditor
Courthouse
121 East Main Street
Van Wert, OH 45891
Phone: 419-238-0843
Fax: 419-238-1111

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Allowable Costs/Cost Principles – CDBG & Home Investment Partnership Program	Not Corrected	During 2019, the County entered into a contract with the Economic Development Office to administer their CDBG, HOME and Revolving Loan Programs. Repeated as Finding 2018-003.
2017-002	Cash Management - CDBG & Home Investment Partnership Program	Not Corrected.	During 2019, the County entered into a contract with the Economic Development Office to administer their CDBG, HOME and Revolving Loan Programs. Repeated as Finding 2018-002.
2017-003	Federal Schedule	Not Corrected	The County Auditor’s Office will work with the County Engineer’s office to determine the portion of their grants which were administered by the State vs the County. Repeated in the Management Letter.

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

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2018

Finding Number: **2018-001**

Planned Corrective Action: All transactions will be processed and posted by fund to the treasurer's records. Bank activity of the treasury is balanced with the depository on a daily basis. The treasurer will provide evidence of this reconciliation to the auditor on a daily basis (Form 6) to ascertain that both offices' records are in agreement. The Form 6 is a summary sheet that recaps the cash position and the daily operations of the Treasurer's office. This is chronological and contains a daily statement of transactions to the Auditor showing cash balances, daily receipts and disbursements. This information will consist of the total amount deposited in the depository, the total amount paid by check on the depository, the total amount paid out in cash, the balance in the depository, and the balance in the county treasury.

The Van Wert County Treasurer's office has entered into a contract with REA & Associates to perform a bank to book reconciliation and upon completion of this reconciliation, the County Treasurer and staff will undergo proper training on the daily and monthly practice of balancing the bank to the book, balancing the cash for proper accounting records.

In response to the significant amounts found in the Treasury based on the audit report. The County Treasurer has enacted a policy that each cash drawer (the County Treasurer's office has two) will begin the day with $220.00 (2x$220=$440.00 of cash to start the business day) and the safe/vault will consist of $812.00 ($200.00 in $10 bills, $300.00 in $5 bills, $275.00 in $1 bills, $20.00 in quarters, $10.00 in dimes, $6.00 in nickels and $1.00 in pennies). Anything over this will be deposited nightly into the First Bank of Berne to ensure proper reconciliation of cash to daily receipts.

The County Treasurer has also enacted a rule of not cashing any checks in the Treasurer's office from any department or any person. The practice referenced in this audit was practices followed by the former treasurer. These new policies have been in effect since the beginning of 2019.

New policies and Procedures have been developed and are now being followed by the Van Wert County Treasurer's staff. At the time documentation was requested, the new County Treasurer had not fully implemented all "new" policies to be followed by staff.

Changes listed above have been set into place to ensure that the County Treasurer and the County Treasurer's office are acting in accordance to the law, ensuring we are safeguarding all county funds, as set forth by the Ohio Revised Code standards for County Treasurers.

Anticipated Completion Date: January 20, 2019

Responsible Contact Person: Nathan Vandenbroek, County Treasurer

Finding Number: **2018-002**

Planned Corrective Action: The County has contracted with Van Wert Area Economic Development Corporation to administer cash management for all grants. Van Wert Area Economic Development Corporation will draw funds on as needed basis and disburse within 30 days to vendors/contractors.

Anticipated Completion Date: June 1, 2019
Responsible Contact Person: Krista Somerton

Finding Number: **2018-003**

Planned Corrective Action: The County has contracted with Van Wert Area Economic Development Corporation to administer cash management for all grants. Van Wert Area Economic Development Corporation will review all invoices to ensure all documentation is included before disbursing funds.

Anticipated Completion Date: June 1, 2019
Responsible Contact Person: Krista Somerton

OHIO AUDITOR OF STATE
KEITH FABER

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
DECEMBER 26, 2019