



OHIO AUDITOR OF STATE
KEITH FABER



**VAN WERT COUNTY
DECEMBER 31, 2021**

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VAN WERT COUNTY
DECEMBER 31, 2021

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Board of County Commissioners:

Report on the Audit of the Financial Statements

Opinions

We have audited the modified cash-basis financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Wert County, Ohio (the County), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2021, and the respective changes in modified cash-basis financial position and where applicable cash flows thereof and the respective budgetary comparison for the General, Motor Vehicle and Gas Tax, Thomas Edison, Brumback Library, and Local Coronavirus Relief funds for the year then ended in accordance with the modified cash-basis of accounting described in Note 2.

Basis for Opinions

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

Emphasis of Matter - Accounting Basis

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

Emphasis of Matter

As discussed in Note 25 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 5, 2022

Van Wert County, Ohio
Statement of Net Position - Modified Cash Basis
December 31, 2021

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Equity in Pooled Cash and Cash Equivalents	\$18,956,681	\$256,783	\$19,213,464
Cash and Cash Equivalents in Segregated Account	151,335	-	151,335
Cash and Cash Equivalents with Escrow Agents	15,000	-	15,000
Investments in Segregated Accounts	747,604	-	747,604
Total Assets	19,870,620	256,783	20,127,403
Net Position			
Restricted for:			
Other Purposes	13,643,962	-	13,643,962
Debt Service	41,771	-	41,771
Capital Projects	10,500	-	10,500
Unrestricted	6,174,387	\$256,783	6,431,170
Total Net Position	\$19,870,620	\$256,783	\$20,127,403

See accompanying notes to the basic financial statements

<u>Van Wert Land Reutilization Corporation</u>	<u>Van Wert County Port Authority</u>
\$0	\$150,728
211,789	-
-	-
<u>211,789</u>	<u>150,728</u>
-	-
-	-
-	-
211,789	150,728
<u>\$211,789</u>	<u>\$150,728</u>

Van Wert County, Ohio
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2021

	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities				
General Government:				
Legislative and Executive	\$5,768,772	\$2,248,135	\$1,034,243	\$0
Judicial	1,680,342	343,678	289,998	-
Public Safety	4,907,267	406,105	519,008	-
Public Works	5,240,246	364,466	4,945,638	-
Health	261,421	81,175	2,746,072	-
Human Services	7,945,545	1,228,074	4,124,393	-
Economic Development and Assistance	1,141,403	336,248	661,360	-
Capital Outlay	653,410	-	-	1,587
Intergovernmental	108,200	-	-	-
Principal Retirement	616,744	-	-	-
Interest and Fiscal Charges	105,318	-	-	-
Total Governmental Activities	28,428,668	5,007,881	14,320,712	1,587
Business-Type Activity				
Recycling	605,279	762,297	-	7,226
Total Primary Government	\$29,033,947	\$5,770,178	\$14,320,712	\$8,813
Component Units				
Van Wert Land Retulization Corporation	\$743,316	\$2,601	\$714,720	\$0
Van Wert County Port Authority	69,611	65,235	-	-
Total Component Units	\$812,927	\$67,836	\$714,720	\$0
General Revenues				
Property and Other Taxes Levied for:				
General Purposes				
Thomas Edison				
Other Purposes				
County Permissive Motor Vehicle License Taxes Levied for Public Works				
Permissive Sales Taxes Levied for General Purposes				
Grants and Entitlements not Restricted to Specific Programs				
Unrestricted Investment Earnings				
Tax Increment Financing				
Other				
Sale of Capital Assets				
Payments in Lieu of Taxes				
Total General Revenues				
Change in Net Position				
Net Position Beginning of Year				
Net Position End of Year				

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental Activities	Business-Type Activity	Total	Van Wert Land Reutilization Corporation	Van Wert County Port Authority
(\$2,486,394)	\$0	(\$2,486,394)	\$0	\$0
(1,046,666)	-	(1,046,666)	-	-
(3,982,154)	-	(3,982,154)	-	-
69,858	-	69,858	-	-
2,565,826	-	2,565,826	-	-
(2,593,078)	-	(2,593,078)	-	-
(143,795)	-	(143,795)	-	-
(651,823)	-	(651,823)	-	-
(108,200)	-	(108,200)	-	-
(616,744)	-	(616,744)	-	-
(105,318)	-	(105,318)	-	-
(9,098,488)	-	(9,098,488)	-	-
-	164,244	164,244	-	-
(9,098,488)	164,244	(8,934,244)	-	-
-	-	-	(25,995)	-
-	-	-	-	(4,376)
-	-	-	(25,995)	(4,376)
1,762,809	-	1,762,809	-	-
1,940,494	-	1,940,494	-	-
1,197,877	-	1,197,877	-	-
115,256	-	115,256	-	-
5,699,168	-	5,699,168	-	-
1,419,076	-	1,419,076	46,022	-
159,238	-	159,238	-	-
413,705	-	413,705	-	-
133,192	-	133,192	8,243	-
8,701	3,413	12,114	-	-
15,000	-	15,000	-	-
12,864,516	3,413	12,867,929	54,265	-
3,766,028	167,657	3,933,685	28,270	(4,376)
16,104,592	89,126	16,193,718	183,519	155,104
\$19,870,620	\$256,783	\$20,127,403	\$211,789	\$150,728

Van Wert County, Ohio
Balance Sheet - Modified Cash Basis
Governmental Funds
December 31, 2021

	General	Motor Vehicle and Gas Tax	Thomas Edison	Brumback Library	Local Coronavirus Relief	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$5,263,534	\$1,522,107	\$3,353,160	\$668,171	\$2,726,044	\$4,648,726	\$18,181,742
Cash and Cash Equivalents in Segregated Accounts	20,771	51,262	-	49,380	-	29,922	151,335
Cash and Cash Equivalents with Escrow Agents	15,000	-	-	-	-	-	15,000
Investments in Segregated Accounts	-	-	-	747,604	-	-	747,604
Total Assets	<u>\$5,299,305</u>	<u>\$1,573,369</u>	<u>\$3,353,160</u>	<u>\$1,465,155</u>	<u>\$2,726,044</u>	<u>\$4,678,648</u>	<u>\$19,095,681</u>
Fund Balances							
Nonspendable	\$5,141	\$0	\$0	\$0	\$0	\$0	\$5,141
Restricted	-	\$1,573,369	\$3,353,160	\$1,465,155	\$2,726,044	4,573,364	13,691,092
Committed	-	-	-	-	-	105,284	105,284
Assigned	3,624,321	-	-	-	-	-	3,624,321
Unassigned	1,669,843	-	-	-	-	-	1,669,843
Total Fund Balances	<u>\$5,299,305</u>	<u>\$1,573,369</u>	<u>\$3,353,160</u>	<u>\$1,465,155</u>	<u>\$2,726,044</u>	<u>\$4,678,648</u>	<u>\$19,095,681</u>

See accompanying notes to the basic financial statements

Van Wert County, Ohio
*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities - Modified Cash Basis
December 31, 2021*

Total Governmental Fund Balances	\$19,095,681
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Amounts reported for governmental activities in the statement of net position are different because:

An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.

<u>774,939</u>

Net Position of Governmental Activities

<u><u>\$19,870,620</u></u>

See accompanying notes to the basic financial statements

Van Wert County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2021

	General	Motor Vehicle and Gas Tax	Thomas Edison	Brumback Library	Local Coronavirus Relief	Other Governmental Funds	Total Governmental Funds
Revenues							
Property Taxes	\$1,460,291	\$0	\$1,810,576	\$196,784	\$0	\$931,621	\$4,399,272
Permissive Sales Tax	5,699,168	-	-	-	-	-	5,699,168
Alternate Energy Tax	302,518	-	129,918	15,091	-	54,381	501,908
Permissive Motor Vehicle License Tax	-	115,256	-	-	-	-	115,256
Intergovernmental	1,424,335	4,944,548	1,139,332	967,665	2,746,044	4,431,080	15,653,004
Charges for Services	1,690,244	143,012	471,783	3,864	-	797,847	3,106,750
Licenses and Permits	1,608	-	-	-	-	87,037	88,645
Fines and Forfeitures	55,638	40,356	-	2,731	-	63,128	161,853
Special Assessments	-	-	-	-	-	173,239	173,239
Interest	159,266	1,090	17,096	55,316	-	-	232,768
Tax Increment Financing	-	-	-	-	-	413,705	413,705
Payments in Lieu of Taxes	15,000	-	-	-	-	-	15,000
Other	575,194	7,859	-	45,371	-	997,003	1,625,427
Total Revenues	11,383,262	5,252,121	3,568,705	1,286,822	2,746,044	7,949,041	32,185,995
Expenditures							
Current:							
General Government:							
Legislative and Executive	4,144,241	-	-	1,080,680	-	499,250	5,724,171
Judicial	1,593,304	-	-	-	-	86,908	1,680,212
Public Safety	4,317,831	-	-	-	-	637,670	4,955,501
Public Works	47,438	5,056,157	-	-	-	85,064	5,188,659
Health	150,366	-	-	-	20,028	90,844	261,238
Human Services	163,867	-	2,795,377	-	-	4,957,891	7,917,135
Economic Development and Assistance	69,500	-	-	-	-	1,071,903	1,141,403
Capital Outlay	-	-	-	-	-	653,410	653,410
Intergovernmental	108,200	-	-	-	-	-	108,200
Debt Service:							
Principal Retirement	-	-	-	-	-	616,744	616,744
Interest and Fiscal Charges	-	-	-	-	-	105,318	105,318
Total Expenditures	10,594,747	5,056,157	2,795,377	1,080,680	20,028	8,805,002	28,351,991
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>788,515</u>	<u>195,964</u>	<u>773,328</u>	<u>206,142</u>	<u>2,726,016</u>	<u>(855,961)</u>	<u>3,834,004</u>
Other Financing Sources (Uses)							
Proceeds from Sale of Capital Assets	6,300	233	-	2,168	-	-	8,701
Advances In	9,485	-	-	-	-	4,507	13,992
Advances Out	(4,507)	-	-	-	-	(9,485)	(13,992)
Transfers In	-	-	-	-	-	884,275	884,275
Transfers Out	(275,114)	(596,234)	(20,935)	-	-	(19,633)	(911,916)
Total Other Financing Sources (Uses)	(263,836)	(596,001)	(20,935)	2,168	-	859,664	(18,940)
Net Change in Fund Balances	524,679	(400,037)	752,393	208,310	2,726,016	3,703	3,815,064
<i>Fund Balances Beginning of Year</i>	<u>4,774,626</u>	<u>1,973,406</u>	<u>2,600,767</u>	<u>1,256,845</u>	<u>28</u>	<u>4,674,945</u>	<u>15,280,617</u>
Fund Balances End of Year	\$5,299,305	\$1,573,369	\$3,353,160	\$1,465,155	\$2,726,044	\$4,678,648	\$19,095,681

See accompanying notes to the basic financial statements

Van Wert County, Ohio
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2021

Net Change in Fund Balances - Total Governmental Funds \$3,815,064

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

The internal service fund used by management to charge the cost of insurance to individual funds is not reported on the statement of activities. Governmental and related internal service fund revenue are eliminated.

(49,036)

Change in Net Position of Governmental Activities

\$3,766,028

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$1,421,600	\$1,421,600	\$1,458,131	\$36,531
Permissive Sales Tax	4,350,000	4,350,000	5,699,168	1,349,168
Alternate Energy Tax	302,000	302,000	302,518	518
Intergovernmental	1,131,500	1,130,697	1,424,335	293,638
Charges for Services	1,049,550	1,154,950	1,355,945	200,995
Licenses and Permits	1,400	1,358	1,608	250
Fines and Forfeitures	43,000	42,256	50,489	8,233
Interest	175,020	143,026	143,026	-
Other	413,981	438,183	574,922	136,739
Total Revenues	8,888,051	8,984,070	11,010,142	2,026,072
Expenditures				
Current:				
General Government:				
Legislative and Executive	5,143,880	4,700,978	4,128,902	572,076
Judicial	1,800,451	1,879,459	1,660,511	218,948
Public Safety	4,571,228	4,717,741	4,433,011	284,730
Public Works	55,006	56,006	47,438	8,568
Health	266,704	265,468	150,366	115,102
Human Services	170,783	171,959	163,867	8,092
Economic Development and Assistance	53,500	71,087	69,500	1,587
Intergovernmental	160,200	161,199	128,524	32,675
Total Expenditures	12,221,752	12,023,897	10,782,119	1,241,778
Excess of Revenues Over (Under) Expenditures	(3,333,701)	(3,039,827)	228,023	3,267,850
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	-	6,300	6,300	-
Advances In	146,987	9,485	9,485	-
Advances Out	-	(4,507)	(4,507)	-
Transfers Out	(331,001)	(735,677)	(275,114)	460,563
Total Other Financing Sources (Uses)	(184,014)	(724,399)	(263,836)	460,563
Net Change in Fund Balance	(3,517,715)	(3,764,226)	(35,813)	3,728,413
Fund Balance Beginning of Year	3,759,687	3,759,687	3,759,687	-
Prior Year Encumbrances Appropriated	448,302	448,302	448,302	-
Fund Balance End of Year	\$690,274	\$443,763	\$4,172,176	\$3,728,413

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Permissive Motor Vehicle License Tax	\$100,000	\$100,000	\$115,256	\$15,256
Intergovernmental	3,874,000	4,474,000	4,944,548	470,548
Charges for Services	200,000	107,244	143,012	35,768
Fines and Forfeitures	-	-	40,360	40,360
Interest	5,000	5,000	1,169	(3,831)
Other	2,500	-	7,859	7,859
Total Revenues	4,181,500	4,686,244	5,252,204	565,960
Expenditures				
Current:				
Public Works	4,508,307	5,624,455	5,160,996	463,459
Excess of Revenues Over (Under) Expenditures	(326,807)	(938,211)	91,208	1,029,419
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	-	-	233	233
Transfers Out	(125,378)	(596,234)	(596,234)	-
Total Other Financing Sources (Uses)	(125,378)	(596,234)	(596,001)	233
Net Change in Fund Balance	(452,185)	(1,534,445)	(504,793)	1,029,652
Fund Balance at Beginning of Year	1,741,694	1,741,694	1,741,694	-
Prior Year Encumbrances Appropriated	179,242	179,242	179,242	-
Fund Balance at End of Year	\$1,468,751	\$386,491	\$1,416,143	\$1,029,652

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$1,730,000	\$1,730,000	\$1,809,886	\$79,886
Alternate Energy Tax	132,582	129,918	129,918	-
Intergovernmental	630,000	744,300	1,139,332	395,032
Charges for Services	107,000	87,000	471,783	384,783
Interest	-	-	17,096	17,096
Other	6,000	6,000	-	(6,000)
Total Revenues	2,605,582	2,697,218	3,568,015	870,797
Expenditures				
Current:				
Human Services	3,445,983	3,295,223	3,212,112	83,111
Excess of Revenues Over (Under) Expenditures	(840,401)	(598,005)	355,903	953,908
Other Financing Sources (Uses)				
Transfers Out	(20,000)	(10,000)	(20,935)	(10,935)
Total Other Financing Sources (Uses)	(20,000)	(10,000)	(20,935)	(10,935)
Net Change in Fund Balance	(860,401)	(608,005)	334,968	942,973
Fund Balance at Beginning of Year	2,097,652	2,097,652	2,097,652	-
Prior Year Encumbrances Appropriated	452,363	452,363	452,363	-
Fund Balance at End of Year	\$1,689,614	\$1,942,010	\$2,884,983	\$942,973

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$190,000	\$190,000	\$197,044	\$7,044
Alternate Energy Tax	15,125	15,091	15,091	-
Intergovernmental	622,000	622,000	967,665	345,665
Charges for Services	3,000	3,000	3,864	864
Fines and Forfeitures	4,000	2,706	2,731	25
Other	25,600	25,032	43,791	18,759
Total Revenues	859,725	857,829	1,230,186	372,357
Expenditures				
Current:				
General Government:				
Legislative and Executive	1,167,767	1,163,510	1,018,116	145,394
Total Expenditures	1,167,767	1,163,510	1,018,116	145,394
Excess of Revenues Under Expenditures	(308,042)	(305,681)	212,070	517,751
Other Financing Sources				
Proceeds from the Sale of Capital Assets	2,300	2,168	2,168	-
Net Change in Fund Balance	(305,742)	(303,513)	214,238	517,751
Fund Balance at Beginning of Year	430,191	430,191	430,191	-
Prior Year Encumbrances Appropriated	8,829	8,829	8,829	-
Fund Balance at End of Year	\$133,278	\$135,507	\$653,258	\$517,751

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
Local Coronavirus Relief Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$0	\$2,746,044	\$2,746,044	\$0
Interest	-	28	28	-
Total Revenues	-	2,746,072	2,746,072	-
Expenditures				
Current:				
Health	-	2,746,072	20,028	2,726,044
Net Change in Fund Balance	-	-	2,726,044	2,726,044
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	\$0	\$0	\$2,726,044	\$2,726,044

See accompanying notes to the basic financial statements

Van Wert County, Ohio
Statement of Fund Net Position - Modified Cash Basis
Proprietary Funds
December 31, 2021

	Recycling	Government Activities Internal Service
Assets		
<i>Current Assets:</i>		
Equity in Pooled Cash and Cash Equivalents	\$256,783	\$774,939
Total Assets	256,783	774,939
 Net Position		
Unrestricted	256,783	774,939
Total Net Position	\$256,783	\$774,939

See accompanying notes to the basic financial statements

Van Wert County, Ohio
Statement of Revenues,
Expenses and Changes in Fund Net Position - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2021

	<u>Recycling</u>	<u>Governmental Activities Internal Service</u>
Operating Revenues		
Charges for Services	\$762,297	\$14,796
Total Operating Revenues	<u>762,297</u>	<u>14,796</u>
Operating Expenses		
Personal Services	476,791	-
Contractual Services	52,170	79,714
Materials and Supplies	69,093	-
Claims	-	11,759
Capital Outlay	-	-
Total Operating Expenses	<u>598,054</u>	<u>91,473</u>
<i>Operating Income (Loss)</i>	164,243	(76,677)
Non-Operating Income (Expenses)		
Sale of Capital Assets	3,413	-
Capital Outlay	(7,225)	-
Total Non-Operating Income (Expenses)	<u>(3,812)</u>	<u>-</u>
<i>Income Before Transfers and Capital Contributions</i>	160,431	(76,677)
Transfers In	-	27,641
Capital Contributions	7,226	-
<i>Change in Net Position</i>	167,657	(49,036)
Net Position Beginning of Year	<u>89,126</u>	<u>823,975</u>
Net Position End of Year	<u>\$256,783</u>	<u>\$774,939</u>

See accompanying notes to the basic financial statements

Van Wert County, Ohio
 Statement of Cash Flows - Modified Cash Basis
 Proprietary Funds
 For the Year Ended December 31, 2021

	Recycling	Governmental Activities Internal Service
Increase (Decrease) in Cash and Cash Equivalents:		
Cash Flows from Operating Activities		
Cash Received from Customers and Support	\$762,297	\$14,796
Cash Payments for Employee Services and Benefits	(476,791)	-
Cash Payments to Suppliers	(121,263)	(79,714)
Cash Payments for Claims	-	(11,759)
Net Cash Provided by (Used for) Operating Activities	<u>\$164,243</u>	<u>(76,677)</u>
Cash Flows from Noncapital Financing Activities		
Transfer In	-	27,641
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>-</u>	<u>27,641</u>
Cash Flows from Capital and Related Financing Activities		
Sale of Capital Assets	3,413	-
Capital Outlay	(7,225)	-
Capital Contributions	7,226	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>3,414</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalent	167,657	(49,036)
Cash and Cash Equivalents Beginning of Year	<u>89,126</u>	<u>823,975</u>
Cash and Cash Equivalents End of Year	<u>\$256,783</u>	<u>\$774,939</u>

See accompanying notes to the basic financial statements

Van Wert County, Ohio
Statement of Fiduciary Net Position - Modified Cash Basis
Custodial Funds
December 31, 2021

Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,244,231
Cash and Cash Equivalents in Segregated Accounts	427,110
Total Assets	<u><u>\$2,671,341</u></u>
Net Position	
Restricted for Individuals, Organizations and Other Governments	\$2,671,341
Total Net Position	<u><u>\$2,671,341</u></u>

See accompanying notes to the basic financial statements

Van Wert County, Ohio
Statement of Changes in Fiduciary Net Position - Modified Cash Basis
Custodial Funds
For the Year Ended December 31, 2021

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Additions:	
Intergovernmental	\$3,104,448
Amounts Received as Fiscal Agent	2,292,403
Licenses and Permits and Fees for Other Governments	161,781
Property Tax Collections for Other Governments	26,528,886
Excise Tax Collections for Other Governments	2,173
Special Assessment Collections for Other Governments	711,821
Amounts Received for Other Governments	7,717,875
Total Additions	<u>40,519,387</u>
Deductions	
Custodial Fund Disbursements	7,787,729
Distributions as Fiscal Agent	2,116,208
Distributions of State Funds to Other Governments	2,893,033
Distributions to the State of Ohio	2,523
Property Tax Distributions to Other Governments	24,970,534
Special Assessment Distributions to Other Governments	684,919
Other Distributions to Other Governments	1,568,092
Total Deductions	<u>40,023,038</u>
Change in Net Position	496,349
Net Position at Beginning of Year	<u>2,174,992</u>
Net Position at End of Year	<u><u>\$2,671,341</u></u>

See accompanying notes to the basic financial statements

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Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 1 – DESCRIPTION OF THE COUNTY AND REPORTING ENTITY

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

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

Reporting Entity

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

Van Wert County Brumback Public Library

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

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

Blended Component Unit

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

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

Discretely Presented Component Units

The component unit columns in the entity-wide financial statements identify the financial data of the County's discretely presented component units: the Van Wert County Port Authority and the Van Wert County Land Reutilization Corporation. They are reported separately to emphasize that they are legally separate from the County. Condensed financial information for the component units is presented in Note 14.

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

Van Wert County 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 custodial funds within the County's financial statements:

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

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

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 Regional Planning Commission is presented as custodial funds within the County's financial statements.

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Basis of Presentation

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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 disbursements and program receipts for each program or function of the County's governmental activities and for the business-type activities of the County. Direct disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Receipts that are not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of disbursements with program receipts identifies the extent to which each governmental program or business segment is self-financing or draws from the general receipts of the County.

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Motor Vehicle 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. In addition, the Library receives revenue from the Local Government Fund. 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.

Local Coronavirus Relief – This fund is used to account for grant revenues received for relief as a result of the COVID-19 pandemic.

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.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds account for cash and investments where the County is acting as trustee or fiscal agent for other entities or individuals. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial 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. Custodial funds are used to report resources held by the County in a purely custodial capacity.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Component Units

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

Cash and Cash Equivalents

Cash balances of the County's funds, except cash and cash equivalents in segregated accounts, are pooled and invested in short-term investments in order to provide improved cash management. Individual fund integrity is maintained through County records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements. Cash and cash equivalents that are held separately by the component units and within departments of the County and not held with the County Treasurer are recorded on the balance sheet as "cash and cash equivalents in segregated accounts." "Cash and Cash Equivalents with Escrow Agents" is made up of the County Commissioners Great Bear Solar Escrow Account. Investments that are held separately by the Library Enrichment Foundation of the Brumback Library and not held with the County Treasurer are recorded on the balance sheet as "investments in segregated accounts."

Investments are reported at cost. During 2021, the County invested in certificates of deposits, First American Treasury Obligation fund, and municipal bonds. The Library Enrichment Foundation of the Brumback Library invests in First Financial Bancorp Common Stock, Northern FDS Stock Index Fund, McDonalds Corp common stock, Vanguard Growth and Income Fund, Vanguard Mid-Cap Index Fund, Vanguard Small-Cap Growth Index Fund, and Vanguard Value Index Fund.

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

Interest income is distributed to the funds according to statutory requirements. Interest revenue of \$159,266 was credited to the General Fund during 2021, which includes \$125,006 from other County funds.

Inventory of Supplies

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

Prepaid Items

On the modified cash basis of accounting, payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as disbursements when made.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

Compensated Absences

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

Pensions/Other Postemployment Benefits (OPEB)

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

Long-Term Obligations

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

Net Position

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

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

Operating Receipts and Disbursements

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance

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

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

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

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

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

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

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

Interfund Transactions

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Budgetary Process

All funds, other than custodial 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 2021.

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.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

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

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

	Net Change in Fund Balance				
	General	Motor Vehicle and Gas Tax	Thomas Edison	Brumback Library	Local Coronavirus Relief
Modified Cash Basis	\$524,679	(\$400,037)	\$752,393	\$208,310	\$2,726,016
2021 Unrecorded Cash/Agency Fund Allocation	(61,488)	(102)	(51,442)	(5,613)	-
2020 Unrecorded Cash/Agency Fund Allocation	76,515	185	50,752	5,873	28
Activity of Non-budgeted Funds/Perspective Differences	(103,167)	1,024	-	14,969	-
Encumbrances	<u>(472,352)</u>	<u>(105,863)</u>	<u>(416,735)</u>	<u>(9,301)</u>	<u>-</u>
Budget Basis	<u>(\$35,813)</u>	<u>(\$504,793)</u>	<u>\$334,968</u>	<u>\$214,238</u>	<u>\$2,726,044</u>

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

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.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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 able to recover deposits or collateral securities that are in the possession of an outside party.

At year-end, the carrying amount of the County's deposits was \$19,671,202, which includes \$150,728 for the Port Authority component unit's deposits and the bank balance was \$19,794,123. Of the bank balance, \$6,752,525 was covered by federal deposit insurance. \$13,041,598 of the County's bank balance of \$19,794,123 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the County's name.

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

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

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

Investments

The fair value of these investments is not materially different than the measurement value. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At year-end, the County had the following investments:

<u>Investment Type</u>	<u>Level</u>	<u>Fair Value</u>
Vanguard Growth and Income Fund	1	\$41,439
Vanguard Mid-Cap Index Fund	1	79,962
Vanguard Small-Cap Growth Index Fund	1	99,113
Vanguard Value Index Fund	1	50,603
Northern FDS Stock Index	1	16,252
First Financial Bancorp	1	32,230
McDonalds Corp	1	13,672
Certificates of Deposit	1	2,178,591
Municipal Bonds	1	740,000
First American Treasury Obligation	1	26,407
Total		<u>\$3,278,269</u>

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

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

Credit Risk – The County’s investment policy does not address credit risk. The investment in Vanguard Growth and Income Fund, Vanguard Mid-Cap Index Fund, Vanguard Small-Cap Growth Index Fund, Vanguard Value Index Fund, Northern FDS Stock Index, First Financial Bancorp, McDonalds Corp are common stock and mutual funds and are not rated. The County’s investment in a repurchase agreement is exposed to credit risk due to the underlying securities are held by the investment’s counterparty or its trust department or agent, not in the County’s name. The County’s investment in First American Treasury Obligation 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:

<u>Investment Type</u>	<u>Percentage</u>
Certificates of Deposit	66%
Municipal Issues	23%

NOTE 5 – PROPERTY TAXES

Property taxes include amounts levied against all real and public utility located in the County. Property tax revenue received during 2021 for real and public utility property taxes represents collections of 2020 taxes.

2021 real property taxes are levied after October 1, 2021, on the assessed value as of January 1, 2021, the lien date. Assessed values are established by State law at 35% of appraised market value. 2021 real property taxes are collected in and intended to finance 2022.

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. 2021 public utility property taxes became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.

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

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

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to each subdivision its portion of the taxes collected in June and December for taxes payable in the first and second halves of the year, respectively.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 5 – PROPERTY TAXES (continued)

The full tax rate for all County operations for the year ended December 31, 2021, was \$7.15 per \$1,000 of assessed value. The assessed values of real property upon which 2021 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>	<u>Percent</u>
Agricultural/Residential Real Property/Commercial/Industrial	\$623,191,000	88.78%
Public Utility Personal Property	78,726,000	11.22%
Total Assessed Valuation	<u>\$701,917,000</u>	<u>100.00%</u>

NOTE 6 – PERMISSIVE SALES AND USE TAX

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

Proceeds of the tax are credited entirely to the General Fund. Sales and use tax revenue in 2021 amounted to \$5,699,168 in the General Fund.

NOTE 7 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension/OPEB liability (asset) is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the modified cash basis framework. The Statewide retirement system provide both pension benefits and other postemployment benefits (OPEB).

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

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

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. Beginning in 2022, the Combined Plan will be consolidated under the Traditional Plan (defined benefit plan) and the Combine Plan option will no longer be available for new hires beginning in 2022.

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

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

* 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 \$1,589,551 for 2021.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

Pension Liability

The net pension liability for OPERS was measured as of December 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability 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	\$10,802,159
Proportion of the Net Pension	
Current Measurement Date	0.072949%
Prior Measurement Date	0.071032%
Change in Proportionate Share	0.001917%

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, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement in accordance with the requirement of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020, are presented below.

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent (including wage inflation at 3.25%)
COLA or Ad Hoc COLA	Pre 1/7/2013 Retirees - 3.00% Simple Post 1/7/2013 Retirees - .5% Simple through 2021, then 2.15% Simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

In October 2020, the OPERS Board adopted a change in COLA for Post January 7, 2013 retirees, changing it from 1.4 simple through 2020 then 2.25 simple to .5 percent simple through 2021 then 2.16 percent simple.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

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.

During 2020, 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 corded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 11.7 percent for 2020.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term 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. The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate The discount rate used to measure the total pension liability was 7.2 percent for 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the County’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
County's proportionate share of the net pension liability	\$20,605,175	\$10,802,159	\$2,650,967

NOTE 8 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

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

The net OPEB liability (asset) 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 (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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.

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

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

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

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

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.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, healthcare is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. For 2021, the portion of employer contributions allocated to health care was 0 percent. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 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 2021.

Net OPEB Liability (Asset)

The net OPEB liability (asset) and total OPEB liability (asset) for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The County's proportion of the net OPEB liability (asset) was based on the County's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

	OPERS
Proportionate Share of the Net OPEB Liability:	
Current Measurement Date	0.071238%
Prior Measurement Date	0.069607%
Change in Proportionate Share	0.0016310%
Proportionate Share of the Net OPEB Liability (Asset)	(\$1,269,162)

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 (asset) was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. 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:

	December 31, 2020
Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation at 3.25%
Single Discount Rate:	
Current measurement date	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	2.00 percent
Health Care Cost Trend Rate	8.5 percent, initial
	3.50 percent, ultimate in 2035
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employee's 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.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

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 2021, 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 10.5 percent for 2020.

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 2020 and the long-term expected real rates of return:

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

Discount Rate A single discount rate of 6 percent was used to measure the OPEB liability (asset) on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability (asset) on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

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 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, 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 (asset) to Changes in the Discount Rate The following table presents the County's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 6.0 percent, as well as what the County's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.0 percent) or one-percentage-point higher (7.0 percent) than the current rate:

	1% Decrease (5.0%)	Current Discount Rate (6.0%)	1% Increase (7.0%)
County's proportionate share of the net OPEB liability (asset)	(\$315,584)	(\$1,269,162)	(\$2,053,079)

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50 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 3.50 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	(\$1,300,094)	(\$1,269,162)	(\$1,234,555)

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 number of hours worked. All compensatory time must be used within 180 days; otherwise, it is paid out. All accumulated, unused vacation and compensatory time is paid upon separation if the employee has at least one year of service with the County.

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

The Engineer Office's employees with 10-20 years of services are paid 25% up to a maximum of 30 days, and 20+ years a maximum of 75 days. The Brumback Library's employees are paid up to 100 hours of their accrued, unused vacation balance. Sheriff Deputies with 10 years of service are paid 1 hour for every 2 hours accumulated upon retirement. Sheriff Dispatch employees with ten years of service are paid 25% up to a maximum of 30 days with 10-20 years of service, 45 days with 20-24 years of service and 60 days for 25 or more years of service. Such payment is based upon the employee's rate of pay at the time of his retirement and is paid to the employee in one lump sum payment upon retirement.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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 2021, 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 120% 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

Automobile

- \$10,000,000 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 and Crime are inclusive of MPRMA \$100,000 retention. Van Wert insurance is subject to \$1,000 property deductible. In addition to the coverage above, the County has insurance under the Ohio School Plan for the Van Wert County Board of DD.

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

Health Care Benefits

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 10 - RISK MANAGEMENT (Continued)

The Brumback Library contracts with Medical Mutual for medical insurance.

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

The Sheriff's Department receives health coverage through the Teamsters Local Union.

Workers' Compensation

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

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

The County established an internal service fund to account for participation in this program.

NOTE 11 – LEASES

The County entered into several non-cancelable operating leases. Thomas Edison is leasing a Town & Country van, the Board of Elections is leasing office space, and the Department of Job and Family Services, the Sheriff's office, the Engineer's Office and the Commissioners are leasing copiers. Lease payments made on operating leases were \$43,142. The following schedule is the future minimum rental payments for the non-cancelable operating leases:

For the Year	
<u>Ending:</u>	<u>Amount</u>
2022	\$39,857
2023	39,857
2024	19,107
2025	8,018
Total	<u>\$106,839</u>

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 12 - DEBT

Governmental Activities Debt

The changes in the County's long-term obligations of the governmental activities of the County during 2021 follow:

Date of Issue	Description	Interest Rate	Balance at 12/31/2020	Increases	Decreases	Balance at 12/31/2021	Amounts Due in One Year
<u>General Obligation Notes</u>							
2002	County Annex	1.33%	\$129,008	\$0	(\$65,000)	\$64,008	\$64,008
	Total General Obligation Notes		129,008	-	(65,000)	64,008	64,008
<u>OWDA Loan</u>							
2007	Washington Twp/Delphos Sewers	0.00%	194,042	-	(24,256)	169,786	24,256
2009	OWDA Loan - 127 Sewer/118 Sewer	0.00%	82,123	-	(7,822)	74,301	7,821
2010	OWDA Loan - Overholt Addition	0.00%	36,664	-	(3,666)	32,998	3,666
	Total OWDA Loans		312,829	-	(35,744)	277,085	35,743
<u>Energy Improvement Bonds</u>							
2012	County Building Improvement	2.91%	353,000	-	(55,000)	298,000	56,000
2019	Developmental Disabilities Board	2.98%	237,000	-	(14,000)	223,000	14,000
	Total Energy Improvement Bonds		590,000	-	(69,000)	521,000	70,000
<u>General Obligation Bonds</u>							
2008	Capital Facilities Bond Series B	9.375%	315,000	-	(55,000)	260,000	55,000
2016	Towne Center Refunding	1.87%	1,545,000	-	(295,000)	1,250,000	305,000
2020	Administration Building Bonds	1.89%	1,550,000	-	(97,000)	1,453,000	100,000
	Total General Obligation Bonds		3,410,000	-	(447,000)	2,963,000	460,000
	Total Notes, Loans and Bonds		\$ 4,441,837	\$ -	\$ (616,744)	\$ 3,825,093	\$ 629,751

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 12 – DEBT (Continued)

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

Issue	Amount
General Obligation Notes:	495,334
2002 County Annex/County Home	
OWDA Loans:	
2007 Washington Twp/Delphos Sewer	485,111
2009 Rt. 127 & 118 Sewer	152,520
2010 Overholt - Sewer Design	73,323
Energy Conservation Bonds:	
2012 County Building Improvement	737,000
2019 Developmental Disabilities Board	259,000
General Obligation Bonds:	
2008 Capital Facilities Bonds, Series B	685,000
2016 Capital Facility Refunding Bonds	2,675,000
2020 Administration Building Bonds	1,550,000

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

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

On November 31, 2016, the County issued \$2,675,000 in general obligation bonds for the purpose of advance refunding the 2008 Capital Facilities Bonds, Series A. The old bonds had interest rates ranging from 4 to 4.25 percent and the new bonds have an interest rate of 1.870125%.

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

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 12 – DEBT (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 2019, the County issued \$259,000 in Developmental Disabilities Board Energy Improvement Bonds. The bonds have an interest rate of 2.98% and mature in 2034.

In 2020, the County issued \$1,500,000 in Administration Building Bonds. The bonds have an interest rate of 1.89% and mature in 2034.

Principal and interest requirements to retire the County's governmental activities long-term obligations outstanding at December 31, 2021, were as follows:

Year	Governmental Activities			
	General Obligation Notes		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2022	\$64,008	\$1,703	\$460,000	\$74,269
2023			472,000	61,500
2024			488,000	48,140
2025			500,000	33,720
2026			107,000	18,701
2027-2031			569,000	61,982
2032-2035			367,000	10,498
Totals	\$64,008	\$1,703	\$2,963,000	\$308,810

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 12 – DEBT (Continued)

Year	OWDA Loans		Energy Conservation Bonds	
	Principal	Interest	Principal	Interest
2022	\$35,743	\$0	\$70,000	\$15,184
2023	35,743		74,000	13,122
2024	35,743		76,000	10,972
2025	35,743		77,000	8,734
2026	35,743		81,000	6,467
2027-2031	98,370		92,000	15,273
2032-2034			51,000	2,265
Totals	\$277,085	\$0	\$521,000	\$72,017

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, 2021, are an overall debt margin of \$14,551,335 and an un-voted debt margin of \$5,522,580.

Conduit Debt

From time to time, the County has issued bonds to provide financial assistance to private sector entities for the acquisition and construction of facilities deemed to be in the public interest. The proceeds of these bonds do not constitute a general obligation, debt or bonded indebtedness of the County. The County is not obligated in any way to pay debt charges on the bonds from any of its funds; therefore, they have been excluded entirely from the County's debt presentation. Neither is the full faith and credit or taxing power of the County pledged to make repayment. The County has issued the following conduit debt:

During 2020, the Van Wert County Hospital Association (d/b/a Van Wert Health) issued \$61,290,000 Series 2020 bond that was issued through the county of Van Wert. The proceeds of the bonds will be used to complete the construction of an 80,000 square foot expansion of its main campus adding much-needed modern medical, surgical and labor and delivery space. The proceeds of the bonds were also used to refinance certain existing debt of Van Wert Health

NOTE 13 - INTERFUND TRANSACTIONS

Advances not repaid at year-end and are not presented on the face of the financial statements. All outstanding advances at December 31, 2021, are expected to be paid within one year.

Interfund Receivable	Interfund Payable	Balance			Balance
		12/31/20	Increases	Decreases	
General	Delphos Sewer	\$2,129	\$2,431	(\$2,129)	\$2,431
General	Towne Center Bond	146,517	2,076	(7,356)	141,237
Totals		\$148,646	\$4,507	(\$9,485)	\$143,668

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 13 - INTERFUND TRANSACTIONS (Continued)

The following transfers were made during 2021:

		Transfers From				Total
		General	Motor Vehicle and Gas Tax	Thomas Edison	Other Governmental	
Transfers to	General	\$0	\$0	\$0	\$0	\$0
	Other Governmental	247,473	596,234	20,935	19,633	884,275
	Internal Service	27,641	-	-	-	27,641
	Total	\$275,114	\$596,234	\$20,935	\$19,633	\$911,916

The General Fund transferred \$136,001 for debt service obligations. The General Fund also transferred \$40,498 to the Department of Job and Family Services, \$12,972 to Children’s Services, \$10,000 to the Dog and Kennel Fund, \$30,967 to the Building Construction and Improvement Fund and \$17,035 to the Emergency Management Agency and \$27,641 to the Health Insurance Internal Service Fund

The Motor Vehicle and Gas Tax Special Revenue Fund transferred \$125,378 to the Engineer Building Note Fund and \$470,856 to the Engineer Capital Projects Fund.

The Thomas Edison special revenue fund transferred \$20,935 to the Thomas Edison Bond Fund.

The Ohio 911 Local grant fund (combined with other governmental funds) transferred \$19,633 to the Health Insurance 911 Fund (combined with other governmental funds).

NOTE 14 – DISCRETELY PRESENTED COMPONENT UNITS

Summary of Significant Accounting Policies

A. Nature of Organizations

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

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

B. Classification of Net Position

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

C. Assets held for Resale

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 14 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)

D. Inventories

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

E. Capital Assets

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

F. Deposits and Investments

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

1. Since the County Auditor is the fiscal agent for the Van Wert County Port Authority, the Port Authority follows the same investment guidelines as the County Treasurer. Information concerning deposits for the Port Authority can be found in Note 4.
2. The carrying amount of the Land Bank was \$211,789. The entire balance was covered by federal depository insurance.

G. Loans Payable

A summary of the loan transactions for the component units for the year ended December 31, 2021, follows:

	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021
Loan Payable	\$100,000	\$0	(\$100,000)	\$0
Mortgage Payable	100	-	(100)	-
	\$100,100	\$0	(\$100,100)	\$0

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

The Corporation places a \$10 lien on properties.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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 2021 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 2021, the tax levy provided \$550,878 for the operations of the organization. These monies were collected and distributed by the County on behalf of the Tri County Mental Health Board. There were no County contributions.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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 2021, the County contributed \$0 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 2021, the tax levy provided \$291,049 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.

Northwest Ohio Waiver Administration Council

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

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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.

The Ohio School Plan

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

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

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 17 – INSURANCE POOLS (continued)

County Employee Benefits Consortium of Ohio

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

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

NOTE 18 – FISCAL AGENT RELATIONSHIPS

As counties are structured in Ohio, the County Auditor and County Treasurer, respectively, serve as fiscal officer and custodian of funds for various agencies, boards and commissions. As fiscal officer, the County Auditor certifies the availability of cash and appropriations prior to the processing of payments and purchases. As the custodian of all public funds, the Treasurer invests public monies held on deposit in the County Treasury.

In the case of separate agencies, boards and commissions listed below, the County serves as the fiscal agent and custodian, but does not exercise primary oversight responsibility; accordingly, the following districts and agencies are presented as custodial funds within the County's financial statements:

Van Wert County General Health District

The five-member Board of Health is appointed by the District Advisory Council. The District Advisory Council is comprised of the president of the board of county commissioners, the chief executive of each municipal corporation not constituting a city health district, and the chairperson of the board of township trustees of each township. Financial information can be obtained from Paul A. Kalogerou, Health Commissioner/Medical Director 1179 Westwood Dr, Ste 300, Van Wert, Ohio 45891.

Soil and Water Conservation District (SWCD)

A five-member, publicly elected Board of Supervisors, governs the SWCD. They are elected to a three-year term with no limits. They adopt their own budget and control their separate operations. Financial information can be obtained from Becky Dowler, Office Manager, 1185 Professional Drive, Van Wert, OH 45891.

Van Wert County Park District

A three-member board appointed by the probate judge governs the Park District. They are elected to three-year terms. They adopt their own budget and control their separate operations. Financial information can be obtained from the Van Wert County Park District at 1185 Professional Drive, Van Wert, OH 45891.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 18 – FISCAL AGENT RELATIONSHIPS (Continued)

Regional Planning Commission

The Regional Planning Commission is also not part of the County reporting entity although it is presented as custodial funds within the County’s financial statements.

NOTE 19 – CONTRACTUAL COMMITMENTS

The County had the following commitments at December 31, 2021:

Company	Purpose	Contract	Spent	Balance
Ohio Dept. Dev. Disabilities	contract service	\$ 800,000	\$ 697,542	\$ 102,458
Statewide Ford	new cruisers	137,700	0	137,700
Adriel School Inc	Foster care	85,410	9,064	76,346
Therapy Solutions	contract service	150,000	75,877	74,123
Thomas Edison Center	contract service	144,000	65,131	78,869
Bohl Equipment	lift truck	69,000	0	69,000
		<u>\$ 1,386,110</u>	<u>\$ 847,614</u>	<u>\$ 538,496</u>

NOTE 20 – COMPLIANCE

Ohio Administrative Code Section 117-2-03(B) requires the County to file annual financial reports which are prepared using generally accepted accounting principles (GAAP). For 2021, the County prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standard Board Statement No. 34, report on the basis of cash receipts and cash disbursements rather than GAAP. The accompanying financial statements and notes omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Revised Code Section 117.38, the County may be fined and subject to various other administrative remedies for its failure to file the required financial report.

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 21 – 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	Local Coronavirus Relief	Other Governmental Funds	Total
Nonspendable							
Unclaimed Monies	\$5,141	\$0	\$0	\$0	\$0	\$0	\$5,141
Total Nonspendable	5,141	-	-	-	-	-	5,141
Restricted for							
Development Disabilities Job and Family/Children Services/CSEA	-	-	3,353,160	-	-	-	3,353,160
Motor Vehicle & Gas Tax	-	1,573,369	-	-	-	541,918	1,573,369
Library Services	-	-	-	1,465,155	-	-	1,465,155
Ditch Maintenance	-	-	-	-	-	1,313,717	1,313,717
Debt Service	-	-	-	-	-	41,771	41,771
Capital Projects	-	-	-	-	-	10,500	10,500
Coronavirus Relief	-	-	-	-	2,726,044	-	2,726,044
Real Estate Assessment	-	-	-	-	-	932,890	932,890
Other Purposes	-	-	-	-	-	1,732,568	1,732,568
Total Restricted	-	1,573,369	3,353,160	1,465,155	2,726,044	4,573,364	13,691,092
Committed							
Building and Grounds Improvement	-	-	-	-	-	105,284	105,284
Assigned							
Next Year Appropriations	3,148,252	-	-	-	-	-	3,148,252
Outstanding Encumbrance	476,069	-	-	-	-	-	476,069
Total Assigned	3,624,321	-	-	-	-	-	3,624,321
Unassigned	1,669,843	-	-	-	-	-	1,669,843
Total	5,299,305	1,573,369	3,353,160	1,465,155	2,726,044	4,678,648	19,095,681

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 21 – FUND BALANCE (Continued)

The County records all encumbrances and does not have a policy of what encumbrances are considered significant encumbrances. All encumbrances are classified as assigned fund balance in the General Fund and restricted in the major and non-major governmental funds.

Encumbrances as of year-end were:

Fund	Assigned	Restricted
General	\$ 476,069	\$ -
Motor Vehicle and Gax Tax	-	105,863
Thomas Edison	-	416,735
Brumback Library	-	9,301
Non-Major Governmental Funds	-	283,927
Totals	\$ 476,069	\$ 815,826

NOTE 22 – CHANGES IN ACCOUNTING PRINCIPLES

For 2021, the County has implemented GASB Statement No. 89 and 93 as well as GASB implementation guide 2019-1. GASB Statement No. 89 addresses interest costs incurred before the end of a construction period. GASB 93 statement provides relief in applying GAAP to contracts, hedging relationships and other transactions affected by reference rate reform. GASB implementation guide addresses questions on 14 topics. The implementations did not affect net position/fund balance.

NOTE 23 – TAX ABATEMENT DISCLOSURES

As of December 31, 2021, the County provides tax incentives under the Van Wert County Enterprise Zone. Ohio Revised Code Section 5709.61 through 5709.69 has authorized counties to designate areas as Enterprise Zones and to execute agreements with certain enterprises for the purpose of establishing, expanding, renovating or occupying facilities and hiring new employees and preserving jobs within said zones in exchange for specified local tax incentives granted by the county. Through the Van Wert County Enterprise Zone, an exemption can be offered to effectively abate up to 100 percent local real property taxes for a period of up to 15 years. The local school board must agree to any abatement over 75% prior to the company going forward with the qualifying project. The Enterprise Zone Program is reserved for manufacturing, distribution or service-related projects only. Retail can apply through the CRA program. All of the City of Van Wert is within an established Enterprise Zone.

	Total
	Taxes
	<u>Abated</u>
Enterprise Zone Agreement	\$109,721

Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 24 - 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.

NOTE 25- COVID-19 PANDEMIC

TheThe United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency continues. During 2021, the County received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. The impact on the County's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. During 2021, the County received \$2,746,044 in COVID-19 monies.

VAN WERT COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal Assistance Listing Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>(Passed Through Ohio Department of Education)</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A		\$2,204
National School Lunch Program	10.555	N/A		4,762
Total Child Nutrition Cluster				<u>6,966</u>
<i>(Passed Through Ohio Department of Job and Family Services)</i>				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	JFSCF520 / JFSCF120 / JFSCF121 / JFSCFB20 / JFSCFB21		179,504
Total SNAP Cluster:				<u>179,504</u>
Total U.S. Department of Agriculture				<u>186,470</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>(Passed Through Ohio Department of Development)</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	BC19-1CV-2 BX19-1CV-1 BC19-1CV-1 BF20-1CV-1 BX20-1CV-1		55,501 353,778 102,616 69,170 54,459 <u>635,524</u>
COVID-19 - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	BD20-1-CV-1 BD20-1-CV-3 BD20-1-CV-4		68,185 49,894 125 <u>118,204</u>
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				<u>753,728</u>
Total U.S. Department of Housing and Urban Development				<u>753,728</u>
U.S. DEPARTMENT OF LABOR				
<i>(Passed Through Ohio Department of Job & Family Services)</i>				
Unemployment Insurance	17.225	N/A		8,790
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	N/A		277
WIOA Cluster:				
WIA/WIOA Adult Program	17.258	N/A		52,333
WIOA Youth Activities	17.259	N/A		17,449
WIOA Dislocated Worker Formula Grants	17.278	N/A		17,712
Total WIOA Cluster				<u>87,494</u>
Total U.S. Department of Labor				<u>96,561</u>
U.S. DEPARTMENT OF TRANSPORTATION				
<i>(Passed Through Ohio Department of Public Safety)</i>				
Highway Safety Cluster				
State and Community Highway Safety	20.600	69A37521300004020OH0		5,232
Total Highway Safety Cluster				<u>5,232</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	69A37521300001640OHA		<u>3,474</u>
<i>(Passed Through Ohio Department of Commerce)</i>				
E-911 Grant Program	20.615	NHTSA-NTIA-91 / 20-81-01		<u>11,780</u>
Total U.S. Department of Transportation				<u>20,486</u>
U.S. DEPARTMENT OF TREASURY				
<i>(Passed Through Ohio Office of Budget and Management)</i>				
COVID-19 - Coronavirus Relief Fund	21.019	N/A		28
<i>(Direct)</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$20,000	20,000
Total U.S. Department of Treasury			<u>20,000</u>	<u>20,028</u>

VAN WERT COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal Assistance Listing Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES <i>(Passed Through Ohio Department of Job & Family Services)</i>				
MaryLee Allen Promoting Safe and Stable Families Program	93.556	JFSCMC21 / JFSCMC22 / JFSCPF21 / JFSCPF22		7,957
Temporary Assistance for Needy Families	93.558	JFSCTF21 / JFSCTF22 / JFSCTF20 / JFSCTF21 / JFSSTF21B / JFSSTF22B / JFSCTF20 / JFSCTF21 / JFSCTF22		661,945
Child Support Enforcement	93.563	JFSFCS211 / JFSCCS191 / JFSCCS211 / JFSCCS21 / JFSCCS22		367,872
CCDF Cluster:				
Child Care and Development Block Grant	93.575	JFSCCD21 / JFSCCD22	23,040	23,040
Total CCDF Cluster			<u>23,040</u>	<u>23,040</u>
Stephanie Tubbs Jones Child Welfare Services Program	93.645	JFSCCW21 / JFSCCW22		34,110
Foster Care Title IV-E	93.658	JFSCFC20 / JFSCFC21		20,720
Adoption Assistance	93.659	JFSCAA20 / JFSCAA21 / JFSCAA22		51,891
<i>(Passed Through Ohio Department of Developmental Disabilities)</i>				
Social Services Block Grant	93.667	FAIN 2010OHSOSR		27,263
<i>(Passed Through Ohio Department of Job & Family Services)</i>				
Social Services Block Grant	93.667	JFSCSS21 / JFSCSS22 / JFSCSX21 / JFSCSX22		295,067
Total Social Services Block Grant				<u>322,330</u>
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	JFSCIL21 / JFSCIL22		5,594
Elder Abuse Prevention Interventions Program	93.747	JFSCEA21		7,165
<i>(Passed Through Ohio Department of Developmental Disabilities)</i>				
Medicaid Cluster:				
Medical Assistance Program	93.778	FAIN 2105OH5ADM/22050H5ADM		121,553
<i>(Passed Through Ohio Department of Job & Family Services)</i>				
Medical Assistance Program	93.778	MCDFMP21 / MCDFMP22 / MCDFMT22		365,051
Total Medicaid Cluster				<u>486,604</u>
Total U.S Department of Health and Human Services			<u>23,040</u>	<u>1,989,228</u>
U.S. DEPARTMENT OF HOMELAND SECURITY <i>(Passed Through Ohio Department of Public Safety)</i>				
Hazard Mitigation Grant	97.039	FEMA-DR-4360-OH		4,329
Emergency Management Performance Grants	97.042	EMC-2021-EP-00002 EMC-2020-EP-00004 EMC-2019-EP-00005		17,527 20,995 6,478
Total Emergency Management Performance Grants				<u>45,000</u>
Total U.S. Department of Homeland Security				<u>49,329</u>
Total Expenditures of Federal Awards			<u>\$43,040</u>	<u>\$3,115,830</u>

The accompanying notes are an integral part of this schedule.

VAN WERT COUNTY

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

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, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

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

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

NOTE E - CHILD NUTRITION CLUSTER

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

NOTE F - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN CASH BALANCE

The current cash balance on the County's local program income account as of December 31, 2021 is \$177,851.

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



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

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 of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash-basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Wert County, (the County) as of and for the year ended December 31, 2021, 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 5, 2022, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2021-001 and 2021-002.

County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the findings identified in our audit and described in the accompanying schedule of findings and corrective action plan. The County's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

December 5, 2022

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

December 5, 2022

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

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)?	No
(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?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii – AL# 14.228 Temporary Assistance for Needy Families – AL# 93.558
(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 CFR § 200.520?	No

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

FINDING NUMBER 2021-001

Noncompliance – Not Filing in Accordance with GAAP

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

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

The County and Land Reutilization Corporation prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board, report on the modified cash basis of accounting, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

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

Officials' Response

The decision to change from GAAP reporting to cash basis reporting of OCBOA (cash basis) was based upon two factors. First, because of the situation in the treasurer's office, it was easier to fix the problems and reconcile while using cash basis. Second, the costs associated with the preparation of financial statements for GAAP reporting run higher than if reporting using OCBOA. The savings for using the OCBOA method were \$8,025 in year 2019, \$8,025 in year 2020, and \$8,025 in year 2021, for a total of \$24,075 saved. The savings will compound each year.

FINDING NUMBER 2021-002

Non-compliance – Federal Schedule

2 C.F.R Subpart F § 200.510(b) requires that the auditee prepare a Schedule of Expenditures of Federal Awards (the Schedule) for the period covered by the County's financial statements which must include the total federal awards expended as determined in accordance with § 200.502.

At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the AL number or other identifying number when the AL information is not available.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period.

**FINDING NUMBER 2021-002
(Continued)**

(6) Include notes that describe the significant accounting policies used in preparing the schedule, and note whether or not the auditee has elected to use the 10 percent de minimis cost rate as covered in § 200.414 Indirect (F&A) costs.

During testing of the Schedule for 2021, we noted the following errors:

- Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii, AL #14.228, was understated by \$629,057
- Medical Assistance Program, AL #93.778, was understated by \$1,922
- WIOA National Dislocated Worker Grants / WIA National Emergency Grants, AL #17.277, was understated by \$277
- Highway Planning and Construction, AL #20.205, was overstated by \$2,100,000
- Emergency Management Performance Grants, AL #97.042, was overstated by \$35,868
- Hazard Mitigation Grant, AL #97.039, was overstated by \$721
- E-911 Grant Program, AL #20.615, was understated by \$9
- State and Community Highway Safety, AL #20.600 in the amount of \$5,232 and Minimum Penalties for Repeat Offenders for Driving While Intoxicated, AL #20.608, in the amount of \$3,474, were not properly presented by AL number on the schedule.
- Board of Health grants were improperly included in the Schedule causing an overstatement of \$453,192.
- In addition, pass through numbers were not indicated for several of the programs and the amount passed through to subrecipients of \$23,040 for AL #93.575 and \$20,000 for AL #21.027 was not properly indicated as such.

Errors and omissions to the Schedule of Expenditures of Federal Awards could adversely affect future grant awards in addition to causing an inaccurate assessment of major federal programs that would be subjected to audit. Adjustments, to which management have agreed, are reflected in the accompanying Schedule.

County management should establish and implement procedures to review all grant and loan awards and be familiar with federal reporting requirements. The County should implement a system to track all federal expenditures and related information separately from other expenditures and report federal expenditures with proper support including, but not limited to, grant agreements, calculation of the expenditures, and any federal reporting requirements. This will help ensure the Schedule is complete and accurate and major federal programs are correctly identified for audit.

Officials' Response

In looking into the Federal Schedule, it is apparent that many things had influence on the incorrect numbers reported. First of all, the letter sent to the departments requesting their information is being rewritten, with the hope that it will eliminate confusion which will reduce the mistakes reported. Secondly, the team member placed in charge of the Federal Schedule was very new to the department. Now that she has a year of experience behind her, she isn't afraid to ask questions instead of accepting the received data at face value.

3. FINDINGS FOR FEDERAL AWARDS

None

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Van Wert County Auditor

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Material Weakness- Cash Reconciliation (treasurer's office to bank and individually held checking accounts by departments, reconciling with treasurer)	Fully Corrected	
2020-002	Ohio Rev. Code 117.38 and Ohio Admin. Code 117-2- 03(B) - Failure to file GAAP First reported in 2019-001	Not Corrected Repeated as Finding 2021-001	<p>The decision to change from the GAAP reporting to cash basis reporting or OCBOA, was based upon two factors. First, because of the situation in the treasurer's office, it was easier to fix the problems and reconcile using the cash basis. Second, the costs associated with the preparation of financial statements for GAAP reporting run high. For TY2018 reporting, we paid in 2019 \$20,300 for GAAP reporting. \$20,300 will be used as the basis to calculate the savings made in the following years by going to OCBOA reporting:</p> <ul style="list-style-type: none"> • We paid \$12,275 for TY2019 for a savings of \$8,025 • We paid \$12,275 for TY2020 reporting for a savings of \$8,025. • We paid \$12,275 for TY2021 reporting in 2022 for a savings of \$8,025. <p>As of this writing 10/05/2022, over the course of three years, \$24,075 is the accumulated savings incurred by using OCBOA reporting. The savings will continue to grow each year.</p> <p>Because of the savings, and no significant and quantifiable advantage of using GAAP over OCBOA, there is no anticipation of going back to GAAP at this time.</p>

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CORRECTIVE ACTION PLAN 2 CFR 200.511(c) December 31, 2021

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-001	<p>The decision to change from the GAAP reporting to cash basis reporting or OCBOA, was based upon two factors. First, because of the situation in the treasurer's office in 2019, it was easier to fix the problems and reconcile using the cash basis.</p> <p>Second, the costs associated with the preparation of financial statements for GAAP reporting run high. The saving for using OCBOA are:</p> <p>TY2019, \$8,025 TY2020, \$8,025 TY2021, \$8,025 for a total of \$24,075 saved.</p> <p>The savings will compound each year. The real question is whether the benefit of going back to the more expensive GAAP method offsets the savings received by using OCBOA? The savings are fact! The GAAP benefits are hypothetical. I've reached out to other counties of similar size to Van Wert, and the savings of OCBOA wins.</p>	Pending further guidance from the State.	Phil Baxter
2021-002	<p>In looking into the Federal Schedule, it is apparent that many things had influence on the incorrect numbers reported.</p> <p>First of all, the letter sent to the departments requesting their information is being rewritten, with the hope that it will eliminate confusion which will reduce the mistakes reported.</p> <p>Secondly: The team member placed in charge of the Federal Schedule was very new to the department. Now that she has a year of experience behind her, she isn't afraid to ask questions instead of accepting the received data at face value.</p>	Improvements expected in the next Federal Audit report	Morgan Hall Phil Baxter

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OHIO AUDITOR OF STATE KEITH FABER



VAN WERT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/29/2022

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

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