SANDUSKY COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2019

OHIO AUDITOR OF STATE
KEITH FABER

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Sandusky County
100 North Park Avenue
Fremont, Ohio 43420-2472

To the Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sandusky County, Ohio (the County), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Sandusky County, Ohio, as of December 31, 2019, and the respective changes in its financial position and where applicable its cash flows thereof and the respective budgetary comparisons for the General, Human Services, and County Board of DD funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 3 to the financial statements, during 2019, the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities.* We did not modify our opinion regarding this 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. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

December 16, 2020

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The management's discussion and analysis of Sandusky County's (the County) financial performance provides an overall review of the County's financial activities for the year ended December 31, 2019. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- The total net position of the County increased $1,799,816 over restated net position from 2018. Net position of governmental activities increased $1,778,198, which represents a 2.66% increase from 2018 restated net position. Net position of business-type activities increased $21,618, or 0.46% from 2018 restated net position.

- General revenues accounted for $29,734,504 or 48.03% of total governmental activities revenue. Program specific revenues accounted for $32,177,508 or 51.97% of total governmental activities revenue.

- The County had $60,133,814 in expenses related to governmental activities; $32,177,508 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property and sales taxes) of $29,734,504 were adequate to provide for these programs.

- The General fund, the County's largest major fund, had revenues and other financing sources of $22,417,874 in 2019, a decrease of $830,902 from 2018 revenues and other financing sources. The General fund had expenditures and other financing uses of $21,707,620 in 2019, a decrease of $631,018 from 2018 expenditures and other financing uses. The fund balance of the General fund increased $710,254 from 2018 to 2019.

- The Human Services fund, a County major fund, had revenues of $6,375,169 in 2019. The Human Services fund had expenditures of $6,207,910 in 2019. The fund balance of the Human Services fund increased $167,259 from 2018 to 2019.

- The County Board of Developmental Disabilities (DD) fund, a County major fund, had revenues of $9,830,061 in 2019. The County Board of DD fund had expenditures of $8,978,082 in 2019. The fund balance of the County Board of DD fund increased $851,979 from 2018 to 2019.

- The Better Building Project fund, a County major fund, had revenues and other financing sources of $7,747,132 in 2019. The Better Building Project fund had expenditures of $946,217 in 2019. The fund balance of the Better Building Project fund increased $6,800,915 from 2018 to 2019. The increase was due to the County issuing general obligation bonds in 2019.

- The General fund original budgeted revenues and other financing sources of $17,070,085 were $2,639,026 less than the final budgeted revenues and other financing sources of $19,709,111. Actual revenues and other financing sources of $19,704,068 were less than final budgeted revenues and other financing sources by $5,043. The original budgeted appropriations and other financing uses of $17,870,787 were less than final budgeted appropriations and other financing uses by $2,667,662. The final budgeted appropriations and other financing uses of $20,538,449 were greater than actual expenditures and other financing uses of $20,077,115 by $461,334.

Using the Basic Financial Statements (BFS)

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

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

Reporting the County as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position and the statement of activities answer the question, how did we do financially during 2019? These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. The accrual basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

Reporting the County's Most Significant Funds

Fund Financial Statements

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

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

Governmental Funds

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

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

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

Proprietary Funds

The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for its sanitary sewer operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for a self-funded workers compensation insurance program for employees of the County and several governmental units within the County. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Fiduciary Funds

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

Notes to the Financial Statements

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

Required Supplementary Information

The RSI contains information regarding the County's proportionate share of the Ohio Public Employees Retirement System's (OPERS) and State Teacher's Retirement System (STRS) net pension liability/net pension asset, net OPEB liability/net OPEB asset and the County's schedule of contributions to OPERS and STRS. It also contains the conditional assessment of the County's infrastructure.

Government-Wide Financial Analysis

The statement of net position provides the perspective of the County as a whole. The table below provides a summary of the County's net position for 2019 and 2018.

The net position at December 31, 2018 has been restated as described in Note 3.B in the notes to the basic financial statements.

Net Position

	Governmental Activities 2019	Business-type Activities 2019	(Restated) Governmental Activities 2018	(Restated) Business-type Activities 2018	2019 Total	(Restated) 2018 Total
Assets						
Current and other assets	$ 75,564,851	$ 1,015,654	$ 62,328,059	$ 1,172,106	$ 76,580,505	$ 63,500,165
Capital assets	44,952,063	10,028,770	43,423,011	10,097,775	54,980,833	53,520,786
Total assets	120,516,914	11,044,424	105,751,070	11,269,881	131,561,338	117,020,951
Deferred outflows	11,905,622	144,568	8,772,698	94,010	12,050,190	8,772,698
Total assets and deferred outflows	132,422,536	11,188,992	114,523,768	11,363,891	143,611,528	125,793,649
Liabilities						
Long-term liabilities outstanding	45,623,655	6,349,745	29,507,206	6,463,298	51,973,400	35,970,504
Other liabilities	4,963,155	85,782	2,909,589	133,061	5,048,937	3,042,650
Total liabilities	50,586,810	6,435,527	32,416,795	6,596,359	57,022,337	39,013,154
Deferred inflows	13,173,679	4,096	15,223,124	39,781	13,177,775	15,223,124
Total liabilities and deferred inflows	63,760,489	6,439,623	47,639,919	6,636,140	70,200,112	54,276,059
Net Position						
Net investment in capital assets	37,449,476	4,051,129	36,205,729	3,832,343	41,500,605	40,038,072
Restricted	27,871,798	-	25,677,699	-	27,871,798	25,677,699
Unrestricted	3,340,773	698,240	5,000,421	895,408	4,039,013	5,895,829
Total net position (restated)	$ 68,662,047	$ 4,749,369	$ 66,883,849	$ 4,727,751	$ 73,411,416	$ 71,611,600

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

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2019, the County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $73,411,416. This amounts to $68,662,047 in governmental activities and $4,749,369 in business-type activities. The County's finances remained strong during 2019, despite the slow economic recovery.

Capital assets reported on the government-wide statements represent the largest portion of the County's net position. At year-end, capital assets represented 38.28% of total governmental and business-type assets and deferred outflows of resources. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles, construction in progress, water and sewer lines and infrastructure. The net investment in capital assets at December 31, 2019, was $41,500,605. These capital assets are used to provide services to citizens and are not available for future spending. Although the County's investment in capital position is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

As of December 31, 2019, the County is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the County's net position, $27,871,798, represents resources that are subject to external restrictions on how they may be used. The remaining balance of governmental activities unrestricted net position of $3,340,773 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net position for 2019 and 2018. The net position at December 31, 2018 has been restated as described in Note 3.B in the notes to the basic financial statements.

Change in Net Position

	Governmental Activities 2019	Business-type Activities 2019	(Restated) Governmental Activities 2018	(Restated) Business-type Activities 2018	2019 Total	(Restated) 2018 Total
Revenues						
Program revenues:						
Charges for services and sales	$ 9,803,692	$ 1,729,417	$ 9,281,995	$ 1,664,625	$ 11,533,109	$ 10,946,620
Operating grants and contributions	21,544,007	13,752	17,901,842	-	21,557,759	17,901,842
Capital grants and contributions	829,809	-	730,992	275,000	829,809	1,005,992
Total program revenues	32,177,508	1,743,169	27,914,829	1,939,625	33,920,677	29,854,454
General revenues:						
Property taxes	10,720,248	-	11,761,263	-	10,720,248	11,761,263
Sales tax	11,526,888	-	11,767,352	-	11,526,888	11,767,352
Unrestricted grants	2,912,623	-	3,506,021	-	2,912,623	3,506,021
Investment earnings	1,248,672	10,615	583,870	7,661	1,259,287	591,531
Sale of asset	-	-	2,000,000	-	-	2,000,000
Other	3,326,073	11,435	1,825,961	-	3,337,508	1,825,961
Total general revenues	29,734,504	22,050	31,444,467	7,661	29,756,554	31,452,128
Total revenues	61,912,012	1,765,219	59,359,296	1,947,286	63,677,231	61,306,582

(Continued)

Change in Net Position - (Continued)

	Governmental Activities 2019	Business-type Activities 2019	(Restated) Governmental Activities 2018	(Restated) Business-type Activities 2018	2019 Total	(Restated) 2018 Total
Expenses						
Program expenses:						
General government	$ 15,473,598	$ -	$ 15,557,359	$ -	$ 15,473,598	$ 15,557,359
Public safety	14,566,196	-	12,796,036	-	14,566,196	12,796,036
Public works	5,401,791	-	7,182,009	-	5,401,791	7,182,009
Health	456,163	-	423,469	-	456,163	423,469
Human services	22,147,804	-	20,344,127	-	22,147,804	20,344,127
Economic development and assistance	1,382,406	-	1,062,699	-	1,382,406	1,062,699
Intergovernmental	185,600	-	185,300	-	185,600	185,300
Other	19,066	-	3,734	-	19,066	3,734
Interest and fiscal charges	501,190	-	219,933	-	501,190	219,933
Sanitary sewer	-	1,743,601	-	2,245,419	1,743,601	2,245,419
Total expenses	60,133,814	1,743,601	57,774,666	1,535,953	61,877,415	60,020,085
Increase (decrease) in net position	1,778,198	21,618	1,584,630	(298,133)	1,799,816	1,286,497
Net position at the beginning of the year (restated)	66,883,849	4,727,751	65,299,219	5,025,884	71,611,600	70,325,103
Net position at the end of the year	$ 68,662,047	$ 4,749,369	$ 66,883,849	$ 4,727,751	$ 73,411,416	$ 71,611,600

Governmental Activities

Governmental net position increased by $1,778,198 in 2019.

Human services expenses, which support the operations of the County Board of DD, Job and Family Services, Veteran Services, and the Children Services Board, accounts for $22,147,804 of expenses, or 36.83% of total governmental expenses of the County. These expenses were funded by $565,462 in charges to users of services and $12,827,573 in operating grants and contributions in 2019.

General government expenses which includes legislative and executive and judicial programs, totaled $15,473,598 or 25.73% of total governmental expenses. General government expenses were covered by $4,246,690 of direct charges to users and $467,293 in operating grants and contributions in 2019.

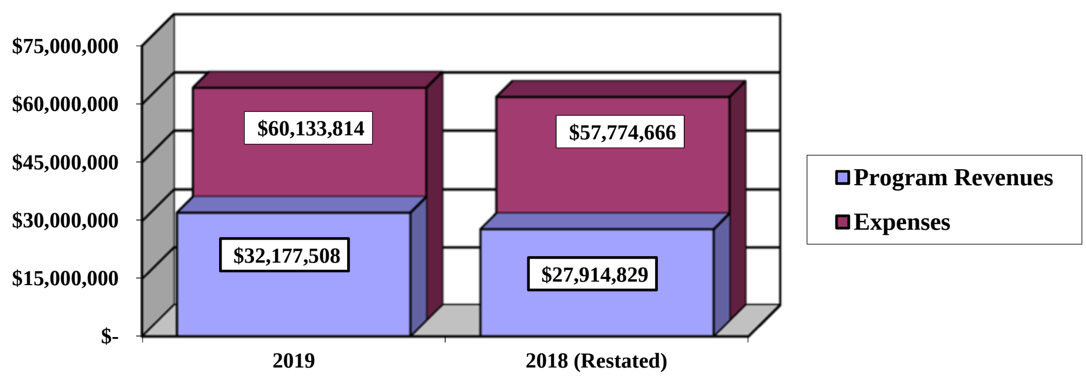
Public safety expenses totaled $14,566,196 or 24.22% of total governmental expenses. Public safety expenses were covered by $3,693,721 of direct charges to users and $1,416,443 in operating grants and contributions in 2019.

The State and Federal government contributed to the County revenues of $21,544,007 in operating grants and contributions and $829,809 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions $12,827,573, or 59.54%, subsidized human services programs.

Governmental general revenues totaled $29,734,504 and amounted to 48.03% of total revenues. These revenues primarily consist of property and sales tax revenue of $22,247,136, or 74.82% of total governmental general revenues in 2019. The other primary source of general revenues is grants and entitlements not restricted to specific programs, which consists primarily of local government revenue and property tax reimbursements received from the State, $2,912,623 or 9.80% of total governmental general revenues.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2019 and 2018. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities – Program Revenues vs. Total Expenses

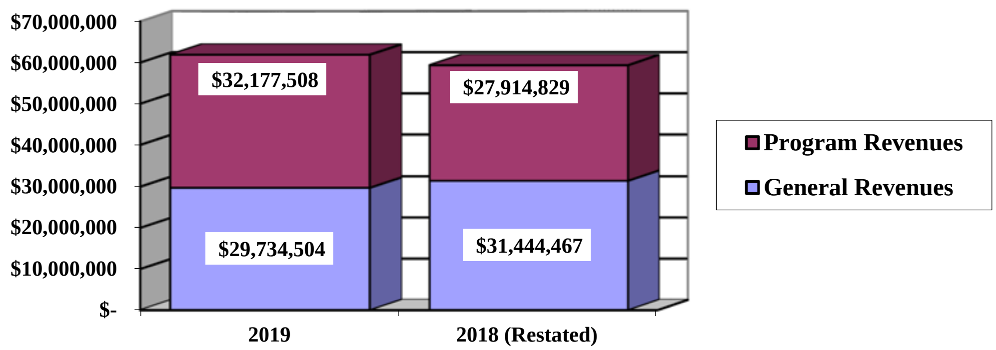


Governmental Activities

	Total Cost of Services 2019	Net Cost of Services 2019	(Restated) Total Cost of Services 2018	(Restated) Net Cost of Services 2018
Program expenses:				
General government	$ 15,473,598	$ 10,759,615	$ 15,557,359	$ 10,963,537
Public safety	14,566,196	9,456,032	12,796,036	8,376,962
Public works	5,401,791	(2,123,265)	7,182,009	628,470
Health	456,163	141,718	423,469	62,585
Human services	22,147,804	8,754,769	20,344,127	9,307,539
Economic development and assistance	1,382,406	415,834	1,062,699	193,703
Intergovernmental	185,600	185,600	185,300	185,300
Other	19,066	19,066	3,734	3,734
Interest and fiscal charges	501,190	346,937	219,933	138,007
Total	$ 60,133,814	$ 27,956,306	$ 57,774,666	$ 29,859,837

The dependence upon general revenues for governmental activities is apparent, with 46.49% of expenses supported through taxes and other general revenues during 2019.

Governmental Activities - General and Program Revenues



Business-Type Activities

The Sanitary Sewer fund is the County's only enterprise fund. This program had revenues of $1,765,219 and expenses of $1,743,601 for 2019. The Sanitary Sewer fund's net position balance increased $21,618 in 2019.

Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the County's net resources available for spending at year-end.

The County's governmental funds reported a combined fund balance of $46,159,670, which is $9,069,280 higher than last year's restated total of $37,090,390. This increase is primarily due to the County issuing $7,660,000 in general obligation bonds in 2019 to pay costs of the construction, adding to, remodeling, renovating, rehabilitating, furnishing, equipping and otherwise improving buildings, facilities and structures for County offices and functions and improving and equipping sites for such buildings, facilities and structures.

The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2019 for all major and non-major governmental funds. The fund balances at December 31, 2018 has been restated as described in Note 3.B in the notes to the basic financial statements.

	Fund Balance December 31, 2019	(Restated) Fund Balance December 31, 2018	Increase (Decrease)
Major funds:			
General	$ 7,224,570	$ 6,514,316	$ 710,254
Human services	1,041,731	874,472	167,259
County board of DD	14,558,358	13,706,379	851,979
Better building project	6,800,915	-	6,800,915
Other nonmajor governmental funds	16,534,096	15,995,223	538,873
Total	$ 46,159,670	$ 37,090,390	$ 9,069,280

General Fund

The General fund, the County's largest major fund, had revenues and other financing sources of $22,417,874 in 2019, a decrease of $830,902 from 2018 revenues and other financing sources. The General fund had expenditures and other financing uses of $21,707,620 in 2019, a decrease of $631,018 from 2018 expenditures and other financing uses. The fund balance of the General fund increased $710,254 from 2018 to 2019.

Human Services Fund

The Human Services fund, a County major fund, had revenues of $6,375,169 in 2019. The Human Services fund had expenditures of $6,207,910 in 2019. The fund balance of the Human Services fund increased $167,259 from 2018 to 2019.

County Board of Developmental Disabilities Fund

The County Board of Developmental Disabilities (DD) fund, a County major fund, had revenues of $9,830,061 in 2019. The County Board of DD fund had expenditures of $8,978,082 in 2019. The fund balance of the County Board of DD fund increased $851,979 from 2018 to 2019.

Better Building Project Fund

The Better Building Project fund, a County major fund, had revenues and other financing sources of $7,747,132 in 2019. The Better Building Project fund had expenditures of $946,217 in 2019. The fund balance of the Better Building Project fund increased $6,800,915 from 2018 to 2019. The increase was due to the County issuing general obligation bonds in 2019.

Budgeting Highlights - General Fund

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

The original budgeted revenues and other financing sources for the General fund of $17,070,085 were $2,639,026 less than the final budgeted revenues and other financing sources of $19,709,111. Actual revenues and other financing sources of $19,704,068 were less than final budgeted revenues and other financing sources by $5,043. The original budgeted appropriations and other financing uses of $17,870,787 were less than final budgeted appropriations and other financing uses by $2,667,662. The final budgeted appropriations and other financing uses of $20,538,449 were greater than actual expenditures and other financing uses of $20,077,115 by $461,334.

Proprietary Funds

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

Capital Assets and Debt Administration

Capital Assets

At the end of 2019, the County had $54,980,833 (net of accumulated depreciation) invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles, construction in progress, sewer and water lines and infrastructure. Of this total, $44,952,063 was reported in governmental activities and $10,028,770 was reported in business-type activities. The following table shows 2019 and 2018 balances:

Capital Assets at December 31
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	$ 2,110,049	$ 2,125,354	$ 11,465	$ 11,465	$ 2,121,514	$ 2,136,819
Land improvements	132,742	140,552	15,547	16,825	148,289	157,377
Building and improvements	12,291,380	12,810,632	1,080,070	1,135,040	13,371,450	13,945,672
Furniture and equipment	1,668,022	1,395,705	296,777	312,566	1,964,799	1,708,271
Vehicles	2,938,258	2,512,067	58,909	70,198	2,997,167	2,582,265
Infrastructure	24,233,966	23,918,850	-	-	24,233,966	23,918,850
Construction in progress	1,577,646	519,851	-	803,341	1,577,646	1,323,192
Sewer and water lines	-	-	8,566,002	7,748,340	8,566,002	7,748,340
Total	$ 44,952,063	$ 43,423,011	$ 10,028,770	$ 10,097,775	$ 54,980,833	$ 53,520,786

During 2019, the County's governmental activities had $4,931,033 in additions, $327,343 (net of accumulated depreciation) in deletions and $3,074,638 in depreciation expense. See Note 10 to the basic financial statements for detail on governmental activities and business-type activities capital assets.

Debt Administration

At December 31, 2019, the County's governmental activities had $14,766,895 in special obligation bonds, general obligation bonds, capital leases and OPWC loans. Of this total, $1,019,481 is due within one year and $13,747,414 is due in greater than one year. At December 31, 2019, the County's business-type activities had $5,977,641 in capital leases, OWPC and OWDA loans outstanding. Of this total, $172,271 is due within one year and $5,805,370 is due in greater than one year. The following table summarizes the bonds, leases and loans outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2019	Business-Type Activities 2019	Governmental Activities 2018	Business-Type Activities 2018
Long-term obligations:				
Special obligation bonds	$ 6,280,000	$ -	$ 7,020,000	$ -
General obligation bonds	7,660,000	-	-	-
OPWC/OWPCLF loans	393,965	5,971,201	427,128	6,178,895
Capital lease obligation	432,930	6,440	561,368	-
Total	$ 14,766,895	$ 5,977,641	$ 8,008,496	$ 6,178,895

See Note 13 to the basic financial statements for additional disclosures and detail regarding the County's debt activity.

Economic Factors and Next Year's Budgets and Rates

The County's current estimated population is 58,299.

The County's unemployment rate is currently 4.2%, compared to the 3.5% state average and the 4.1% national average.

These economic factors were considered in preparing the County's budget for 2019. The County's financial position should remain steady in future years.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Honorable Jerri A. Miller, Sandusky County Auditor, 100 North Park Avenue, Fremont, Ohio 43420-2472.

SANDUSKY COUNTY

STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Sandusky County Land Reutilization Corporation	Component Units: Sandusky County Airport Authority
Assets:					
Equity in pooled cash and investments	$ 41,478,806	$ 833,182	$ 42,311,988	$ 249,673	$ 38,626
Cash and cash equivalents with fiscal agents	3,752,269	-	3,752,269	-	-
Cash in segregated accounts	30,696	105	30,801	-	-
Receivables (net of allowance for uncollectibles):					
Sales taxes	3,056,116	-	3,056,116	-	-
Real estate and other taxes	13,388,315	-	13,388,315	-	-
Accounts	798,430	164,446	962,876	-	12,702
Special assessments	473,388	14,885	488,273	-	-
Accrued interest	114,731	-	114,731	-	-
Due from other governments	6,265,791	-	6,265,791	-	6,130
Loans receivable	32,300	-	32,300	-	-
Prepayments	396,493	1,806	398,299	913	10,000
Materials and supplies inventory	465,657	-	465,657	-	30,893
Due from component units	21	-	21	-	-
Net pension asset	99,025	1,230	100,255	-	-
Net OPEB asset	62,095	-	62,095	-	-
Assets held for resale	-	-	-	38,648	-
Investment in joint ventures	5,150,718	-	5,150,718	-	-
Capital assets:					
Non-depreciable capital assets	3,687,695	11,465	3,699,160	-	863,291
Depreciable capital assets, net	41,264,368	10,017,305	51,281,673	-	2,632,461
Total capital assets, net	44,952,063	10,028,770	54,980,833	-	3,495,752
Total assets	120,516,914	11,044,424	131,561,338	289,234	3,594,103
Deferred outflows of resources:					
Unamortized deferred charges on debt refunding	10,671	-	10,671	-	-
Pension	11,119,752	134,541	11,254,293	-	-
OPEB	775,199	10,027	785,226	-	-
Total deferred outflows of resources	11,905,622	144,568	12,050,190	-	-
Liabilities:					
Accounts payable	2,289,574	14,149	2,303,723	-	64,058
Contracts payable	405,548	-	405,548	-	-
Accrued wages and benefits payable	961,295	16,759	978,054	-	5,209
Due to other governments	703,195	54,874	758,069	-	-
Due to primary government	-	-	-	21	-
Accrued interest payable	95,717	-	95,717	-	-
Deposits payable	50,000	-	50,000	-	-
Payroll withholding payable	457,826	-	457,826	-	-
Long-term liabilities:					
Due within one year	2,266,758	195,561	2,462,319	-	11,250
Due in more than one year:					
Net pension liability	19,864,584	236,503	20,101,087	-	-
Net OPEB liability	9,019,767	112,064	9,131,831	-	-
Other long-term liabilities	14,472,546	5,805,617	20,278,163	-	-
Total liabilities	50,586,810	6,435,527	57,022,337	21	80,517
Deferred inflows of resources:					
Property taxes levied for the next year	12,734,615	-	12,734,615	-	-
Pension	334,051	3,618	337,669	-	-
OPEB	105,013	478	105,491	-	-
Total deferred inflows of resources	13,173,679	4,096	13,177,775	-	-
Net position:					
Net investment in capital assets	37,449,476	4,051,129	41,500,605	-	3,495,752
Restricted for:					
Debt service	341,116	-	341,116	-	-
Capital projects	271,099	-	271,099	-	33
Public works projects	4,531,104	-	4,531,104	-	-
Public safety programs	4,068,607	-	4,068,607	-	-
Human services programs	13,932,425	-	13,932,425	-	-
Health programs	175,568	-	175,568	-	-
Other purposes	4,551,879	-	4,551,879	-	-
Unrestricted	3,340,773	698,240	4,039,013	289,213	17,801
Total net position	$ 68,662,047	$ 4,749,369	$ 73,411,416	$ 289,213	$ 3,513,586

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SANDUSKY COUNTY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

		Program Revenues		
	Expenses	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Governmental activities:				
Current:				
General government:				
Legislative and executive	$ 10,013,567	$ 2,499,476	$ 50,209	$ -
Judicial	5,460,031	1,747,214	417,084	-
Public safety	14,566,196	3,693,721	1,416,443	-
Public works	5,401,791	871,280	5,823,967	829,809
Health	456,163	272,286	42,159	-
Human services	22,147,804	565,462	12,827,573	-
Economic development and assistance	1,382,406	-	966,572	-
Intergovernmental	185,600	-	-	-
Other	19,066	-	-	-
Interest and fiscal charges	501,190	154,253	-	-
Total governmental activities	60,133,814	9,803,692	21,544,007	829,809
Business-type activities:				
Sanitary sewer	1,743,601	1,729,417	13,752	-
Totals primary government	$ 61,877,415	$ 11,533,109	$ 21,557,759	$ 829,809
Component unit:				
Sandusky County Land Reutilization Corporation	$ 148,980	$ -	$ 14,618	$ -
Sandusky County Airport Authority	677,892	357,071	-	-
	826,872	357,071	14,618	-

General revenues:
Property taxes levied for:
General fund
Human services - County Board of DD
Human services - Senior Citizens
Public safety 911 systems
Public safety - Drug Task Force
Sales taxes levied for:
General fund
Public safety - EMS
Grants and entitlements not restricted to specific programs
Investment earnings
Sale of assets
Land Rent
Reimbursements
Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year (restated)

Net positon at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	**Business-type Activities**	**Total**	**Sandusky County Land Reutilization Corporation**	**Sandusky County Airport Authority**
$ (7,463,882)	$ -	$ (7,463,882)	$ -	$ -
(3,295,733)	-	(3,295,733)	-	-
(9,456,032)	-	(9,456,032)	-	-
2,123,265	-	2,123,265	-	-
(141,718)	-	(141,718)	-	-
(8,754,769)	-	(8,754,769)	-	-
(415,834)	-	(415,834)	-	-
(185,600)	-	(185,600)	-	-
(19,066)	-	(19,066)		
(346,937)	-	(346,937)	-	-
(27,956,306)	-	(27,956,306)	-	-
-	(432)	(432)	-	-
(27,956,306)	(432)	(27,956,738)	-	-
-	-	-	(134,362)	-
-	-	-	-	(320,821)
-	-	-	(134,362)	(320,821)
2,941,705	-	2,941,705	-	-
5,706,135	-	5,706,135	-	-
1,155,766	-	1,155,766	-	-
256,059	-	256,059	-	-
660,583	-	660,583	-	-
9,606,139	-	9,606,139	-	-
1,920,749	-	1,920,749	-	-
2,912,623	-	2,912,623	101,672	-
1,248,672	10,615	1,259,287	-	-
-	-	-	7,621	-
-	-	-	-	92,198
-	-	-	-	31,564
3,326,073	11,435	3,337,508	2,530	411
29,734,504	22,050	29,756,554	111,823	124,173
1,778,198	21,618	1,799,816	(22,539)	(196,648)
66,883,849	4,727,751	71,611,600	311,752	3,710,234
$ 68,662,047	$ 4,749,369	$ 73,411,416	$ 289,213	$ 3,513,586

SANDUSKY COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General	Human Services	County Board of DD	Better Building Project	Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in pooled cash and investments	$ 6,307,989	$ 903,963	$ 11,871,004	$ 7,206,463	$ 15,122,804	$ 41,412,223
Cash and cash equivalents with fiscal agents	-	-	3,624,422	-	127,847	3,752,269
Cash in segregated accounts	26,186	-	-	-	4,510	30,696
Receivables (net of allowance for uncollectibles):						
Sales taxes	2,546,777	-	-	-	509,339	3,056,116
Real estate and other taxes	3,374,726	-	7,451,528	-	2,562,061	13,388,315
Accounts	370,491	-	157,761	-	270,178	798,430
Special assessments	-	-	-	-	473,388	473,388
Accrued interest	106,614	-	8,117	-	-	114,731
Due from other governments	1,063,799	470,041	410,877	-	4,317,291	6,262,008
Loans receivable	-	-	-	-	32,300	32,300
Interfund loans receivable	22,000	-	-	-	3,136	25,136
Prepayments	95,231	27,967	117	-	84,022	207,337
Materials and supplies inventory	139,621	14,712	10,639	-	300,685	465,657
Loans due from other funds	58,100	-	-	-	-	58,100
Due from component units	21	-	-	-	-	21
Total assets	$ 14,111,555	$ 1,416,683	$ 23,534,465	$ 7,206,463	$ 23,807,561	$ 70,076,727
Liabilities:						
Accounts payable	$ 756,849	$ 163,545	$ 923,643	$ -	$ 445,537	$ 2,289,574
Contracts payable	-	-	-	405,548	-	405,548
Accrued wages and benefits payable	407,658	140,676	123,194	-	289,767	961,295
Due to other governments	219,180	61,731	65,259	-	281,575	627,745
Interfund loans payable	-	-	-	-	25,136	25,136
Deposits payable	50,000	-	-	-	-	50,000
Loans from other funds	-	-	-	-	58,100	58,100
Payroll withholding payable	440,230	-	4,000	-	13,596	457,826
Total liabilities	1,873,917	365,952	1,116,096	405,548	1,113,711	4,875,224
Deferred inflows of resources:						
Property taxes levied for the next year	3,197,018	-	7,097,323	-	2,440,274	12,734,615
Delinquent property tax revenue not available	159,553	-	354,205	-	121,787	635,545
Accrued interest not available	50,610	-	3,221	-	-	53,831
Sales tax revenue not available	946,936	-	-	-	189,389	1,136,325
Special assessments revenue not available	-	-	-	-	473,388	473,388
Other nonexchange transactions	489,069	-	405,262	-	1,970,442	2,864,773
Unavailable grant revenue	169,882	9,000	-	-	953,691	1,132,573
Miscellaneous revenue not available	-	-	-	-	10,783	10,783
Total deferred inflows of resources	5,013,068	9,000	7,860,011	-	6,159,754	19,041,833
Fund balances:						
Nonspendable	751,130	42,679	10,756	-	384,707	1,189,272
Restricted	49,263	999,052	14,547,602	6,800,915	15,314,875	37,711,707
Committed	590,131	-	-	-	937,651	1,527,782
Assigned	1,277,559	-	-	-	-	1,277,559
Unassigned (deficit)	4,556,487	-	-	-	(103,137)	4,453,350
Total fund balances	7,224,570	1,041,731	14,558,358	6,800,915	16,534,096	46,159,670
Total liabilities, deferred inflows of resources and fund balances	$ 14,111,555	$ 1,416,683	$ 23,534,465	$ 7,206,463	$ 23,807,561	$ 70,076,727

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SANDUSKY COUNTY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019

Total governmental fund balances		$ 46,159,670
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		44,952,063
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds.		
Real and other taxes receivable	$ 635,545	
Sales taxes receivable	1,136,325	
Special assessments receivable	473,388	
Accrued interest receivable	53,831	
Other revenues	10,783	
Intergovernmental revenues	3,997,346	
Total		6,307,218
The investments in joint ventures by governmental activities are not financial resources and therefore are not reported in fund balance at year end.		5,150,718
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		184,072
On the statement of net position interest is accrued on outstanding bonds payable, whereas in the governmental funds, interest is accrued when due.		(95,717)
Unamortized premiums are amortized over the life of the bonds on the statement of net position.		(381,593)
Unamortized discounts are amortized over the life of the bonds on the statement of net position.		4,745
Unamortized deferred amounts on refundings are not recognized in the governmental funds.		10,671
The net pension asset is not available to pay for the current period expenditures and the net pension liability does not require the use of current period net resources; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows of resources - pension	11,119,752	
Deferred inflows of resources - pension	(334,051)	
Net pension asset	99,025	
Net pension liability	(19,864,584)	
Total		(8,979,858)
The net OPEB asset is not available to pay for the current period expenditures and the net OPEB liability does not require the use of current period net resources; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows of resources - OPEB	775,199	
Deferred inflows of resources - OPEB	(105,013)	
Net OPEB asset	62,095	
Net OPEB liability	(9,019,767)	
Total		(8,287,486)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Special obligation bonds	13,940,000	
Capital lease payable	432,930	
Loans payable	393,965	
Compensated absences	1,595,561	
Total		(16,362,456)
Net position of governmental activities		$ 68,662,047

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SANDUSKY COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	General	Human Services	County Board of DD	Better Building Project	Other Governmental Funds	Total Governmental Funds
Revenues:						
Real estate and other taxes	$ 2,959,761	$ -	$ 5,750,799	-	$ 2,087,026	$ 10,797,586
Sales taxes.	9,560,662	-	-	$ -	1,911,643	11,472,305
Charges for services	2,845,977	-	244,486	-	4,765,624	7,856,087
Licenses and permits	2,875	-	-	-	224,853	227,728
Fines and forfeitures	495,568	-	-	-	305,675	801,243
Intergovernmental	2,026,558	6,365,677	3,745,357	-	11,784,593	23,922,185
Special assessments	-	-	-	-	389,304	389,304
Investment income	1,223,825	-	29,280	23,963	23,471	1,300,539
Rental income	93,734	-	45,200	-	201,340	340,274
Contributions and donations	22,279	9,492	14,939	-	63,563	110,273
Refunds and reimbursements	2,523,870	-	-	-	317,524	2,841,394
Other	383,318	-	-	-	19,849	403,167
Total revenues	22,138,427	6,375,169	9,830,061	23,963	22,094,465	60,462,085
Expenditures:						
Current:						
General government:						
Legislative and executive	7,814,242	-	-	-	980,671	8,794,913
Judicial.	3,491,279	-	-	-	1,212,713	4,703,992
Public safety	7,002,845	-	-	-	6,353,008	13,355,853
Public works.	-	-	-	-	5,050,066	5,050,066
Health	142,285	-	-	-	289,016	431,301
Human services	611,104	6,207,910	8,939,331	-	5,361,677	21,120,022
Economic development and assistance	292,451	-	-	-	1,089,955	1,382,406
Other	-	-	-	-	19,066	19,066
Intergovernmental	185,600	-	-	-	-	185,600
Capital outlay	178,957	-	-	724,548	1,982,031	2,885,536
Debt service:						
Principal retirement.	112,112	-	34,936	-	933,510	1,080,558
Interest and fiscal charges	17,676	-	3,815	-	192,749	214,240
Bond issuance costs	-	-	-	221,669	-	221,669
Total expenditures	19,848,551	6,207,910	8,978,082	946,217	23,464,462	59,445,222
Excess (deficiency) of revenues over (under) expenditures	2,289,876	167,259	851,979	(922,254)	(1,369,997)	1,016,863
Other financing sources (uses):						
Bond issuance	-	-	-	7,509,709	150,291	7,660,000
Capital lease transaction	178,957	-	-	-	-	178,957
Transfers in.	100,490	-	-	-	2,012,720	2,113,210
Transfers (out)	(1,859,069)	-	-	-	(254,141)	(2,113,210)
Premium on bond issuance	-	-	-	213,460	-	213,460
Total other financing sources (uses).	(1,579,622)	-	-	7,723,169	1,908,870	8,052,417
Net change in fund balances	710,254	167,259	851,979	6,800,915	538,873	9,069,280
Fund balances at beginning of year (restated).	6,514,316	874,472	13,706,379	-	15,995,223	37,090,390
Fund balances at end of year	$ 7,224,570	$ 1,041,731	$ 14,558,358	$ 6,800,915	$ 16,534,096	$ 46,159,670

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SANDUSKY COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Net change in fund balances - total governmental funds		$ 9,069,280
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.		
Capital asset additions	$ 4,931,033	
Current year depreciation	(3,074,638)	
Total		1,856,395
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(327,343)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Real estate and other taxes	(77,338)	
Sales taxes	54,583	
Special assessments	34,012	
Interest	885	
Other	(11,180)	
Intergovernmental	1,030,080	
Total		1,031,042
Increases in the value of investment in joint ventures that do not provide current financial resources are not reported in the funds.		418,885
Proceeds of capital leases and bonds are reported as other financing sources in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.		(7,838,957)
Premiums on general obligation bonds are recognized as other financing sources in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		(213,460)
Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		1,080,558
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
Decrease in accrued interest payable	(79,445)	
Amortization of deferred amounts on refunding	(3,659)	
Amortization of bond premiums	18,422	
Amortization of bond discounts	(599)	
Total		(65,281)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		435,578
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension		4,127,278
OPEB		12,936
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension		(6,872,055)
OPEB		(850,685)
The internal service fund used by management to charge the costs of workers compensation to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue of the internal service fund is allocated among the governmental activities.		(85,973)
Change in net position of governmental activities		$ 1,778,198

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SANDUSKY COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Real estate and other taxes	$ 2,922,000	$ 3,021,520	$ 3,023,150	$ 1,630
Sales taxes	5,200,000	3,981,000	3,980,465	(535)
Charges for services	1,660,000	1,866,000	1,866,118	118
Licenses and permits	2,000	2,000	2,875	875
Fines and forfeitures	460,000	460,000	468,121	8,121
Intergovernmental	1,960,300	2,005,080	2,021,273	16,193
Investment income	517,385	565,385	661,131	95,746
Rental income	106,400	106,400	93,734	(12,666)
Refunds and reimbursements	1,569,594	2,504,604	2,504,591	(13)
Other	-	20,825	-	(20,825)
Total revenues	14,397,679	14,532,814	14,621,458	88,644
Expenditures:				
Current:				
General government:				
Legislative and executive	5,877,876	7,871,770	7,726,142	145,628
Judicial	3,402,936	3,585,057	3,460,665	124,392
Public safety	7,122,460	7,133,819	6,998,922	134,897
Health	242,427	147,448	147,448	-
Human services	659,397	663,064	615,407	47,657
Intergovernmental	3,300	185,600	185,600	-
Total expenditures	17,308,396	19,586,758	19,134,184	452,574
Excess of expenditures over revenues	(2,910,717)	(5,053,944)	(4,512,726)	541,218
Other financing sources (uses):				
Transfers in	2,665,406	5,076,297	5,075,610	(687)
Transfers (out)	(555,388)	(929,362)	(919,338)	10,024
Advances in	7,000	100,000	7,000	(93,000)
Advances (out)	(7,003)	(22,329)	(23,593)	(1,264)
Total other financing sources (uses)	2,110,015	4,224,606	4,139,679	(84,927)
Net change in fund balance	(800,702)	(829,338)	(373,047)	456,291
Unencumbered fund balance at beginning of year	1,880,121	1,880,121	1,880,121	-
Prior year encumbrances appropriated	229,311	229,311	229,311	-
Unencumbered fund balance at end of year	$ 1,308,730	$ 1,280,094	$ 1,736,385	$ 456,291

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SANDUSKY COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
HUMAN SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	**Final**	**Actual**	
Revenues:				
Intergovernmental.	$ 6,262,790	$ 6,262,790	$ 6,201,900	$ (60,890)
Contributions and donations.	10,000	10,000	9,579	(421)
Total revenues	6,272,790	6,272,790	6,211,479	(61,311)
Expenditures:				
Current:				
Human services	6,427,543	6,682,482	6,441,437	241,045
Excess of expenditures over revenues	(154,753)	(409,692)	(229,958)	179,734
Other financing uses:				
Transfers (out).	(1,000)	(1,000)	-	1,000
Net change in fund balance	(155,753)	(410,692)	(229,958)	180,734
Unencumbered fund balance at beginning of year.	428,460	428,460	428,460	-
Prior year encumbrances appropriated . . .	439,872	439,872	439,872	-
Unencumbered fund balance at end of year.	$ 712,579	$ 457,640	$ 638,374	$ 180,734

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SANDUSKY COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COUNTY BOARD OF DEVELOPMENTAL DISABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
Real estate and other taxes	$ 7,385,469	$ 7,463,084	$ 6,662,630	$ (800,454)
Charges for services	-	311,000	244,066	(66,934)
Intergovernmental	2,258,550	3,006,182	3,785,612	779,430
Rental income	-	-	45,200	45,200
Contributions and donations	12,500	12,500	11,939	(561)
Total revenues	9,656,519	10,792,766	10,749,447	(43,319)
Expenditures:				
Current:				
Human services	10,343,272	11,528,054	10,690,088	837,966
Excess (deficiency) of revenues over (under) expenditures	(686,753)	(735,288)	59,359	794,647
Other financing sources (uses):				
Transfers in	3,010,000	-	-	-
Transfers (out)	-	(11,630)	-	11,630
Total other financing sources (uses)	3,010,000	(11,630)	-	11,630
Net change in fund balance	2,323,247	(746,918)	59,359	806,277
Unencumbered fund balance at beginning of year	11,056,670	11,056,670	11,056,670	-
Prior year encumbrances appropriated	278,927	278,927	278,927	-
Unencumbered fund balance at end of year	$ 13,658,844	$ 10,588,679	$ 11,394,956	$ 806,277

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SANDUSKY COUNTY

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019

	Business-Type Activities - Sanitary Sewer	Governmental Activities - Internal Service Fund
Assets:		
Current assets:		
Equity in pooled cash and investments	$ 833,182	$ 66,583
Cash in segregated accounts	105	-
Receivables (net of allowance for uncollectibles):		
Accounts	164,446	-
Special assessments	14,885	-
Due from other governments	-	3,783
Prepayments	1,806	189,156
Total current assets	1,014,424	259,522
Noncurrent assets:		
Net pension asset	1,230	-
Capital assets:		
Non-depreciable capital assets	11,465	-
Depreciable capital assets, net	10,017,305	-
Total capital assets, net	10,028,770	-
Total noncurrent assets	10,030,000	-
Total assets	11,044,424	259,522
Deferred outflows of resources:		
Pension	134,541	-
OPEB	10,027	-
Total deferred outflows of resources	144,568	-
Total assets and deferred outflows of resources	11,188,992	259,522
Liabilities:		
Current liabilities:		
Accounts payable	14,149	-
Accrued wages and benefits payable	16,759	-
Compensated absences payable	23,290	-
Due to other governments	54,874	75,450
OPWC loans payable	21,109	-
OWPC loans payable	149,797	-
Capital lease obligations payable	1,365	-
Total current liabilities	281,343	75,450
Long-term liabilities:		
Compensated absences payable	247	-
OPWC loans payable	486,991	-
OWPC loans payable	5,313,304	-
Capital lease obligations payable	5,075	-
Net pension liability	236,503	-
Net OPEB liability	112,064	-
Total long-term liabilities	6,154,184	-
Total liabilities	6,435,527	75,450
Deferred inflows of resources:		
Pension	3,618	-
OPEB	478	-
Total deferred inflows of resources	4,096	-
Total liabilities and deferred inflows of resources	6,439,623	75,450
Net position:		
Net investment in capital assets	4,051,129	-
Unrestricted	698,240	184,072
Total net position	$ 4,749,369	$ 184,072

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SANDUSKY COUNTY

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-Type Activities - Sanitary Sewer	Governmental Activities - Internal Service Fund
Operating revenues:		
Charges for services	$ 1,729,417	$ 177,909
Other	11,435	-
Total operating revenues	1,740,852	177,909
Operating expenses:		
Personal services	493,046	263,882
Contract services	536,951	-
Materials and supplies	41,989	-
Utilities	58,639	-
Depreciation	425,856	-
Other	47,012	-
Total operating expenses	1,603,493	263,882
Operating income (loss)	137,359	(85,973)
Nonoperating revenues (expenses):		
Interest and fiscal charges	(140,108)	-
Interest income	10,615	-
Intergovernmental	13,752	-
Total nonoperating revenues (expenses)	(115,741)	-
Change in net position	21,618	(85,973)
Net position at beginning of year (restated)	4,727,751	270,045
Net position at end of year	$ 4,749,369	$ 184,072

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SANDUSKY COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-Type Activities - Sanitary Sewer	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from charges for services	$ 1,722,062	$ 177,895
Cash received from other operating revenue	11,435	-
Cash payments for personal services	(491,491)	(209,757)
Cash payments for contractual services	(491,496)	-
Cash payments for materials and supplies	(43,086)	-
Cash payments for utilities	(61,804)	-
Cash payments for other expenses	(48,782)	-
Net cash provided by (used) in operating activities	596,838	(31,862)
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(436,075)	-
Principal payments on loans	(383,426)	-
Principal retirement on capital lease obligations	(873)	-
Interest and fiscal charges	(140,108)	-
Intergovernmental	13,752	-
OWPCLF loan issuance	175,732	-
Net cash used in capital and related financing activities	(770,998)	-
Cash flows from investing activities:		
Interest received	10,615	-
Net decrease in cash and cash equivalents	(163,545)	(31,862)
Cash and cash equivalents at beginning of year (restated)	996,832	98,445
Cash and cash equivalents at end of year	$ 833,287	$ 66,583
Reconciliation of operating income (loss) to net cash provided by (used) in operating activities:		
Operating income (loss)	$ 137,359	$ (85,973)
Adjustments:		
Depreciation	425,856	-
Changes in assets and liabilities:		
(Increase) in accounts receivable	(11,390)	-
Decrease special assessments receivable	4,035	-
(Increase) in intergovernmental receivable	-	(14)
(Increase) in prepayments	(29)	(724)
Decrease in net pension asset	291	-
(Increase) in deferred outflows - pension	(48,724)	-
(Increase) in deferred outflows - OPEB	(1,834)	-
(Decrease) in accounts payable	(8,649)	-
Increase in accrued wages and benefits	1,547	-
Increase in intergovernmental payable	46,360	54,849
(Decrease) in compensated absences payable	(33,156)	-
Increase in net pension liability	101,427	-
Increase in net OPEB liability	19,430	-
(Decrease) deferred inflows - pension	(28,929)	-
(Decrease) deferred inflows - OPEB	(6,756)	-
Net cash provided by (used) in operating activities	$ 596,838	$ (31,862)

During 2018, the sanitary sewer fund purchased $86,537 in capital assets on account.

During 2019, the sanitary sewer fund entered into a $7,313 capital lease obligation.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SANDUSKY COUNTY

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2019

	Investment Trust	Custodial
Assets:		
Equity in pooled cash and cash equivalents	$ 3,057,637	$ 7,493,565
Cash in segregated accounts	-	585,778
Receivables (net of allowances for uncollectibles):		
Taxes - current	-	70,653,306
Special assessments	-	850,338
Accounts	126,786	63,378
Accrued interest	6,257	-
Due from other governments	679	2,826,401
Total assets	3,191,359	82,472,766
Liabilities:		
Accounts payable	-	5,198,009
Accrued wages and benefits	12,853	95,554
Compensated absences payable	-	26,455
Payroll withholding payable	-	3,190
Due to other governments	3,010	32,121
Total liabilities	15,863	5,355,329
Deferred inflows of resources:		
Property taxes levied for the next fiscal year	-	67,294,832
Net position:		
Restricted for individuals, organizations and other governments	$ 3,175,496	$ 9,822,605

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SANDUSKY COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Investment Trust	Custodial
Additions:		
Intergovernmental	$ -	$ 3,366,148
Amounts received as fiscal agent	-	6,007,442
Licenses, permits and fees for other governments, orgaizations and individuals.	-	13,799,498
Fines and forfeitures for other governments, orgaizations and individuals.	-	2,460,801
Property tax collection for other governments	-	88,734,633
Special assessments collections for other governments	-	534,399
Miscellaneous	650,312	-
Other custodial fund collections	-	161,688
Net increase in net position resulting from operations	73,255	-
Share transactions:		
Purchase of units	1,835,383	-
Redemption of units	(1,810,057)	-
Net increase in net position and shares resulting from share transactions	25,326	-
Total additions	748,893	115,064,609
Deductions:		
Distributions of state funds to other governments	-	2,923,277
Distributions as fiscal agent	-	6,405,958
Distributions to individuals	-	162,428
Licenses, permits and fees distributions to other governments, organizations and individuals.	-	13,754,496
Fines and forfeitures distributions to other governments, organizations and individuals.	-	2,464,208
Property tax distributions to other governments	-	93,088,660
Special assessment distributions to other governments	-	530,260
Total deductions	-	119,329,287
Net change in fiduciary net position	748,893	(4,264,678)
Net position beginning of year (restated)	2,426,603	14,087,283
Net position end of year	$ 3,175,496	$ 9,822,605

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE COUNTY

Sandusky County, Ohio (the County), was created in 1820. 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, and who manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, two Common Pleas Court Judges and a Probate/Juvenile Court Judge.

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

The primary government consists of all funds, component units, departments, boards and agencies that are not legally separate from the County. For Sandusky County, this includes the Sandusky County Board of Developmental Disabilities (DD); the Children Services Board; and other departments and activities that are directly operated by the elected County officials.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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

A. Reporting Entity

The County's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The basic financial statements include all funds, agencies, boards, commissions, and component units for which the County and the County Commissioners are "accountable". Accountability as defined in GASB Statement No. 14, GASB Statement No. 39 and GASB Statement No. 61 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's basic financial statements to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of the PCU's Board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County.

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

COMPONENT UNITS

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 budget, the issuance of debt, or the levying of taxes.

DISCRETELY PRESENTED COMPONENT UNIT

The component unit columns in the financial statements present the financial data of the County's discretely presented component units, the Sandusky Regional Airport Authority, the Sandusky County Transportation Improvement District, and Sandusky County Land Reutilization Corporation. They are reported separately to emphasize that they are legally separate from the County.

Sandusky Regional Airport Authority - The constitution and laws of the State of Ohio establish the rights and privileges of the Sandusky Regional Airport Authority, Sandusky County, Ohio (the Authority), as a body corporate and politic. The Sandusky County Commissioners appoint five Board members to direct the Authority. The Authority is responsible for the safe and efficient operation and maintenance of the Authority. The County Commissioners are responsible for the debt issued on behalf of the Authority. Due to the imposition of will exerted by the County Commissioners as well as the financial burden for the Authority, the Authority is presented separately as a component unit of the County. The Authority operates on a year ending December 31 and is presented on a cash basis of accounting. Separately issued financial statements can be obtained from Sandusky Regional Airport Authority, 2511 Countryside Drive, Suite D, Fremont Ohio 43420.

Sandusky County Transportation Improvement District - The Sandusky County Transportation Improvement District (the District) is a body corporate and politic established to plan, construct and improve highways, roads, bridges, interchanges and accompanying capital improvements and developments throughout Sandusky County. The District was formed under the Ohio Revised Code Chapter 5544.02, by action of the Board of Sandusky County Commissioners on May 22, 2012. The resolution to create the District states the Board shall consist of seven members. The members shall be appointed as follows: five (5) members shall be appointed by the County Commissioners; one (1) nonvoting member appointed by the Speaker of the Ohio House of Representatives of the general assembly; and one (1) nonvoting member appointed by the President of the Senate of the general assembly. Separately issued financial statements can be obtained from the Sandusky County Transportation Improvement District, 622 Croghan Street, Fremont Ohio 43420. The Sandusky County Transportation Improvement District had no financial activity during 2019.

Sandusky County Land Reutilization Corporation - The Sandusky County Land Reutilization Corporation (the Corporation) is a county land reutilization corporation that was formed on June 29, 2015 when the Sandusky County Board of Commissioners authorized the incorporation of the Corporation under Chapter 1724 of the Ohio Revised Code through resolution as a not-for-profit corporation under the laws of the State of Ohio. The purpose of the Corporation is for reclaiming, rehabilitating or reutilizing economically non-productive land throughout Sandusky County (the County). The Corporation can potentially address parcels where the fair market value of the property has been greatly exceeded by the delinquent taxes and assessed liens and are therefore not economically feasible to initiate foreclosure actions upon. By establishing the Corporation, the County can begin to address dilapidated housing issues in communities located in the County and also return properties to productive use. The Corporation has been designated as the County’s agent to further its mission to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed and other real property in the County by exercising the powers of the County under Chapter 5722 of the Ohio Revised Code.

Pursuant to Section 1724.03 (B) of the Ohio Revised Code, the Board of Directors of the Corporation shall be composed of five members including, (1) the County Treasurer, (2) at least two members of the County Board of Commissioners, (3) one member who is a representative of the largest municipal corporation, based on the population according to the most recent federal decennial census, that is located in the County, (4) one member who is a representative of a township with a population of at least ten thousand in the unincorporated area of the township according to the most recent federal decennial census, and (5) any remaining members selected by the County Treasurer and the County Commissioners who are members of the Corporation board. Separately issued financial statements can be obtained from the Sandusky County Land Reutilization Corporation, 100 North Park Avenue, Suite 227, Fremont, Ohio 43420.

POTENTIAL COMPONENT UNITS REPORTED AS CUSTODIAL FUNDS

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

Sandusky County Regional Planning Commission
Family and Children First Council
Sandusky County Park District
Sandusky County General Health District
Sandusky County Soil and Water Conservation District

The County is associated with certain organizations which are defined as joint ventures with equity interest, a shared risk pool, and an insurance purchasing pool and a related organization as follows:

JOINT VENTURES WITH EQUITY INTEREST

Ottawa, Sandusky, and Seneca County Solid Waste District

The Solid Waste District (the District) is a joint venture of Sandusky, Ottawa and Seneca Counties and is established under the authority of Section 3734.54 of the Ohio Revised Code. The cost of operations and expenses is to be funded by fees collected by the District. In the event that fees are not sufficient for the purpose, the counties shall share all operating costs and expenses incurred in the same proportions as the populations of the respective counties bear to the total population of all the counties. Upon the withdrawal of a county from the District, the Board of Directors shall ascertain, apportion, and order a division of the funds on hand, credits and real and personal property of the District, either in money or in kind, on any equitable basis between the District and the withdrawing county. Should the District be dissolved, the Boards of County Commissioners shall continue to levy and collect taxes for the payment of any outstanding indebtedness. The District is governed by the three commissioners of each county involved.

The counties share in the equity of the District is based on relative percentages of population within the three counties. Based upon this calculation, Sandusky County's equity interest in the District is $1,160,197 at December 31, 2019. Financial information can be obtained from the Sandusky County Auditor, 100 North Park Avenue, Fremont, Ohio 43420-2472.

Sandusky County - Seneca County - City of Tiffin Port Authority

The Port Authority, a joint venture between Sandusky and Seneca Counties and the City of Tiffin, is established under the authority of Sections 4582.21 et. seq., of the Ohio Revised Code, with territorial limits co-terminus with the boundaries of the counties, with Tiffin being within the boundaries of Seneca County. The Port Authority is governed by a seven member Board of Directors, consisting of two members from each of the counties and the city, with the seventh member being rotated between the three entities every four years. The members are appointed by the County Commissioners in the counties, and by the Mayor of Tiffin in the city. Appointed members may hold no other public office or public employment except Notary Public, member of the State Militia, or member of a reserve component of the United States Armed Forces. Initial funding for organizational expenses, including purchase of real or personal property by the Port Authority, were contributed by each subdivision with no obligation of future contributions or financial support. The contributions were equal and simultaneous. The Port Authority may be dissolved at any time upon the enactment of an ordinance by the city and resolutions by the counties. Any real or personal property will be returned to the subdivision from which it was received.

Upon dissolution of the Port Authority, any balance remaining in the Port Authority's funds or any real or personal property belonging to the Port Authority will be distributed equally to the city and the counties after paying all expenses and debts. Sandusky County's equity interest in the Port Authority is $1,472,272 at December 31, 2019. Financial information can be obtained from the Sandusky County - Seneca County - City of Tiffin Port Authority, James Supance, Chairman, P.O. Box 767, Tiffin, Ohio 44883.

Mental Health and Recovery Services Board of Seneca, Sandusky and Wyandot Counties

The Mental Health and Recovery Services Board (MHRS) is a joint venture between Seneca, Sandusky, and Wyandot Counties. The headquarters for MHRS is in Seneca County. MHRS provides community services to mentally ill and emotionally disturbed persons. Statutorily created, the MHRS Board is made of 18 members; 10 of the members are appointed by the county commissioners of each respective county, 4 are appointed by the State Department of Mental Health, and 4 are appointed by the State of Ohio Department of Alcohol and Drug Addiction Services. Revenues to provide mental health services are generated through State and Federal grants. The MHRS Board adopts its own budget, hires and fires staff and does not rely on the County to finance deficits.

The counties share in the equity of the MHRS Board based on the percentages of population within the three counties. Sandusky County's equity interest in this joint venture at December 31, 2019 is $2,518,249.

Financial information can be obtained from the Seneca County Auditor, RTA Building, Tiffin, Ohio 44883.

JOINTLY GOVERNED ORGANIZATION

West Central Ohio Network

The West Central Ohio Network (WestCon) is a jointly governed organization among Auglaize, Champaign, Darke, Hardin, Logan, Mercer, Miami, Preble, Sandusky, Shelby, and Union counties. WestCon was created to serve as an administrator and fiscal agent of Supported Living funds for the Boards of Developmental Disabilities (DODD Boards) of each of the participating counties. The degree of control exercised by any participating government is limited to its representation on the Board of Directors (the Board) of WestCon. The Board consists of one delegate, who is the Superintendent, from each of the participating DODD Boards. Payments to WestCon are limited to the supported living funds of each participating county. During 2019, the County contributed $5,858,554 to WestCon.

Financial information can be obtained from Renee Place, Executive Director, 315 East Court Street, Sidney, Ohio 45365.

SHARED RISK POOL

County Risk Sharing Authority, Inc. (CORSA)

The County Risk Sharing Authority, Inc., is a jointly governed organization among sixty-three counties and eighteen county facilities in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance. The County paid $233,653 to CORSA during 2019.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine 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 CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates.

Financial statements may be obtained by contacting the County Commissioners Association of Ohio in Columbus, Ohio.

INSURANCE PURCHASING POOL

County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

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

B. Basis of Presentation

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 activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the enterprise fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All enterprise funds and proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position.

The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its enterprise activities.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

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

C. Fund Accounting

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

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

Human Services - This fund accounts for various federal and State grants to provide public assistance to general relief recipients to pay their providers for medical assistance and for certain public services.

County Board of Developmental Disabilities (DD) - This fund accounts for the operation of a school and the costs of administering a workshop for the developmentally disabled. Revenue sources include a countywide property tax levy and federal and State grants.

Better Building Project - This fund accounts for the capital expenditures relating to the costs of construction, renovating, rehabilitation, furnishing, equipping and otherwise improving buildings, facilities and structures within the County.

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

PROPRIETARY FUNDS

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

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

Sanitary sewer - This fund accounts for sanitary sewer services provided to individual and commercial users in the majority of the unincorporated areas of the County. The costs of providing these services are primarily financed through user charges. The sanitary sewer district has its own facilities and rate structure.

Internal service fund - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The County's internal service fund accounts for a workers' compensation program for employees of the County.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. Currently, the County does not have any pension trust funds or private-purpose trust funds. The County's custodial funds account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, State-levied shared revenues, fines and forfeitures collected for and distributed to other political subdivisions, licenses, permits and fees collected and distributed to other political subdivisions and other amounts collected for and distributed to organizations or individuals. The County's investment trust fund accounts for monies held for Ottawa, Sandusky, and Seneca County Solid Waste District.

D. Basis of Accounting

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

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

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. On a full accrual basis, revenue from sales taxes is recognized in the year in which the sales are made. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from all other nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: sales tax (See Note 7), interest, federal and State grants and subsidies, State-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the County, See Notes 15 and 16 for deferred outflows of resources related the County’s net pension liability and net OPEB liability, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2019, but which were levied to finance 2020 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the County, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the County, See Notes 15 and 16 for deferred inflows of resources related to the County's net pension liability and net OPEB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expense/Expenditures - On the full accrual basis of accounting, expenses are recognized at the time they are incurred.

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

E. Budgetary Data

All funds, other than custodial funds, are required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations resolution, both of which are prepared on the budgetary basis of accounting. The County Auditor has waived the tax budget requirement. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund, program, department and object level.

The certificate of estimated resources may be amended during the year if projected increases or the County Auditor identifies decreases in revenue. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts are on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2019.

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

F. Cash and Investments

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

During 2019, investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio), federal agency securities, U.S. government money markets, negotiable and nonnegotiable certificates of deposit. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted

Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The County measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes all investment earnings are assigned to the General fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General fund during 2019 amounted to $1,223,825 which includes $1,032,121 assigned from other County funds.

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

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments, to the extent the investments were purchased from a specific fund rather than the pool.

G. External Investment Pool

By statute, the County serves as fiscal agent for various legally separate entities. The County pools the monies of these entities with the County's for investment purposes. The County cannot allocate its investments between the internal and external investment pools. The external investment pool is not registered with the SEC as an investment company. The fair value of investments is determined annually. The pool does not issue shares. Each participant is allocated a pro rata share of each investment at fair value along with a pro rata share of interest that it earns. The fair value of investments for both the internal and external investment pools is disclosed in Note 4, "Deposits and Investments".

Condensed financial information for the investment pool is as follows:

Statement of Net Position
December 31, 2019

Assets:	
Equity in pooled cash and cash equivalents	$ 52,863,190
Accrued interest receivable	114,731
Total	$ 52,977,921
Net position held in trust for participants:	
Internal portion	$ 49,920,284
External portion	3,057,637
Total	$ 52,977,921

Statement of Changes in Net Position
For the Year Ended December 31, 2019

Revenue:	
Operating revenues	$ 39,474
Expenses:	
Operating expenses	-
Net increase in assets resulting from operations	39,474
Distribution to pool participants	86,664
Capital transactions:	
Proceeds of investments sold	(43,391,501)
Purchase of investments	52,863,190
Total decrease in net position	9,597,827
Net position, beginning of year	43,380,094
Net position, end of year	$ 52,977,921

H. Inventories of Materials and Supplies

On the government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

I. Capital Assets

Governmental capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are valued at acquisition cost. The County maintains a capitalization threshold of $5,000. The County's infrastructure consists of roads, bridges, culverts and sanitary sewers. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is also capitalized.

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land improvements	15 - 30 years	15 - 30 years
Buildings and improvements	8 - 50 years	20 - 40 years
Furniture and equipment	5 - 15 years	10 - 20 years
Vehicles	8 - 15 years	8 - 15 years
Infrastructure	20 - 50 years	50 years

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The County's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project from the date of borrowing until completion of the project and the interest earned from temporary investment of the debt proceeds over the same period.

Capitalized interest is amortized on the straight-line method over the estimated useful life of the asset. For 2019, the net interest expense incurred on proprietary fund construction projects was not material.

J. Compensated Absences

Compensated absences of the County consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the County and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at December 31, 2019, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. Sick leave benefits are accrued using the vesting method. The County records a liability for accumulated unused sick leave after fifteen years of service with the County or over fifty years of age.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at December 31, 2019 and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments.

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

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the accounts "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2019, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

On the fund financial statements, reported prepayments are equally offset by a nonspendable fund balance classification in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

L. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivable/payable”. These amounts are eliminated in the governmental column on the statement of net position. Loans between governmental funds and custodial funds are reported as “loans due from/to other funds” on the financial statements.

M. Loans Receivable

Loans receivable represent the right to receive repayment for certain loans made by the County. These loans are based upon written agreements between the County and the various loan recipients. Reported loans receivable is offset by a restricted for loans fund balance in the governmental special revenue fund types.

N. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and long-term loans are recognized as a liability in the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits.

O. Interfund Transactions

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

During the normal course of operations, the County has numerous transactions between funds. Transfers represent movement of resources from a fund receiving revenue to a fund through which those resources will be expended and are recorded as other financing sources (uses) in governmental funds and as transfers in proprietary funds. Interfund transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the County are treated similarly when involving other funds of the County.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “interfund receivable/interfund payable” for the current portion of interfund loans. These amounts are eliminated in the statement of net position, except for any residual balances outstanding between the governmental activities and business-type activities, which are reported in the government-wide financial statements as “internal balances”.

P. Fund Balance

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

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

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

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

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

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

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

Q. Operating Revenues and Expenses

Operating revenues are those that are generated directly from the primary activities of the proprietary funds. For the County, these revenues are charges for services for the sewer and workers compensation programs. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting these definitions are reported as nonoperating.

R. Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities and less deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

S. Bond Issuance Costs, Bond Premium/Discount and Accounting Loss

On government-wide financial statements and in the enterprise funds, issuance costs are expensed during the year in which they incurred.

Bond premiums/discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond discounts are presented as a reduction to the face amount of the bonds.

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

The reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 13.

T. Estimates

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

U. Pensions/Other Postemployment Benefits (OPEB)

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

V. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County administration and that are either unusual in nature or infrequent in occurrence. The County had no extraordinary or special items during 2019.

W. Fair Value Measurements

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2019, the County has implemented GASB Statement No. 83, "*Certain Asset Retirement Obligations*", GASB Statement No. 84, "*Fiduciary Activities*", GASB Statement No. 88, "*Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*" and GASB Statement No. 90, "*Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61*".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the County.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the County will no longer be reporting agency funds. The County reviewed its agency funds and certain funds will be reported in the new fiduciary classification of custodial funds, while other funds have been reclassified as governmental or proprietary funds. These fund reclassifications resulted in the restatement of the County's financial statements.

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the County; however, certain note disclosures in Note 13 have been modified to conform to the new requirements.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the County.

B. Restatement of Net Position and Fund Balances

The implementation of GASB Statement No. 84 had the following effect on fund balance as reported at December 31, 2018:

	General	Job and Family Services	County Board of DD	Other Governmental Funds	Total Governmental Funds
Fund Balance as previously reported	$ 6,477,387	$ 874,472	$ 13,706,379	$ 15,978,975	$ 37,037,213
GASB Statement No. 84	36,929	-	-	16,248	53,177
Restated Fund Balance, at December 31, 2018	$ 6,514,316	$ 874,472	$ 13,706,379	$ 15,995,223	$ 37,090,390

The implementation of the GASB Statement No. 84 pronouncement had the following effect on the net position as reported at December 31, 2018:

	Governmental Activities	Business-type Activities
Net position as previously reported	$ 66,830,672	$ 4,727,285
GASB Statement No. 84	53,177	466
Restated net position at December 31, 2018	$ 66,883,849	$ 4,727,751

Due to the implementation of GASB Statement No. 84, the new classification of custodial funds is reporting a beginning net position of $14,087,283. Also, related to the implementation of GASB Statement No. 84, the County will no longer be reporting agency funds. At December 31, 2018, agency funds reported assets and liabilities of $60,448,255.

In addition, a prior period adjustment was required to properly report the County's investment trust fund. The County is no longer reporting the Sandusky County Park District as an investment trust fund. The County is the fiscal agent for the Park District; however the primary purpose for the relationship is not the generation of income; therefore, the activity is properly reported in a custodial fund.

The prior period adjustment had the following effect on net position as previously reported:

	Investment Trust
Net position as previously reported	$ 5,246,673
Reclassification:	
Sanduksy County Park District	(2,820,070)
Restated net position at December 31, 2018	$ 2,426,603

C. Deficit Fund Balances

Fund balances at December 31, 2019 included the following individual fund deficits:

Nonmajor funds	Deficit
Senior Citizens Levy	$ 50,727
VOCA Grant	2,246
Impaired Driving Enforcement Program	586
Homeland Security Grant	43,100
Work Release Earnings	6,478

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

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

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

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

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

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

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

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

7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);

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

9. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

A. Cash on Hand

At year end, the County had $300 in undeposited cash on hand which is included on the financial statements of the County as part of "equity in pooled cash and investments".

B. Cash in Segregated Accounts

At year end, $882,851 was on deposit in segregated accounts used by various County departments and included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the financial statements as "equity in pooled cash and investments". The carrying value of these deposits was $616,579 at December 31, 2019.

C. Cash and Cash Equivalents with Fiscal Agents

At year end, the County had $3,752,269 in monies held by a fiscal agent. $127,847 was set aside for future debt service and $3,624,422 was held by WestCon for the County's Board of Developmental Disabilities. These amounts have been excluded from the total deposits and investments below as they are not part of the County's internal investment pool.

These amounts have been included on the financial statements of the County as "cash and cash equivalents with fiscal agents.

D. Deposits with Financial Institutions

At December 31, 2019, the carrying amount of all County deposits, including nonnegotiable certificates of deposit and cash in segregated accounts, was $9,364,655. The County's bank balance of all County deposits was $9,205,255. Of the bank balance, $561,291 was covered by the FDIC and $8,643,964 was covered by the Ohio Pooled Collateral System (OPCS).

Custodial credit risk is the risk that, in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the County's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2019, the County's financial institutions were approved for a reduced collateral rate through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the County to a successful claim by the FDIC.

E. Investments

As of December 31, 2019, the County had the following investments and maturities:

		Investment Maturities				
Measurement/ Investment type	Measurement Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair value:						
Negotiable CD's	$ 9,430,452	$ 1,227,617	$ 993,728	$ 1,198,697	$ 1,735,247	$ 4,275,163
U.S. Government money market	27,483	27,483	-	-	-	-
FHLB	4,022,060	1,000,280	-	-	499,965	2,521,815
FNMA	6,178,691	200,006	1,498,670	1,489,780	2,990,235	-
FHLMC	12,992,860	-	2,246,197	-	-	10,746,663
FFCB	503,650	-	-	-	-	503,650
Amortized cost:						
STAR Ohio	10,959,618	10,959,618	-	-	-	-
Total	$ 44,114,814	$ 13,415,004	$ 4,738,595	$ 2,688,477	$ 5,225,447	$ 18,047,291

The weighted average maturity of investments is 1.78 years.

The County investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The County's investments in negotiable CD's and federal agency securities (FHLB, FNMA, FHLMC, FFCB) are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

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

Credit Risk: The County's investments, except for negotiable certificates of deposit, were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The negotiable certificates of deposit are covered by FDIC and are not rated.

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

Concentration of Credit Risk: The County places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the County at December 31, 2019:

Measurement/ Investment type	Measurement Value	% to Total
Fair value:		
Negotiable CD's	$ 9,430,452	21.38
U.S. Government money market	27,483	0.06
FHLB	4,022,060	9.12
FNMA	6,178,691	14.01
FHLMC	12,992,860	29.45
FFCB	503,650	1.14
Amortized cost:		
STAR Ohio	10,959,618	24.84
Total	$ 44,114,814	100.00

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2019:

Cash and investments per note	
Carrying amount of deposits	$ 8,748,076
Investments	44,114,814
Cash in segregated accounts	616,579
Cash and investments with fiscal agent	3,752,269
Cash on hand	300
Total	$ 57,232,038

Cash and investments per statement of net position	
Governmental activities	$ 45,261,771
Business-type activities	833,287
Investment trust	3,057,637
Custodial funds	8,079,343
Total	$ 57,232,038

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended December 31, 2019, consisted of the following, as reported on the fund financial statements:

Transfer to nonmajor governmental funds from:	Amount
General fund	$ 1,859,069
Nonmajor governmental funds	254,141
Total	$ 2,113,210

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The transfer from nonmajor governmental funds to other nonmajor governmental funds were to close out three nonmajor governmental funds. All other transfers complied with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

B. Interfund loans payable/receivable consisted of the following at December 31, 2019:

Receivable funds	Payable funds	Amount
General fund	Nonmajor governmental funds	$ 22,000
Nonmajor governmental funds	Nonmajor governmental funds	3,136
Total		$ 25,136

The interfund loan balances result from resources provided by the receivable fund to the payable fund to provide cash flow resources until anticipated revenues are received. Interfund loans payable/receivable between governmental funds are eliminated on the government-wide financial statements. Interfund loans payable/receivable between governmental and enterprise funds are shown as an internal balance on the statement of net position.

C. Amounts due to/from other funds consisted of the following at December 31, 2019, as reported on the fund financial statements:

Due from	Due to	Amount
General fund	Nonmajor governmental funds	$ 58,100

Amounts due to/from other funds between governmental funds are eliminated for reporting on the statement of net position. Amounts due to/from other funds between governmental funds and enterprise funds are reported as a component of internal balance on the statement of net position.

NOTE 6 - PROPERTY TAXES

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2019 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow of resources since the current taxes were not levied to finance 2019 operations and the collection of delinquent taxes has been offset by deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is considered a deferred inflow of resources.

The full tax rate for all County operations, excluding 911 operations, for the year ended December 31, 2019 was $9.80 per $1,000 of assessed value. The full tax rate for the County 911 operations, excluding the City of Bellevue and the Village of Green Springs, for the year ended December 31, 2019 was $0.30 per $1,000 of assessed value. The assessed values of real and tangible personal property upon which 2019 property tax receipts were based are as follows:

Real property	
Residential/agricultural	$ 989,715,680
Commercial/industrial/mineral	215,838,890
Public utility	
Real	707,320
Personal	105,315,320
Total assessed value	$ 1,311,577,210

NOTE 7 - PERMISSIVE SALES AND USE TAX

In 1979, the County Commissioners, by resolution, imposed a 0.5 percent tax on all retail sales made in the County, except sales of motor vehicles. In 1989, the percentage increased to 1 percent. In 2005, an additional 0.25 percent tax was levied and earmarked solely for emergency medical services. In 2010, an additional 0.25 percent tax was levied for general operations. The tax included the storage, use, or consumption of tangible personal property in the County, including motor vehicles not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the Office 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 Office 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 and Emergency Management System fund, a nonmajor governmental fund. Amounts that are measurable and available at year end are accrued as revenue on the fund financial statements. Permissive sales and use tax revenue totaled $11,472,305 in 2019.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2019, consisted of taxes, accounts (billings for user charged services), interfund transactions related to charges for goods and services rendered, intergovernmental receivables arising from grants, entitlements and shared revenue, special assessments, accrued interest, and loans. All intergovernmental receivables have been classified as “due from other governments” on the financial statements. Receivables have been recorded as described in Note 2.D. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Sales taxes	$ 3,056,116
Real estate and other taxes	13,388,315
Accounts	798,430
Special assessments	473,388
Accrued interest	114,731
Due from other governments	6,265,791
Due from component unit	21
Loans	32,300
Business-type activities:	
Accounts	164,446
Special assessments	14,885

Receivables have been disaggregated on the financial statements. The only receivables not expected to be collected within the subsequent year are the special assessments and loans, which are collected over the life of the assessment or loan.

NOTE 9 - LOANS RECEIVABLE

The County, through the community development block grant program, makes low-interest or interest-free loans to small businesses in the County. The activity for these loans is accounted for in the revolving loan fund, a nonmajor governmental fund. The following is a summary of the changes in the loans receivable during 2019.

Loans receivable at 12/31/18	$ 34,176
Principal payments received in 2019	(1,876)
Loans receivable at 12/31/19	$ 32,300

NOTE 10 - CAPITAL ASSETS

The capital asset activity for the year ended December 31, 2019 was as follows:

Governmental activities:	Balance 12/31/2018	Additions	Deductions	Balance 12/31/2019
Capital asset not being depreciated:				
Land	$ 2,125,354	$ -	$ (15,305)	$ 2,110,049
Construction in progress	519,851	1,057,795	-	1,577,646
Total capital assets not being depreciated:	2,645,205	1,057,795	(15,305)	3,687,695
Capital assets, being depreciated:				
Land improvements	1,083,785	6,775	-	1,090,560
Buildings and improvements	27,412,163	265,953	-	27,678,116
Furniture and equipment	3,130,826	542,565	-	3,673,391
Vehicles	6,794,148	978,313	(690,398)	7,082,063
Infrastructure	45,659,106	2,079,632	(976,912)	46,761,826
Total capital assets, being depreciated:	84,080,028	3,873,238	(1,667,310)	86,285,956
Less: accumulated depreciation:				
Land improvements	(943,233)	(14,585)	-	(957,818)
Buildings and improvements	(14,601,531)	(785,205)	-	(15,386,736)
Furniture and equipment	(1,735,121)	(270,248)	-	(2,005,369)
Vehicles	(4,282,081)	(406,889)	545,165	(4,143,805)
Infrastructure	(21,740,256)	(1,597,711)	810,107	(22,527,860)
Total accumulated depreciation	(43,302,222)	(3,074,638)	1,355,272	(45,021,588)
Total capital assets, being depreciated net	40,777,806	798,600	(312,038)	41,264,368
Governmental activities capital assets, net	$ 43,423,011	$ 1,856,395	$ (327,343)	$ 44,952,063

Business-type activities:	Balance 12/31/2018	Additions	Deductions	Balance 12/31/2019
Capital asset not being depreciated:				
Land	$ 11,465	$ -	$ -	$ 11,465
Construction in progress	803,341	349,538	(1,152,879)	-
Total capital assets not being depreciated:	814,806	349,538	(1,152,879)	11,465
Capital assets, being depreciated:				
Land improvements	25,549	-	-	25,549
Buildings and improvements	1,382,086	-	-	1,382,086
Furniture and equipment	1,015,275	7,313	-	1,022,588
Vehicles	171,109	-	-	171,109
Infrastructure	14,286,607	1,152,879	-	15,439,486
Total capital assets, being depreciated:	16,880,626	1,160,192	-	18,040,818
Less: accumulated depreciation:				
Land improvements	(8,724)	(1,278)	-	(10,002)
Buildings and improvements	(247,046)	(54,970)	-	(302,016)
Furniture and equipment	(702,709)	(23,102)	-	(725,811)
Vehicles	(100,911)	(11,289)	-	(112,200)
Infrastructure	(6,538,267)	(335,217)	-	(6,873,484)
Total accumulated depreciation	(7,597,657)	(425,856)	-	(8,023,513)
Total capital assets, being depreciated net	9,282,969	734,336	-	10,017,305
Business-type activities capital assets, net	$ 10,097,775	$ 1,083,874	$ (1,152,879)	$ 10,028,770

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

Governmental activities:	
Legislative and executive	$ 581,191
Judicial	370,071
Public safety	278,533
Public works	1,692,978
Health	39,562
Human services	112,303
Total depreciation expense - governmental	$ 3,074,638

Business-type activities:	
Sanitary sewer	$ 425,856

NOTE 11 - CAPITAL LEASES - LESSEE DISCLOSURE

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

General capital assets consisting of equipment and vehicles have been capitalized in the statement of net position in the amount of $1,140,209. This amount represents the present value of the minimum lease payments at the time of the lease inception. A corresponding liability was recorded in the statement of net position. Accumulated depreciation as of December 31, 2019 was $517,795, leaving a current book value of $622,414. Equipment with an outstanding capital lease balance of $150,581 at December 31, 2019 was acquired under the lease agreements have not been capitalized due to each item being under the capitalization threshold. During 2019, principal and interest payments totaled $308,268 and $24,516, respectively, paid by the General fund, the EMS fund (a nonmajor governmental fund), the County Board of DD fund, the Dog and Kennel fund (a nonmajor governmental fund), the Permanent Improvement fund (a nonmajor governmental fund), and the Sewer fund. As of December 31, 2019, the liability for capital lease obligation included in the long-term liabilities of governmental activities and business-type activities totaled $432,930 ($282,349 of which pertained to capital assets) and $6,440, respectively.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2019:

Year Ended December 31,	Governmental Activities Amount	Business-Type Activities Amount
2020	$ 164,643	$ 1,656
2021	126,573	1,656
2022	86,265	1,656
2023	68,729	1,656
2024	26,421	552
Total	472,631	7,176
Less: amount representing interest	(39,701)	(736)
Present value of net minimum lease payments	$ 432,930	$ 6,440

NOTE 12 - COMPENSATED ABSENCES

County employees earn vacation leave at varying rates ranging from two to five weeks per year. Accumulated vacation cannot exceed three times the annual accumulation rate for an employee. All accumulated, unused vacation time is paid upon separation from the County. Sick leave is accumulated at the rate of three weeks per year. Upon retirement, employees hired before August 12, 1982, are entitled to 100 percent of their accumulated sick leave up to a maximum of 260 days. Employees hired after August 12, 1982, are 55 years or older and have with seven years of service are entitled to 25 percent of their accumulated sick leave up to a maximum of 30 days.

NOTE 13 - LONG-TERM OBLIGATIONS

Long-term obligation activity for the year ended December 31, 2019 was as follows.

Governmental activities:	Interest Rate	Balance 12/31/18	Additions	Reductions	Balance 12/31/19	Amount Due in One Year
Special obligation bonds:						
Series A refunding - 2012	1.50-2.50%	$ 860,000	$ -	$ (375,000)	$ 485,000	$ 160,000
Series B - 2012	1.375 - 3.25%	355,000	-	(35,000)	320,000	35,000
Series C - 2012	0.90 - 4.00%	1,050,000	-	(100,000)	950,000	100,000
Series - 2016		4,755,000	-	(230,000)	4,525,000	235,000
Toal special obligation bonds		7,020,000	-	(740,000)	6,280,000	530,000
General obligation bonds:						
Building facilities improvement bonds, series :	2.00-4.00%	-	7,660,000	-	7,660,000	310,000
Ohio Public Works Commission loans (direct borrowing):						
Bridge project		96,643	-	(3,790)	92,853	3,790
CR 185 & TR 220 road improvement		76,563	-	(7,292)	69,271	7,292
County road 198 improvements		253,922	-	(22,081)	231,841	22,080
		427,128	-	(33,163)	393,965	33,162
Other long-term obligations:						
Compensated absences payable		2,031,139	732,408	(1,167,986)	1,595,561	1,247,277
Capital lease obligations		561,368	178,957	(307,395)	432,930	146,319
Net pension liability		11,770,752	8,093,832	-	19,864,584	-
Net OPEB liability		7,515,608	1,504,159	-	9,019,767	-
Total other long-term obligations		21,878,867	10,509,356	(1,475,381)	30,912,842	1,393,596
Total governmental obligations		$ 29,325,995	$ 18,169,356	$ (2,248,544)	45,246,807	$ 2,266,758
		Add: Unamortized premium on bond issue:			381,593	
		Less: Unamortized discount on bond issue:			(4,745)	
					$ 45,623,655	

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Business-type activities:	Balance 12/31/18	Additions	Reductions	Balance 12/31/19	Amount Due in One Year
Ohio Water Pollution Control loan (direct borrowing):					
Sandusky/Rice Joint Sewer Improvement	$ 161,226	$ -	$ (78,954)	$ 82,272	$ 40,713
Rice Township Sewer Improvement	43,284	-	(21,197)	22,087	10,930
Rice Township/Shorewood Sewer Improvements	7,888	-	(3,070)	4,818	1,577
State Route 6 Sanitary Sewer	282,309	-	(24,549)	257,760	12,274
Route 53 Area Sewers	25,071	-	(6,843)	18,228	3,515
Grandview Lift Station	442,841	-	(27,302)	415,539	13,944
Pump Station Improvements	210,635	-	(10,344)	200,291	5,313
Hayes Ave Sewer Replacement	1,013,884	-	(48,975)	964,909	25,097
Hayes Ave Sewer Phase 2	1,498,940	-	(71,504)	1,427,436	36,434
Wightman's Grove Sewer System	52,539	56,218	(5,690)	103,067	-
Lift Station and WWTP	816,897	39,696	(19,490)	837,103	-
White Star Park Sewer and Water Infrastructure	1,073,061	79,818	(23,288)	1,129,591	-
Total OWPCLF loans	5,628,575	175,732	(341,206)	5,463,101	149,797
Ohio Public Works Commission loans (direct borrowing):					
Sunny Acres Sewer Improvements	4,984	-	(2,492)	2,492	1,246
Rice Township Sewer Improvements - Phase II	19,217	-	(6,406)	12,811	3,203
Rice/Sandusky Sewer Improvements	37,619	-	(9,405)	28,214	4,702
Ireland Lift Station	144,500	-	(5,667)	138,833	2,833
E. State Street Sanitary Sewer Phase II - Timple Road	233,750	-	(13,750)	220,000	6,875
General Sewer District Rehabilitation	110,250	-	(4,500)	105,750	2,250
Total OPWC loans	550,320	-	(42,220)	508,100	21,109
Other long-term obligations:					
Capital lease obligations	-	7,313	(873)	6,440	$ 1,365
Net pension liability	135,076	101,427	-	236,503	-
Net OPEB liability	92,634	19,430	-	112,064	-
Compensated absences payable	56,693	-	(33,156)	23,537	23,290
Total other long-term obligations	284,403	128,170	(34,029)	378,544	24,655
Total business-type obligations	$ 6,463,298	$ 303,902	$ (417,455)	$ 6,349,745	$ 195,561

On September 17, 2019, the County issued $7,660,000 in series 2019 general obligation County building and facilities improvement bonds to provide funds to pay costs of the construction, adding to, remodeling, renovating, rehabilitating, furnishing, equipping and otherwise improving buildings, facilities and structures for County offices and functions and improving and equipping sites for such buildings, facilities and structures.

The series 2019 general obligation bonds are comprised of $7,660,000 in serial bonds. The interest rate on the current interest bonds range from 2.000% to 4.000%. The bonds were issued for a twenty year period, with a final stated maturity date of December 1, 2039. The bonds will be retired through the Debt Service fund (a nonmajor governmental fund). There were $6,935,452 in unspent bond proceed as of December 31, 2019.

On August 11, 2016, the County issued $5,500,000 in series 2016 special obligation sales tax supported bonds to provide funds to pay costs of constructing, renovating, remodeling, furnishing, equipping, and otherwise improving County buildings, primarily the County Courthouse.

The series 2016 special obligation sales tax supported bonds are comprised of $5,500,000 in serial bonds. The interest rate on the current interest bonds range from 2.000% to 4.000%. The bonds were issued for a twenty year period, with a final stated maturity date of December 1, 2035. The bonds will be retired through the Debt Service fund (a nonmajor governmental fund).

On June 27, 2012, the County issued $5,700,000 in series 2012 special obligation sales tax supported bonds. These bonds consisted of $3,475,000 in series 2012A special obligation sales tax supported refunding bonds to refund the series 2002 various purpose improvement and refunding bonds, $565,000 in series 2012B special obligation sales tax supported bonds for the juvenile detention center improvement project and $1,660,000 in series 2012C special obligation federally taxable sales tax supported bonds for the airport facilities and equipment acquisition project.

The series 2012A special obligation sales tax supported refunding issue is comprised of $2,990,000 in serial bonds and $485,000 in term bonds. The interest rate on the current interest bonds range from 1.500% to 3.000%. The bonds were issued for a seven year period, with a final stated maturity date of December 1, 2019. The interest rate on the term bond is 2.500% with a final stated maturity date of December 1, 2022. The bonds are retired through the Debt Service fund (a nonmajor governmental fund).

The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded general obligation bonds at December 31, 2019, is $545,000.

The series 2012B special obligation sales tax supported bonds for the juvenile detention center improvement project is comprised of term bonds in the amounts of $105,000, $210,000 and $250,000. The interest rates on the term bonds are 1.375%, 2.600% and 3.250%, respectively. The bonds have final stated maturity dates of December 1, 2015, December 1, 2021 and December 1, 2027, respectively. The bonds are retired through the Debt Service fund (a nonmajor governmental fund).

The series 2012C special obligation federally taxable sales tax supported bonds for the airport facilities and equipment acquisition project issue is comprised of $810,000 in serial bonds and $850,000 in term bonds. The interest rate on the current interest bonds range from 0.900% to 2.950%. The bonds were issued for an eight year period, with a final stated maturity date of December 1, 2020. The interest rate on the term bond is 4.00% with a final stated maturity date of December 1, 2027. The bonds are retired through the debt service fund (a nonmajor governmental fund).

Capital lease obligations will be paid from the General fund, the EMS fund (a nonmajor governmental fund), the County Board of DD fund, the Dog and Kennel fund (a nonmajor governmental fund), the Permanent Improvement fund (a nonmajor governmental fund), and the Sewer fund. See Note 11 for detail.

The County has entered into debt financing arrangements through the Ohio Public Works Commission (OPWC) to fund sewer improvements and bridge/ road improvements. The amounts due to the OPWC for the sewer loans are payable solely from operating revenues and the loans in the governmental activities are paid from the Debt Service fund (a nonmajor governmental fund). The loan agreements function similar to a line-of-credit agreement. At December 31, 2019, the County has outstanding borrowings of $902,065. The loan agreements require semi-annual payments based on the actual amount loaned. The OPWC loans are interest free.

OPWC loans are direct borrowings that have terms negotiated directly between the County and the OPWC and are not offered for public sale. In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the County for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the County is located to pay the amount of the default from funds that would otherwise be appropriated to the County from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

The County entered into debt financing arrangements through the Ohio Water Pollution Control Loan Fund (OWPCLF) to fund sewer improvements. The amounts due to the OWPCLF are payable solely from operating revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2019, the County has outstanding borrowings of $5,463,101. The wightman's grove sewer system project, white star park sewer project and water infrastructure project and the lift station project amortization schedules ($2,069,761) have not been completed at December 31, 2019 and are not included in the amortization schedules shown below. The loan agreements require semi-annual payments based on the actual amount loaned. The loans are payable from the Sanitary Sewer fund.

OWPCLF loans are direct borrowings that have terms negotiated directly between the City and the OWPCLF and are not offered for public sale. In the event of default, the OWPCLF may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

The compensated absences liability will be paid from the fund from which the employees' salaries are paid, which, for the County, is primarily the General fund, County Board of DD fund, the Motor Vehicle and Gas Tax fund (a nonmajor governmental fund), the Human Services fund, and the Sanitary Sewer fund.

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 shall never exceed one percent of the total assessed valuation of the County.

The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never 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 assessed valuation used in determining the County's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the County's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. Based on this calculation, the County's voted legal debt margin was $23,981,230 at December 31, 2019 and the unvoted legal debt margin was $5,807,572 at December 31, 2019.

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

	Special Obligations Bonds			General Obligations Bonds		
Year Ended	Principal	Interest	Total	Principal	Interest	Total
2020	$ 530,000	$ 171,145	$ 701,145	$ 310,000	$ 243,931	$ 553,931
2021	545,000	153,885	698,885	335,000	196,187	531,187
2022	565,000	134,975	699,975	340,000	182,788	522,788
2023	405,000	120,050	525,050	345,000	169,187	514,187
2024	415,000	109,150	524,150	350,000	155,388	505,388
2025 - 2029	1,890,000	377,538	2,267,538	1,810,000	621,837	2,431,837
2030 - 2034	1,590,000	174,813	1,764,813	1,980,000	418,913	2,398,913
2035 - 2039	340,000	9,350	349,350	2,190,000	164,165	2,354,165
Total	$ 6,280,000	$ 1,250,906	$ 7,530,906	$ 7,660,000	$ 2,152,396	$ 9,812,396

	OPWC Loan		
Year Ended	Principal	Interest	Total
2020	$ 33,162	$ -	$ 33,162
2021	33,161	-	33,161
2022	33,162	-	33,162
2023	33,162	-	33,162
2024	33,161	-	33,161
2025 - 2029	162,163	-	162,163
2030 - 2034	29,990	-	29,990
2035 - 2039	18,949	-	18,949
2040 - 2044	17,055	-	17,055
Total	$ 393,965	$ -	$ 393,965

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

	OPWC Loans			OWPCLF Loans		
Year Ended	Principal	Interest	Total	Principal	Interest	Total
2020	$ 21,109	$ -	$ 21,109	$ 149,797	$ 46,255	$ 196,052
2021	40,973	-	40,973	252,847	85,448	338,295
2022	36,524	-	36,524	201,988	79,163	281,151
2023	28,619	-	28,619	199,477	73,979	273,456
2024	23,917	-	23,917	204,604	68,852	273,456
2025 - 2029	119,583	-	119,583	1,105,442	262,837	1,368,279
2030 - 2034	119,583	-	119,583	1,079,170	110,367	1,189,537
2035 - 2039	71,458	-	71,458	200,015	4,739	204,754
2040 - 2044	46,334	-	46,334	-	-	-
Total	$ 508,100	$ -	$ 508,100	$ 3,393,340	$ 731,640	$ 4,124,980

NOTE 14 - RISK MANAGEMENT

A. General Insurance

The County is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2019, the County contracted with County Risk Sharing Authority (CORSA) for liability, property and crime insurance. The CORSA program has a $2,500 deductible. Coverages provided by CORSA are as follows:

Type of Coverage	Amount
General Liability (per occurrence)	$ 1,000,000
Law Enforcement Liability (per occurrence)	1,000,000
Automobile Liability and Physical Damage	
Liability (per occurrence)	1,000,000
Medical payments	
Per Person	5,000
Per Occurrence	50,000
Uninsured Motorist (per person)	250,000
Errors and Omissions	1,000,000
Excess Liability	6,000,000
Property	137,428,857
Equipment Breakdown	100,000,000
Crime Insurance:	
Faithful Performance	1,000,000

With the exceptions of health insurance, life insurance, and workers' compensation, all insurance is held with CORSA (See Note 2). There has been no significant reduction in coverage from prior year and settled claims have not exceeded limits of coverage in the past three years. The County pays all elected officials' bonds in accordance with statute.

B. Health and Vision Insurance

The County provides comprehensive health and vision insurance coverage to its employees through a traditionally funded plan. The County purchases commercial health insurance coverage. The County pays 87% of the monthly premium while the employee pays 13%. The entire risk of loss transfers to the commercial insurance carrier. The County's monthly premium requirement is as follows:

	Family Coverage	Single Coverage
CEBCO	$ 1,505.81	$ 571.25

C. Insurance Purchasing Pool

For 2019, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (See Note 2). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

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

D. Natural Gas

The County participates in the County Commissioners Association of Ohio Service Corporation National Gas Program (the Program), a natural gas cost savings pool. There are currently over 50 counties participating. The program allows additional counties and/or additional county facilities to join at any time. Approximate savings range from $0.50-$1.18 per metric cubic foot and this savings has been maintained since the inception of the program. The program is administered through Palmer Energy.

NOTE 15 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

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

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

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

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

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

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 Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension 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 Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

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

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

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

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 3.00% 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 3.00%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.00% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3.00% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the 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% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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

	State and Local	Public Safety	Law Enforcement
2019 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee ***	10.0 %	*	**
2019 Actual Contribution Rates			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0 %	0.0 %	0.0 %
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

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

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

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

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

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

The County's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was $4,141,244 for 2019. Of this amount, $322,250 is reported as due to other governments.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For 2019, plan members were required to contribute 14% of their annual covered salary. The County was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The 2019 contribution rates were equal to the statutory maximum rates.

The County's contractually required contribution to STRS was $79,556 for 2019. Of this amount, $27,718 is reported as due to other governments.

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

The net pension liability and net pension asset for the OPERS Traditional Pension Plan, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2018, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. STRS's total pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. e County's proportion of the net pension liability or asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	STRS	Total
Proportion of the net pension liability/asset prior measurement date	0.079133%	0.101558%	0.045434%	0.003691%	
Proportion of the net pension liability/asset current measurement date	0.078278%	0.098626%	0.054467%	0.003749%	
Change in proportionate share	-0.000855%	-0.002932%	0.009033%	0.000058%	
Proportionate share of the net pension liability	$ 19,271,978	$ -	$ -	$ 829,109	$ 20,101,087
Proportionate share of the net pension asset	-	(99,139)	(1,116)	-	(100,255)
Pension expense	6,771,772	27,511	(289)	147,947	6,946,941

At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	STRS	Total
Deferred outflows of resources					
Differences between expected and actual experience	$ 890	$ -	$ 4,643	$ 6,750	$ 12,283
Net difference between projected and actual earnings on pension plan investments	2,615,750	21,358	371	-	2,637,479
Changes of assumptions	1,677,673	22,143	345	97,396	1,797,557
Changes in employer's proportionate percentage/ difference between employer contributions	2,487,460	-	-	141,415	2,628,875
Contributions subsequent to the measurement date	4,060,201	48,301	32,742	36,855	4,178,099
Total deferred outflows of resources	$ 10,841,974	$ 91,802	$ 38,101	$ 282,416	$ 11,254,293

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	STRS	Total
Deferred inflows of resources					
Differences between expected and actual experience	$ 253,052	$ 40,492	$ -	$ 3,588	$ 297,132
Net difference between projected and actual earnings on pension plan investments	-	-	-	40,522	40,522
Changes in employer's proportionate percentage/ difference between employer contributions	15	-	-	-	15
Total deferred inflows of resources	$ 253,067	$ 40,492	$ -	$ 44,110	$ 337,669

$4,178,099 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2020.

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

Year Ending December 31:	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	STRS	Total
2020	$ 3,429,366	$ 3,350	$ 772	$ 129,316	$ 3,562,804
2021	1,640,163	(917)	710	48,786	1,688,742
2022	242,664	(467)	718	12,143	255,058
2023	1,216,513	6,218	864	11,206	1,234,801
2024	-	(2,562)	640	-	(1,922)
Thereafter	-	(2,613)	1,655	-	(958)
Total	$ 6,528,706	$ 3,009	$ 5,359	$ 201,451	$ 6,738,525

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

Wage inflation	3.25%
Future salary increases, including inflation	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	Pre 1/7/2013 retirees: 3.00%, simple
	Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.50%
Actuarial cost method	Individual entry age

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

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

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

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 2.94% for 2018.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.79 %
Domestic equities	19.00	6.21
Real estate	10.00	4.90
Private equity	10.00	10.81
International equities	20.00	7.83
Other investments	18.00	5.50
Total	100.00 %	5.95 %

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2018 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	$ 28,470,316	$ 19,271,978	$ 11,628,076
Combined Plan	(32,803)	(99,139)	(147,172)
Member-Directed Plan	(490)	(1,116)	(1,958)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation are presented below:

	July 1, 2019
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.0%, effective July 1, 2017

For the July 1, 2019, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

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

**The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net pension liability	$ 1,211,650	$ 829,109	$ 505,268

NOTE 16 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority 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. Health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.00%.

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

The County's contractually required contribution was $13,096 for 2019. Of this amount, $1,019 is reported as due to other governments.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For 2019, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. STRS's total OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB liability was based on the County's share of contributions to the retirement plan relative to the contributions of all participating entities.

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

	OPERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.078400%	0.003691%	
Proportion of the net OPEB liability/asset current measurement date	0.077917%	0.003749%	
Change in proportionate share	-0.000483%	0.000058%	
Proportionate share of the net OPEB liability	$ 9,131,831	$ -	$ 9,131,831
Proportionate share of the net OPEB asset	-	(62,095)	(62,095)
OPEB expense	879,790	(18,105)	861,685

At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 3,093	$ 5,630	$ 8,723
Net difference between projected and actual earnings on OPEB plan investments	418,641	-	418,641
Changes of assumptions	294,421	1,305	295,726
Changes in employer's proportionate percentage/ difference between employer contributions	42,474	6,566	49,040
Contributions subsequent to the measurement date	13,096	-	13,096
Total deferred outflows of resources	$ 771,725	$ 13,501	$ 785,226

	OPERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 24,777	$ 3,159	$ 27,936
Net difference between projected and actual earnings on OPEB plan investments	-	3,901	3,901
Changes of assumptions	-	68,080	68,080
Changes in employer's proportionate percentage/ difference between employer contributions	5,574	-	5,574
Total deferred inflows of resources	$ 30,351	$ 75,140	$ 105,491

$13,096 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2020.

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

	OPERS	STRS	Total
Year Ending December 31:			
2020	$ 363,217	$ (13,600)	$ 349,617
2021	85,279	(13,600)	71,679
2022	68,883	(12,037)	56,846
2023	210,899	(11,491)	199,408
2024	-	(11,148)	(11,148)
Thereafter	-	237	237
Total	$ 728,278	$ (61,639)	$ 666,639

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	3.96%
Prior Measurement date	3.85%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.50%
Municipal Bond Rate	
Current measurement date	3.71%
Prior Measurement date	3.31%
Health Care Cost Trend Rate	
Current measurement date	10.00% initial, 3.25% ultimate in 2029
Prior Measurement date	7.50%, initial 3.25%, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-

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

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

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

During 2018, 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 5.60% for 2018.

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 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	100.00 %	5.16 %

Discount Rate **-** A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.71%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the County's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96%, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96%) or one-percentage-point higher (4.96%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net OPEB liability	$ 11,683,016	$ 9,131,831	$ 7,102,965

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB liability	$ 8,777,671	$ 9,131,831	$ 9,539,729

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, compared with July 1, 2018, are presented below:

	July 1, 2019		July 1, 2018	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discounted rate of return	7.45%		7.45%	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	6.00%	4.00%	6.00%	4.00%
Medicare	5.00%	4.00%	5.00%	4.00%
Prescription Drug				
Pre-Medicare	9.62%	4.00%	8.00%	4.00%
Medicare	4.00%	4.00%	-5.23%	4.00%

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

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

Actuarial assumptions used in the June 30, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

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

** The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

Discount Rate **-** The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2019.

Sensitivity of the County's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate **-** The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net OPEB asset	$ 52,986	$ 62,095	$ 69,754

	1% Decrease	Current Trend Rate	1% Increase
County's proportionate share of the net OPEB asset	$ 70,413	$ 62,095	$ 51,908

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the General fund, Motor Vehicle and Gas Tax fund, Human Services fund and County Board of DD fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

(a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

(b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

(d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);

(e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,

(f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	General Fund	Human Services	County Board of DD
Budget basis	$ (373,047)	$ (229,958)	$ 59,359
Net adjustment for revenue accruals	505,795	163,690	(919,386)
Net adjustment for expenditure accruals	(397,060)	(32,062)	1,421,371
Net adjustment for other sources/uses	195,550	-	-
Funds budgeted elsewhere	287,109	-	-
Adjustment for encumbrances	491,907	265,589	290,635
GAAP basis	$ 710,254	$ 167,259	$ 851,979

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis.

This includes the Land Reutilization Corporation fund, Accumulated Sick Leave fund, Budget Reserve fund, Surplus fund, Unclaimed Monies fund, Title Administration fund, Property Tax Foreclosure Rotary fund, Annexations fund, Sandusky County Group Medical Benefit Plan fund, Detention Center Donations fund, Family Drug Court Donation fund, Truancy Supervision Program Donation fund, Recorder Equipment fund, Sheriff Donations fund, Sheriff K9 Unit Donations fund, the Medicaid Sales Tax Transition fund, County Hotel Lodging Tax fund, Fire Insurance Escrow fund, Nexus Escrow fund and the Cash in Segregated Accounts fund to account for monies held in cash in segregated accounts with the Prosecutor, Sheriff and Engineer's departments.

NOTE 18 - FUND BALANCE

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

Fund balance	General	Human Services	County Board of DD	Better Building Project	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Materials and supplies inventory	$ 139,621	$ 14,712	$ 10,639	$ -	$ 300,685	$ 465,657
Prepaids	95,231	27,967	117	-	84,022	207,337
Long-term loans	58,100	-	-	-	-	58,100
Unclaimed monies	458,178	-	-	-	-	458,178
Total nonspendable	751,130	42,679	10,756	-	384,707	1,189,272
Restricted:						
Legislative and executive operations	-	-	-	-	1,611,564	1,611,564
Judicial	-	-	-	-	3,509,468	3,509,468
Public safety programs	14,723	-	-	-	5,261,578	5,276,301
Public works projects	-	-	-	-	2,838,873	2,838,873
Health programs	-	-	-	-	317,219	317,219
Human services programs	-	999,052	14,547,602	-	1,215,237	16,761,891
Economic development and assistance	34,540	-	-	-	176,748	211,288
Debt service	-	-	-	-	351,800	351,800
Loans	-	-	-	-	32,300	32,300
Capital projects	-	-	-	6,800,915	88	6,801,003
Total restricted	49,263	999,052	14,547,602	6,800,915	15,314,875	37,711,707
Committed:						
Legislative and executive operations	2,758	-	-	-	5,922	8,680
Judicial	-	-	-	-	492,532	492,532
Capital projects	-	-	-	-	439,197	439,197
Termination benefits	1,266	-	-	-	-	1,266
Medical benefits	586,107	-	-	-	-	586,107
Total committed	590,131	-	-	-	937,651	1,527,782
Assigned:						
Legislative and executive operations	121,375	-	-	-	-	121,375
Judicial	6,395	-	-	-	-	6,395
Public safety programs	42,443	-	-	-	-	42,443
Health programs	142	-	-	-	-	142
Human services programs	539	-	-	-	-	539
Subsequent year appropriations	1,106,665	-	-	-	-	1,106,665
Total assigned	1,277,559	-	-	-	-	1,277,559
Unassigned (deficit)	4,556,487	-	-	-	(103,137)	4,453,350
Total fund balances	$ 7,224,570	$ 1,041,731	$ 14,558,358	$ 6,800,915	$ 16,534,096	$ 46,159,670

NOTE 19 - OTHER COMMITMENTS

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

Fund	Year-End Encumbrances
General fund	$ 173,632
Human services	84,247
County Board of DD	131,659
Other governmental	329,079
Total	$ 718,617

NOTE 20 - CONTINGENT LIABILITIES

A. Grants

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

B. Litigation

Several claims and lawsuits are pending against the County. In the opinion of the County Prosecutor, no liability is anticipated in excess of insurance coverage.

Nexus Gas Transmission is in the process of appealing the generation pipeline public utility property tax valuation. As of the date of this report, the ruling had not been finalized. As a result, the impact of appeal on the fiscal year 2019 financial statements is not determinable, at this time.

NOTE 21 - TAX ABATEMENTS

As of December 31, 2019, the County provides tax abatements through two programs – Community Reinvestment Area (CRA) and Enterprise Zone (Ezone). These programs relate to the abatement of property taxes.

CRA - Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

Ezone - Under the authority of ORC Sections 5709.62 and 5709.63, the Ezone program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. An Ezone is a designated area of land in which businesses can receive tax incentives in the form of tax exemptions on qualifying new investment. An Ezone's geographic area is identified by the local government involved in the creation of the zone. Once the zone is defined, the local legislative authority participating in the creation must petition the OSDA. The OSDA must then certify the area for it to become an active Enterprise Zone. The local legislative authority negotiates the terms of the Enterprise Zone Agreement (the "Agreement") with the business, which may include tax sharing with the Board of Education. Legislation must then be passed to approve the Agreement. All Agreements must be finalized before the project begins and may contain provisions for the recoupment of taxes should the individual or entity fail to perform. The amount of the abatement is deducted from the business's property tax bill.

The County has entered into the following Economic Zone (EZ) tax abatement agreements for the abatement of real property taxes:

- Agreement between the County, the City of Ballville and the City of Fremont
- Agreement between the County, Madison Township, the Village of Gibsonburg and Gibsonburg EVSD
- Agreement between the County, the City of Clyde, and Clyde EVSD

The EZ agreements were entered into by Commissioner Resolution between 2005-2016. The County's property taxes collections were reduced by $122,187 during 2019.

The County also incurs a reduction in property taxes by agreements entered into by other governments that reduce the County's taxes. The County's property taxes were reduced by the same programs mentioned above that were entered into by other governments. During 2019, the County's property tax revenues were reduced under agreements entered into by other governments as follows:

Government Entering	Tax Abatement Program		County
Into Agreement	CRA	Ezone	Taxes Abated
City of Bellevue	$ 78,001	$ -	$ 78,001
City of Fremont	29,478	45,995	75,473
Total	$ 107,479	$ 45,995	$ 153,474

NOTE 22 - SANDUSKY REGIONAL AIRPORT AUTHORITY

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Sandusky County Regional Airport Authority, Sandusky County, Ohio (the Authority) as a body corporate and politic. The Sandusky County Commissioners appoint five Board members to direct the Authority. The Authority is responsible for the safe and efficient operation and maintenance of Sandusky County Regional Airport. Due to the imposition of will exerted by the County as well as the financial burden for the Authority, the Authority is reflected as a component unit of Sandusky County. The Authority operates on a year ending December 31.

Sandusky County (the County) is a political subdivision of the State of Ohio. In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organization are Component Units,* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34* , in defining the financial reporting entity. The County's primary government and basic financial statement include component units, which are defined as legally separate organization for which the County if 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 impose its will over the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; or (3) the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the

County is obligated for the debt of the organization. The Authority is a legally separate entity and is reported by the County as a discretely presented component unit in the County's basic financial statements. The Authority does not have any component units and does not include any organizations in its presentation.

B. Accounting Basis

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

The Authority's basis financial statements consist of government-wide financial statement, including a Statement of Net Position and a Statement of Activities, and the fund financial statements which provide a more detail level of financial information.

C. Measurement Focus

Government-Wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. The statement of net position and the statement of activities display information about the Authority as a whole. The statements include the financial activities of the primary government, except for the fiduciary funds. These statements usually distinguish between those activities of the Authority that are governmental and those that are business-type. The Authority, however, does not have any business-type activities.

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

Fund Financial Statements – All government funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and deferred inflows of resources generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and used (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Fund Accounting

The Authority uses fund accounting to segregate cash and investments that are restricted to use. A fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together will all related liabilities and residual equities or balances, and attaining certain objectives in accordance with special regulations, restrictions or limitations. For financial statement purposes, the Authority's funds are classified as governmental.

Governmental Funds

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be repaid. The difference between governmental fund assets plus deferred outflows less liabilities plus deferred inflows is reported as fund balance. The following is the Authority's major governmental fund:

General Fund - The General fund reports all financial resources except those required to be accounted for in another fund.

The other governmental fund of the Authority accounts for a grant whose use is restricted to a particular purpose.

E. Cash and Cash Equivalents

The Authority maintains depository accounts. All funds of the Authority are maintained in these accounts. These interest-bearing deposits accounts are presented in the balance sheet as "Cash and Cash Equivalents." The Authority has no investments.

F. Capital Assets

General capital assets are associated with and generally arise from governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are stated at cost at the approximate fair value at the date of purchase. All capital assets in excess of $5,000 and all expenditures for repairs, maintenance, renewal and betterments that materially prolong the useful lives of assets are capitalized. Depreciation is computed using the straight line basis. Expenditures for maintenance and repairs are expensed as incurred.

G. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported on the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

H. Net Position

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for acquisition, construction or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Authority applies restricted resources when an expense is incurred for purposes for with both restricted and unrestricted components of net position are available.

I. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Authority must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable - The Authority classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

Restricted - Fund balance is 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 Board can commit amounts via formal action (resolution). The Authority must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the General fund report all fund balances as assigned unless they are restricted or committed. In the General fund, assigned amounts represent intended uses established by the Board or an Authority official delegated that authority by resolution, or by State Statute.

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

The Authority applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available.

Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

J. Income Tax Status

The Authority is a not-for-profit organization, exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Authority is not a private foundation within the meaning of Section 509 (a). Contributions to the Authority are deductible per Section 170(b)(1)(A)(v1). Management is unaware of any actions or events that would jeopardize the Authority's tax status.

K. Revenues – Exchange and Nonexchange Transactions

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

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

Under the modified accrual basis, intergovernmental revenue sources are considered to be both measurable and available at year-end.

L. Expense/Expenditures

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

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

M. Estimates

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

N. Equity in Pooled Deposits

At December 31, 2019, the carrying amount of all Authority deposits was $38,626. The Authority's bank balance of all Authority deposits was $57,202. The entire bank balance was covered by Federal Deposit Insurance Corporation (FDIC).

Custodial credit risk is the risk that, in the event of bank failure, the Authority will not be able to recover deposit or collateral securities that are in the possession of an outside party. The Authority has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, 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 to a reduced rate by the Treasurer of State.

O. Receivables

Receivables at December 31, 2019 consisted of the amounts from accounts receivable and intergovernmental receivable. All receivables are considered collectible in full. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	**Amount**
Accounts receivable	$ 12,702
Intergovernmental receivable	6,130

Receivables have been disaggregated on the face of the basis financial statements. All receivables are expected to be collected within the subsequent year.

P. Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance 12/31/2018	Additions	Deductions	Balance 12/31/2019
Capital asset not being depreciated:				
Land	$ 863,291	$ -	$ -	$ 863,291
Capital assets, being depreciated:				
Buildings	1,743,215	-	-	1,743,215
Improvements	4,584,744	-	-	4,584,744
Equipment	201,607	-	(3,170)	198,437
Total capital assets, being depreciated:	6,529,566	-	(3,170)	6,526,396
Less: accumulated depreciation:				
Buildings	(732,229)	(53,640)	-	(785,869)
Improvements	(2,849,577)	(124,733)	-	(2,974,310)
Equipment	(126,358)	(7,423)	25	(133,756)
Total accumulated depreciation	(3,708,164)	(185,796)	25	(3,893,935)
Total capital assets, being depreciated net	2,821,402	(185,796)	(3,145)	2,632,461
Capital assets, net	$ 3,684,693	$ (185,796)	$ (3,145)	$ 3,495,752

Q. Long-Term Obligations

During fiscal year 2019, the following changes occurred in governmental activities long-term obligations:

Governmental activities:	Balance 12/31/2018	Additions	Reductions	Balance 12/31/2019	Amount Due in One Year
Promissory Note	$ 26,250	$ -	$ (15,000)	$ 11,250	$ 11,250

Promissory Note

On October 15, 2018, the Authority signed a promissory note through Clydescope Economic Development Corporation in the amount of $30,000, to repave the entrance road to the Sandusky County Regional airport. The debt was issued for a two year period with a 5% interest rate.

The debt will be retired through the General Fund.

The debt maturing on September 30, 2020 is subject to mandatory quarterly payments plus interest to date of redemption. The payment schedule is as follows:

	Promissory Note		
Year Ended	Principal	Interest	Total
2020	$ 11,250	$ 281	$ 11,531

R. Risk Management

Commercial Insurance

The Authority has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles; and
- Errors and omissions

The Authority has had no significant reductions in any of its insurance coverage from that maintained in prior years. Additionally, there have been no insurance settlements that have exceeded insurance coverage in any of the past three years.

Worker's Compensation

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

S. Contingent Liabilities

Amounts grantor agencies pay to the Authority are subject to audit and adjustments by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

T. Interfund Transactions

Amounts due to/from other funds between governmental funds consistent of the following at December 31, 2019, as reported on the fund financials statements:

Due from other funds:	Due to other funds:	Amount
General Fund	Airport Improvement Program Grant fund	$ 6,130

Amounts due to/from other funds between governmental funds are eliminated for reporting purposes on the Statement of Net Position.

U. Subsequent Events

The United States and State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. The impact on the Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 23 - SANDUSKY COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

A. Description of the Entity

The Sandusky County Transportation Improvement District, Sandusky County, Ohio (the District) is a body corporate and politic established to plan, construct and improve highways, roads, bridges, interchanges and accompanying capital improvements and developments throughout Sandusky County.

The District was formed under the Ohio Revised Code Chapter 5544.02, by action of the Board of Sandusky County Commissioners on May 22, 2012. The resolution to create the District states the Board shall consist of seven members. The members shall be appointed as follows: five (5) members shall be appointed by the County Commissioners; one (1) nonvoting member appointed by the Speaker of the Ohio House of Representatives of the general assembly; and one (1) nonvoting member appointed by the President of the Senate of the general assembly.

The Sandusky County Auditor acts as fiscal agent for the District and the Sandusky County Treasurer acts as custodian of all funds. The District's management believes these financial statements present all activities for which the District is financial accountable.

B. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2- 03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2- 03(D) permit.

C. Deposits and Investments

The Sandusky County Treasurer is custodian for the District's deposits. The County's deposit and investment pool holds the District's assets, valued at the Treasurer's reported carrying amount.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies all funds into the General fund type, which accounts for and reports all financial resources not accounted for and reported in another fund.

E. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable - The District classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

Restricted - Fund balance is 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 - Trustees can commit amounts via formal action (resolution). The District must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the General fund report all fund balances as assigned unless they are restricted or committed. In the General fund, assigned amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute.

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

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

F. Property, Plant and Equipment

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Risk Management

The District has not obtained insurance and is uninsured for general liability insurance coverage.

H. Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

I. Subsequent Events

The United States and State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 24 - SANDUSKY COUNTY LAND REUTILIZATION CORPORATION

A. Description of the Entity

Sandusky County Land Reutilization Corporation (the Corporation) is a county land reutilization corporation that was formed on June 29, 2015 when the Sandusky County Board of Commissioners authorized the incorporation of the Corporation under Chapter 1724 of the Ohio Revised Code through resolution as a not-for-profit corporation under the laws of the State of Ohio. The purpose of the Corporation is for reclaiming, rehabilitating or reutilizing economically non-productive land throughout Sandusky County (the County). The Corporation can potentially address parcels where the fair market value of the property has been greatly exceeded by the delinquent taxes and assessed liens and are therefore not economically feasible to initiate foreclosure actions upon.

By establishing the Corporation, the County can begin to address dilapidated housing issues in communities located in the County and also return properties to productive use. The Corporation has been designated as the County's agent to further its mission to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed and other real property in the County by exercising the powers of the County under Chapter 5722 of the Ohio Revised Code.

Pursuant to Section 1724.03 (B) of the Ohio Revised Code, the Board of Directors of the Corporation shall be composed of five members including, (1) the County Treasurer, (2) at least two members of the County Board of Commissioners, (3) one member who is a representative of the largest municipal corporation, based on the population according to the most recent federal decennial census, that is located in the County, (4) one member who is a representative of a township with a population of at least ten thousand in the unincorporated area of the township according to the most recent federal decennial census, and (5) any remaining members selected by the County Treasurer and the County Commissioners who are members of the Corporation board. The term of office of each ex officio director runs concurrently with the term of office of that elected official. The term of office of each appointed director is two years.

The Corporation is a political subdivision of the State of Ohio. In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, "<u>The Financial Reporting Entity</u>" as amended by GASB Statement No. 39, "<u>Determining Whether Certain Organization Are Component Units</u>" and GASB Statement No.61, "<u>The Financial Reporting Entity: Omnibus</u>", the Corporation's primary government and basic financial statements include components units which are defined as legally separate organizations for which the Corporation is financially accountable. The Corporation is financially accountable for an organization if the Corporation appoints a voting majority of the organization's governing board and (1) the Corporation is able to significantly influence the programs or services performed or provided by the organization; or impose its will over the organization; or (2) the Corporation is legally entitled to or can otherwise access the organization's resources; or (3) the Corporation is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Corporation is obligated for the debt of organization. The Corporation does not have any component units and does not include any organizations in its presentation. The Corporation's management believes these basic financial statements present all activities for which the Corporation is financially accountable. The Corporation is a component unit of Sandusky County, Ohio.

The basic financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Corporation's significant accounting policies are described below.

B. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Corporation as a whole. These statements include the financial activities of the primary government, except for the fiduciary funds.

These statements usually distinguish between those activities of the Corporation that are governmental and those that are business-type. The Corporation, however, does not have any business-type activities.

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

Fund Financial Statements

During the year, the Corporation segregates transactions related to certain Corporation 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 Corporation at this more detailed level. The Corporation's General fund is its only governmental fund.

C. Fund Accounting

The Corporation uses fund accounting to segregate cash and investments that are restricted as to use. A fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and attaining certain objectives in accordance with special regulations, restrictions or limitations. For financial statement presentation purposes, the Corporation's fund is classified as governmental.

Governmental Funds

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be repaid. The difference between governmental fund assets plus deferred outflows less liabilities plus deferred inflows is reported as fund balance. The following is the Corporation's only governmental fund:

General Fund - The General fund accounts for all financial resources that are received from the County Treasurer from penalties collected on delinquent property taxes and interest on those delinquencies. The General fund receives 5% of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that are deposited into the County's Delinquent Real Estate Tax Assessment and Collection (DRETAC) fund. The General fund balance is available to the Corporation for any purpose provided it is expended or transferred according to the general laws of Ohio.

D. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus.

All assets, all deferred outflows, all liabilities and all deferred inflows associated with the operation of the Corporation are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Fund Financial Statements

The General fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current deferred outflows, current liabilities and current deferred inflows generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the General fund. For 2019, there were no differences between the government-wide statements and the General fund.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded on the financial records and reported on the financial statements. Government-wide statements are prepared using the accrual basis of accounting. The General fund uses the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflow of resources and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

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

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

Under the modified accrual basis, intergovernmental revenue sources are considered to be both measurable and available at year-end.

Expenses/ Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses.

Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

F. Budget Process

The Corporation is not bound by the budgetary laws prescribed by the Ohio Revised Code for purely governmental entities. The Board of Directors of the Corporation adopts an annual budget prior to the beginning of the fiscal year. Appropriations and subsequent amendments are approved by the Board of Directors during the year as required.

G. Federal Income Tax

The Corporation is exempt from federal income tax under Section 115(1) of the Internal Revenue Code.

H. Cash and Cash Equivalents

All monies received by the Corporation are deposited in demand deposit accounts. The Corporation had no investments during the year or at the end of the year.

Investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents.

I. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At year end, because prepayments are not available to finance future governmental fund expenditures, a nonspendable fund balance is recorded by an amount equal to the carrying value of the asset on the fund financial statements.

J. Assets Held for Resale

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

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

Governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the fund.

L. Net Position

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Corporation had no restricted net position at December 31, 2019.

M. Intergovernmental Revenue

The Corporation receives operating income through Sandusky County. This money represents the penalties and interest on current unpaid and delinquent property taxes once these taxes are paid. Pursuant to ORC 321.263, these penalty and interest monies are collected by the County when taxes are paid and then are paid to the Corporation upon the Corporation's written request.

N. Fund Balance

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

Nonspendable Fund Balance - The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Restricted Fund Balance - The restricted classification is used 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 imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - The committed fund balance classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Corporation's Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors remove 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 Fund Balance - Assigned fund balance includes amounts that are constrained by the Corporation's intent to be used for specific purposes, but are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by policies of the Board of Directors. The Board of Directors has by resolution authorized the Treasurer to assign fund balance. The Board of Directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned Fund Balance - Unassigned fund balance is the residual classification for the General fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General fund.

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

O. Estimates

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

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Corporation Administration and that are either unusual in nature or infrequent in occurrence. The Corporation had no extraordinary or special items during 2019.

Q. Accountability and Compliance / Change in Accounting Principles

For 2019, the Corporation has implemented GASB Statement No. 83, "*Certain Asset Retirement Obligations*", GASB Statement No. 84, "*Fiduciary Activities*", GASB Statement No. 88, "*Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*" and GASB Statement No. 90, "*Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61*".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the Corporation.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the Corporation will no longer be reporting agency funds. The implementation of GASB Statement No 84 did not have an effect on the financial statements of the Corporation.

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the Corporation.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the Corporation.

R. Deposits

At December 31, 2019, the carrying amount of all Corporation deposits was $249,673. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2019, $250,000 of the Corporation's bank balance of $252,256 was covered by the Federal Deposits Insurance Corporation (FDIC) and the remaining balance was covered by the Ohio Pooled Collateral System (OPCS).

Custodial credit risk is the risk that, in the event of bank failure, the Corporation will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Corporation has no deposit policy for custodial credit risk.

S. Risk Management

Commercial General Liability and Products/ Completed Operations Liability

The Corporation is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2019, the Corporation contracted with Huntington Insurance for General and Nonprofit Organization Directors and Officers Liability Insurance.

The limitations of coverages are as follows:

General Aggregate	$2,000,000
Products and Completed Operations Aggregate	Excluded
Personal and Advertising Liability	$1,000,000
Each Occurrence Limit	$1,000,000
Damage to Rented Premises – each occurrence	$100,000
Medical Expense – any one person	$5,000
Bodily Injury Liability and/or Property Damage Liability Deductible per claim	None
Nonprofit Organization D&O	$1,000,000
Investigative Costs Sublimit	$100,000
Excess Benefits Transaction Sublimit	$20,000

There has been no reduction in coverage from the prior year and settled claims have not exceeded the Corporation's coverage in any of the past three years.

T. Transactions with Sandusky County

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Sandusky County Board of Commissioners to receive 5% of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that are deposited into the County's Delinquent Real Estate Tax Assessment and Collection (DRETAC) fund and will be available for appropriation by the Corporation to fund operations. At December 31, 2019, the Corporation recognized revenues of $101,672 for these fees that were collected by the County in 2019. The Corporation also repaid $85,000 related to an advance from the County. The Corporation also had $21 due to the County for taxes at year end.

U. Contingencies

The Corporation received financial assistance from State agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General fund. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Corporation.

J. Subsequent Events

The United States and State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Corporation. The impact on the Corporation’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 25 - SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. The County’s investment portfolio and the investments of the pension and other employee benefit plan in which the County participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the County’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

SANDUSKY COUNTY

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS

	2019	2018	2017	2016
Traditional Plan:				
County's proportion of the net pension liability	0.078278%	0.079133%	0.079855%	0.079414%
County's proportionate share of the net pension liability	$ 19,271,978	$ 11,094,168	$ 16,274,055	$ 12,385,133
County's covered payroll	$ 28,257,021	$ 28,215,177	$ 27,624,725	$ 25,359,267
County's proportionate share of the net pension liability as a percentage of its covered payroll	68.20%	39.32%	58.91%	48.84%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	84.66%	77.25%	81.08%
Combined Plan:				
County's proportion of the net pension asset	0.098626%	0.101558%	0.095013%	0.083810%
County's proportionate share of the net pension asset	$ 99,139	$ 123,550	$ 47,458	$ 36,721
County's covered payroll	$ 376,957	$ 372,600	$ 370,650	$ 241,400
County's proportionate share of the net pension asset as a percentage of its covered payroll	26.30%	33.16%	12.80%	15.21%
Plan fiduciary net position as a percentage of the total pension asset	126.64%	137.28%	116.55%	116.90%
Member Directed Plan:				
County's proportion of the net pension asset	0.054467%	0.045434%	0.048587%	0.037531%
County's proportionate share of the net pension asset	$ 1,116	$ 1,417	$ 181	$ 128
County's covered payroll	$ 278,240	$ 223,470	$ 187,175	$ 209,017
County's proportionate share of the net pension asset as a percentage of its covered payroll	0.40%	0.63%	0.10%	0.06%
Plan fiduciary net position as a percentage of the total pension asset	113.42%	124.46%	103.40%	103.91%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015	2014
0.078355%	0.078355%
$ 8,414,481	$ 8,224,426
$ 26,494,008	$ 8,269,077
31.76%	99.46%
86.45%	86.36%
0.067586%	0.067586%
$ 23,170	$ 6,315
$ 247,050	$ 117,969
9.38%	5.35%
114.83%	104.56%
n/a	n/a
n/a	n/a
n/a	n/a
n/a	n/a
n/a	n/a

SANDUSKY COUNTY

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS

	2019	**2018**	**2017**	**2016**
County's proportion of the net pension liability	0.003749%	0.003691%	0.003482%	0.003191%
County's proportionate share of the net pension liability	$ 829,109	$ 811,660	$ 827,054	$ 1,068,281
County's covered-employee payroll	$ 601,300	$ 535,757	$ 494,321	$ 377,293
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	137.89%	151.50%	167.31%	283.14%
Plan fiduciary net position as a percentage of the total pension liability	77.40%	77.30%	75.30%	66.80%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014
	0.002561%	0.002720%
	$ 707,763	$ 661,562
	$ 378,450	$ 262,015
	187.02%	252.49%
	72.10%	74.70%

SANDUSKY COUNTY

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2019	2018	2017	2016
Traditional Plan:				
Contractually required contribution	$ 4,060,201	$ 3,955,983	$ 3,667,973	$ 3,314,967
Contributions in relation to the contractually required contribution	(4,060,201)	(3,955,983)	(3,667,973)	(3,314,967)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
County's covered payroll	$ 29,001,436	$ 28,257,021	$ 28,215,177	$ 27,624,725
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	12.00%
Combined Plan:				
Contractually required contribution	$ 48,301	$ 52,774	$ 48,438	$ 44,478
Contributions in relation to the contractually required contribution	(48,301)	(52,774)	(48,438)	(44,478)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
County's covered payroll	$ 345,007	$ 376,957	$ 372,600	$ 370,650
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	12.00%
Member Directed Plan:				
Contractually required contribution	$ 32,742	$ 27,824	$ 22,347	$ 22,461
Contributions in relation to the contractually required contribution	(32,742)	(27,824)	(22,347)	(22,461)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
County's covered payroll	$ 327,420	$ 278,240	$ 223,470	$ 187,175
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	12.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015	2014	2013	2012	2011	2010
$ 3,043,112	$ 3,179,281	$ 1,074,980	$ 826,193	$ 765,698	$ 672,429
(3,043,112)	(3,179,281)	(1,074,980)	(826,193)	(765,698)	(672,429)
$ -	$ -	$ -	$ -	$ -	$ -
$ 25,359,267	$ 26,494,008	$ 8,269,077	$ 8,261,930	$ 7,656,980	$ 7,538,442
12.00%	12.00%	13.00%	10.00%	10.00%	8.92%
$ 28,968	$ 29,646	$ 15,336	$ 8,855	$ 8,577	$ 11,644
(28,968)	(29,646)	(15,336)	(8,855)	(8,577)	(11,644)
$ -	$ -	$ -	$ -	$ -	$ -
$ 241,400	$ 247,050	$ 117,969	$ 111,384	$ 107,887	$ 120,165
12.00%	12.00%	13.00%	7.95%	7.95%	9.69%
$ 25,082					
(25,082)					
$ -					
$ 209,017					
12.00%					

SANDUSKY COUNTY

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2019	2018	2017	2016
Contractually required contribution	$ 79,556	$ 84,182	$ 75,006	$ 69,205
Contributions in relation to the contractually required contribution	(79,556)	(84,182)	(75,006)	(69,205)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
County's covered payroll	$ 568,257	$ 601,300	$ 535,757	$ 494,321
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015	2014	2013	2012	2011	2010
$ 52,821	$ 52,983	$ 34,062	$ 36,983	$ 40,183	$ 44,056
(52,821)	(52,983)	(34,062)	(36,983)	(40,183)	(44,056)
$ -	$ -	$ -	$ -	$ -	$ -
$ 377,293	$ 378,450	$ 262,015	$ 284,485	$ 309,100	$ 338,892
14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

SANDUSKY COUNTY

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE YEARS

	2019	2018	2017
County's proportion of the net OPEB liability	0.077917%	0.078400%	0.078745%
County's proportionate share of the net OPEB liability	$ 9,131,831	$ 7,608,242	$ 7,137,873
County's covered payroll	$ 28,912,218	$ 28,811,247	$ 28,182,550
County's proportionate share of the net OPEB liability as a percentage of its covered payroll	31.58%	26.41%	25.33%
Plan fiduciary net position as a percentage of the total OPEB liability	46.33%	54.14%	54.05%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

SANDUSKY COUNTY

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE YEARS

	2019	2018	2017
County's proportion of the net OPEB liability	0.003749%	0.003691%	0.003482%
County's proportionate share of the net OPEB liability (asset)	$ (62,095)	$ (59,000)	$ 135,838
County's covered-employee payroll	$ 601,300	$ 535,757	$ 494,321
County's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	10.33%	11.01%	27.48%
Plan fiduciary net position as a percentage of the total OPEB liability	174.70%	176.00%	47.10%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

SANDUSKY COUNTY

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2019	2018	2017	2016
Contractually required contribution	$ 13,096	$ 11,130	$ 324,762	$ 625,287
Contributions in relation to the contractually required contribution	(13,096)	(11,130)	(324,762)	(625,287)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
County's covered payroll	$ 29,673,863	$ 28,912,218	$ 28,811,247	$ 28,182,550
Contributions as a percentage of covered payroll	0.04%	0.04%	1.13%	2.22%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015		2014		2013		2012		2011		2010	
$	504,994	$	190,464	$	81,573	$	326,802	$	303,773	$	1,055,161
	(504,994)		(190,464)		(81,573)		(326,802)		(303,773)		(1,055,161)
$	-	$	-	$	-	$	-	$	-	$	-
$	25,809,684	$	26,741,058	$	8,387,046	$	8,373,314	$	7,764,867	$	7,658,607
	1.96%		0.71%		0.97%		3.90%		3.91%		13.78%

SANDUSKY COUNTY

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2019	2018	2017	2016
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
County's covered payroll	$ 568,257	$ 601,300	$ 535,757	$ 494,321
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2015	2014	2013	2012	2011	2010
$ -	$ 1,387	$ 2,620	$ 2,642	$ 3,091	$ 3,389
-	(1,387)	(2,620)	(2,642)	(3,091)	(3,389)
$ -	$ -	$ -	$ -	$ -	$ -
$ 377,293	$ 378,450	$ 262,015	$ 284,485	$ 309,100	$ 338,892
0.00%	1.00%	1.00%	1.00%	1.00%	1.00%

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2019.

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2019.

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) increase in the discount rate from 4.13% to 7.45% and (b) decrease in trend rates from 6.00%-11.00% initial; 4.50% ultimate down to 5.23%-9.62% initial; 4.00% ultimate. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) increase in prescription drug trend rates from -5.23%-9.62% initial; 4.00% ultimate up to 4.00%-9.62% initial; 4.00% ultimate.

SANDUSKY COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

FEDERAL GRANTOR *Pass Through Grantor* Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Job and Family Services				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G1819-11-5801 / G2021-11-5988	$ 88,739	$ 415,264
Passed Through Ohio Department of Education				
Child Nutrition Cluster:				
National School Lunch Program				
Cash Assistance - School of Hope	10.555	FY 2019	-	6,634
Cash Assistance - JDC	10.555	FY 2019	-	1,548
Total CFDA #10.555			-	8,182
School Breakfast Program	10.553	FY 2019	-	702
Total Child Nutrition Cluster			-	8,884
Total U.S. Department of Agriculture			**88,739**	**424,148**
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed Through Ohio Development Services Agency				
Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii				
Community Development Program	14.228	B-F-17-1CO-1	-	160,600
Community Housing Impact and Preservation Program	14.228	B-C-17-1CO-1	-	449,759
Total CFDA #14.228			-	610,359
Home Investment Partnerships Program	14.239	B-C-17-1CO-2	-	343,568
Total U.S. Department of Housing and Urban Development			**-**	**953,927**
UNITED STATES DEPARTMENT OF JUSTICE				
Passed Through the Ohio Attorney General				
Crime Victim Assistance	16.575	2019-VOCA-132134322	-	53,444
Crime Victim Assistance	16.575	2020-VOCA-132924227	-	12,769
Crime Victim Assistance	16.575	2019-SVAA-132134326	-	3,208
Crime Victim Assistance	16.575	2020-SVAA-132924230	-	1,070
Total CFDA # 16.575			-	70,491
Passed Through the Ohio Office of Criminal Justice Services				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-JG-A01-6087	-	7,289
Total U.S. Department of Justice			**-**	**77,780**
UNITED STATES DEPARTMENT OF LABOR				
Passed Through the Montgomery County Workforce Investment Act (WIA) Area 7				
Employment Service Cluster:				
Employment Service/Wagner-Peyser Funded Activities	17.207	2018-7172-1	-	28,041
Trade Adjustment Assistance	17.245	2018-7172-1	-	4,434
WIOA Cluster:				
WIOA Adult Program	17.258	2018-7172-1	-	152,940
WIOA Youth Activities	17.259	2018-7172-1	71,147	95,248
WIOA Dislocated Worker Formula Grants	17.278	2018-7172-1	-	167,090
Total WIOA Cluster			71,147	415,278
Total U.S. Department of Labor			**71,147**	**447,753**
UNITED STATES DEPARTMENT OF TRANSPORTATION				
Passed Through Ohio Department of Transportation				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	103460	-	9,556
Highway Planning and Construction	20.205	107171	-	886,848
Total Highway Planning and Construction Cluster			-	896,404
Passed Through Ohio Department of Public Safety				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	STEP-2019-00063	-	11,930
State and Community Highway Safety	20.600	STEP-2020-00051	-	2,534
Total CFDA # 20.600			-	14,464
National Priority Safety Programs	20.616	DDEP-2019-00042	-	4,803
National Priority Safety Programs	20.616	DDEP-2020-00031	-	1,402
Total CFDA # 20.616			-	6,205
Total Highway Safety Cluster			-	20,669
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	IDEP-2019-00063	-	15,849
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	IDEP-2020-00051	-	4,150
Total CFDA # 20.608			-	19,999
Total U.S. Department of Transportation			-	**937,072**

- - (Continued)

SANDUSKY COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

FEDERAL GRANTOR *Pass Through Grantor* Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
UNITED STATES DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education				
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	FY 2019	-	4,606
Special Education Preschool Grants	84.173	FY 2019	-	257
Special Education Preschool Grants	84.173	FY 2019	-	4,715
Total CFDA # 84.173			-	4,972
Total Special Education Cluster			-	9,578
Passed Through Ohio Department of Development Disabilities				
Special Education-Grants for Infants and Families	84.181	H181A170024	-	17,407
Special Education-Grants for Infants and Families	84.181	H181A180024	-	36,516
Total CFDA # 84.181			-	53,923
Total U.S. Department of Education			**-**	**63,501**
UNITED STATES ELECTION ASSISTANCE COMMISSION				
Passed Through Ohio Secretary of State				
2019 HAVA Election Security Grants	90.404	N/A	-	18,407
Total U.S. Election Assistance Commission			**-**	**18,407**
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Ohio Department of Job and Family Services				
MaryLee Allen Promoting Safe and Stable Families Program				
ESSA Preservation	93.556	G1819-11-5801/G2021-11-5988	-	3,461
ESSA Reunification	93.556	G1819-11-5801/G2021-11-5988	-	3,880
Total CFDA # 93.556			-	7,341
TANF Cluster:				
Temporary Assistance for Needy Families	93.558	G1819-11-5801/G2021-11-5988	389,467	1,338,548
Child Support Enforcement	93.563	G1819-11-5801/G2021-11-5988	-	632,343
CCDF Cluster:				
Child Care and Development Block Grant	93.575	G1819-11-5801/G2021-11-5988	-	83,071
Foster Care Title IV-E	93.658	G1819-11-5801/G2021-11-5988	-	558,560
Adoption Assistance Title IV-E	93.659	G1819-11-5801/G2021-11-5988	-	397,538
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G1819-11-5801/G2021-11-5988	-	6,531
Social Services Block Grant	93.667	G1819-11-5801/G2021-11-5988	-	685,466
Children's Health Insurance Program	93.767	G1819-11-5801/G2021-11-5988	-	38,592
Medicaid Cluster:				
Medical Assistance Program	93.778	G1819-11-5801/G2021-11-5988	-	906,927
Passed Through Ohio Department of Developmental Disabilities				
Social Services Block Grant	93.667	1901OHSOSR	-	31,551
Total CFDA # 93.667			-	717,017
Medical Assistance Program	93.778	1905OH5ADM	-	280,541
Medical Assistance Program	93.778	2005OH5ADM	-	89,034
Total Medicaid Cluster			-	1,276,502
Passed Through Mental Health and Recovery Services Board of Seneca, Sandusky and Wyandot Counties				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	1900265	-	134,829
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2000190	-	147,511
Total CFDA # 93.959			-	282,340
Opioid STR	93.788	1900714	-	454
Total U.S. Department of Health and Human Services			**389,467**	**5,338,837**
UNITED STATES DEPARTMENT OF HOMELAND SECURITY				
Passed Through Ohio Department of Emergency Management				
Hazard Mitigation Grant	97.039	FEMA-DR-4360-OH	-	1,750
Emergency Management Performance Grants	97.042	EMC-2018-EP-00008-S01	-	37,262
Emergency Management Performance Grants	97.042	EMC-2019-EP-00005	-	41,178
Total CFDA # 97.042			-	78,440
Total U.S. Department of Homeland Security			**-**	**80,190**
Total Expenditures of Federal Awards			**$ 549,353**	**$ 8,341,615**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SANDUSKY COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Sandusky County, Ohio (the County) under programs of the federal government for the year ended December 31, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following 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 Ohio Department of Job and Family Services and Montgomery County Workforce Investment Act Area 7 to other governments or not-for-profit agencies (subrecipients). As Note B describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

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

NOTE E – CHILD NUTRITION CLUSTER

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

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

The current cash balance on the County's local revolving business loan, down payment or rehabilitation assistance, and owner occupied rehabilitation assistance local program income accounts as of December 31, 2019 is $120,398, $82,839, and $7,443, respectively.

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.

NOTE H – TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2019, the County made allowable transfers of $436,243 from the Temporary Assistance for Needy Families (TANF) (CFDA #93.558) program to the Social Services Block Grant (SSBG) (CFDA #93.667) program. The Schedule shows the County spent approximately $1,338,548 on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 2019 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	$ 1,774,791
Transfer to Social Services Block Grant	(436,243)
Total Temporary Assistance for Needy Families	$ 1,338,548

NOTE I – TITLE XIX MEDICAL ASSISTANCE PROGRAM

During the calendar year, the County Board of Developmental Disabilities received settlement payments for the 2015 and 2016 Cost Report from the Ohio Department of Developmental Disabilities for the Medicaid Program (CFDA #93.778) in the amounts of $12,192 and $24,315, respectively. The Cost Report Settlement payments were for settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. These revenues are not listed on the Schedule since the underlying expenses occurred in prior reporting periods.

OHIO AUDITOR OF STATE
KEITH FABER

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NorthwestRegion@ohioauditor.gov

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

Sandusky County
100 North Park Avenue
Fremont, Ohio 43420-2472

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sandusky County, Ohio (the County) as of and for the year ended December 31, 2019, 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 16, 2020, wherein we noted the County adopted Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. In addition, we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the County.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

December 16, 2020

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

Sandusky County
100 North Park Avenue
Fremont, Ohio 43420-2472

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Sandusky County, Ohio's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Sandusky County's major federal programs for the year ended December 31, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Sandusky County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

December 16, 2020

SANDUSKY COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019

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)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Highway Planning and Construction Cluster TANF Cluster Foster Care Title IV-E – CFDA #93.658 Medicaid Cluster
(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

None

3. FINDINGS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE
KEITH FABER

SANDUSKY 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 12/31/2020

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