

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2008**



**Mary Taylor, CPA**  
Auditor of State



**FINANCIAL CONDITION  
OTTAWA COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Ottawa County  
315 Madison Street, Suite 103  
Port Clinton, Ohio 43452-1943

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Ottawa County, Ohio (the County), as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Ottawa County, Ohio, as of December 31, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General; Road and Bridge; Jobs and Family Services; Mental Retardation and Developmental Disabilities; and Ottawa County Senior Programs funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2009, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with

*Government Auditing Standards.* You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements. The schedule of federal awards expenditures is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the schedule of federal awards expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

November 12, 2009

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
UNAUDITED**

The management's discussion and analysis of Ottawa County's (the County) financial performance provides an overall review of the County's financial activities for the year ended December 31, 2008. The intent of the management's 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 2008 are as follows:

- The total net assets of the County increased \$7,730,791. Net assets of governmental activities increased \$2,004,824, which represents a 3.21% increase over fiscal year 2007. Net assets of business-type activities increased \$5,725,967 or 5.29% from fiscal year 2007.
- General revenues accounted for \$21,725,300 or 50.93% of total governmental activities revenue. Program specific revenues accounted for \$20,930,225 or 49.07% of total governmental activities revenue.
- The County had \$39,864,110 in expenses related to governmental activities; \$20,930,225 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$21,725,300 were adequate to provide for these programs.
- The General fund, the County's largest major governmental fund, had revenues and other financing sources of \$15,650,183 in 2008, a decrease of \$4,599 or 0.03% from 2007 revenues. The General fund had expenditures and other financing uses of \$15,818,683 in 2008, a decrease of \$111,726 or 0.70% from 2007. The net changes in revenues and expenditures contributed to the general fund balance decrease of \$168,500 from 2007 to 2008.
- The Road and Bridge fund, a major governmental fund, had revenues and other financing sources of \$6,833,432 in 2008. The Road and Bridge fund had expenditures of \$7,562,343 in 2008. The Road and Bridge fund balance decreased \$728,911 from 2007 to 2008.
- The Job and Family Services fund, a major governmental fund, had revenues and other financing sources of \$3,226,695 in 2008. The Job and Family Services fund had expenditures and other financing uses of \$3,860,079 in 2008. The Job and Family Services fund balance decreased \$633,384 from 2007 to 2008.
- The Ottawa County Board of Mental Retardation and Developmentally Disabled (MRDD) fund, a major governmental fund, had revenues of \$7,161,571 in 2008. The MRDD fund had expenditures and other financing uses of \$6,823,890 in 2008. The MRDD fund balance increased \$337,681 from 2007 to 2008.
- The Ottawa County Senior Programs fund, a major governmental fund, had revenues of \$770,633 in 2008. The County Senior Programs fund had expenditures of \$836,125 in 2008. The County Senior Programs fund balance decreased \$65,492 from 2007 to 2008.

**FINANCIAL CONDITION  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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(Continued)**

- The Special Assessment Bonds fund, a major governmental fund, had revenues and other financing sources of \$4,565,846 in 2008. The Special Assessment Bonds fund had expenditures and other financing uses of \$4,598,333 in 2008. The Special Assessment Bonds fund balance decreased \$32,487 from 2007 to 2008.
- Net assets for the business-type activities, which are made up of the Riverview Nursing Home fund, the Danbury Sewer Operations fund, the Regional Water Operations fund, the Catawba Portage Sewer Fund, the Portage Catawba Water Fund, the Sewer District #13 Reserve fund, the Erie Township Sewer Planning fund, the Plasterbed Road Water and Sewer Service fund, the Salem Reserve fund, the Put-In-Bay Water/Wastewater Plan fund, the Project C Water Tower South Bass Island Park fund, the Phase II Erie Township Sewer fund, and the South Bass Island - Future Water and Sewer Extensions fund, increased in 2008 by \$5,725,967. This increase in net assets was mainly due to increased charges for services, intergovernmental grants, property taxes, and transfers in that were utilized to cover operating expenses.
- In the General fund, actual revenues and other financing sources were \$1,813,414 higher than the amounts in the final budget and actual expenditures and other financing uses were \$730,548 higher than the final budget amounts.

**Using these 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 assets 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 six major governmental funds. The General fund is the largest major fund.

**Reporting the County as a Whole**

**Statement of Net Assets and the Statement of Activities**

The statement of net assets and the statement of activities answer the question, "How did we do financially during 2008?" These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the County's net assets and changes in those assets. This change in net assets 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.

**FINANCIAL CONDITION  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
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In the statement of net assets 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 general government, public safety, public works, health, and human services. 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, Road and Bridge fund, Job and Family Services fund, County Board of MRDD fund, County Senior Programs fund, and Special Assessment Bonds fund. The County's major enterprise funds are the Riverview Nursing Home fund, Danbury Sewer Operations fund, Regional Water Operations fund, and Catawba Portage Sewer 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.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Proprietary Funds**

The County maintains two 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 enterprise funds to account for the Riverview Nursing Home, Danbury Sewer Operations, Regional Water Operations, Catawba Portage Sewer, Portage Catawba Water, Sewer District #13 Reserve, Erie Township Sewer Planning, Plasterbed Road Water and Sewer Service, Salem Reserve, Put-In-Bay Water/Wastewater Plan, Project C Water Tower South Bass Island Park, Phase II Erie Township Sewer, and South Bass Island - Future Water and Sewer Extensions. 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 health insurance program for employees of the County.

**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 statement 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. Agency funds are the County's only fiduciary fund type.

**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.

**Government-Wide Financial Analysis**

The statement of net assets provides the perspective of the County as a whole. The table below provides a summary of the County's net assets for 2008 and 2007.

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OTTAWA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
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	Governmental Activities <u>2008</u>	Business-type Activities <u>2008</u>	Governmental Activities <u>2007</u>	Business-type Activities <u>2007</u>	2008 Total	2007 Total
<b>Assets</b>						
Current and other assets	\$ 56,291,550	\$ 20,278,098	\$ 59,516,517	\$ 20,699,363	\$ 76,569,648	\$ 80,215,880
Capital assets	<u>43,569,819</u>	<u>147,314,144</u>	<u>41,223,755</u>	<u>143,289,156</u>	<u>190,883,963</u>	<u>184,512,911</u>
Total assets	<u>99,861,369</u>	<u>167,592,242</u>	<u>100,740,272</u>	<u>163,988,519</u>	<u>267,453,611</u>	<u>264,728,791</u>
<b>Liabilities</b>						
Long-term liabilities outstanding	24,860,175	51,167,624	26,988,612	52,894,266	76,027,799	79,882,878
Other liabilities	<u>10,483,034</u>	<u>2,478,572</u>	<u>11,238,324</u>	<u>2,874,174</u>	<u>12,961,606</u>	<u>14,112,498</u>
Total liabilities	<u>35,343,209</u>	<u>53,646,196</u>	<u>38,226,936</u>	<u>55,768,440</u>	<u>88,989,405</u>	<u>93,995,376</u>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	36,494,346	96,454,235	33,722,585	90,545,224	132,948,581	124,267,809
Restricted	22,663,744	6,500,479	23,537,709	4,835,608	29,164,223	28,373,317
Unrestricted	<u>5,360,070</u>	<u>10,991,332</u>	<u>5,253,042</u>	<u>12,839,247</u>	<u>16,351,402</u>	<u>18,092,289</u>
Total net assets	<u>\$ 64,518,160</u>	<u>\$ 113,946,046</u>	<u>\$ 62,513,336</u>	<u>\$ 108,220,079</u>	<u>\$ 178,464,206</u>	<u>\$ 170,733,415</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2008, the County's assets exceeded liabilities by \$178,464,206. This amounts to \$64,518,160 in governmental activities and \$113,946,046 in business-type activities. The County's finances remained strong during 2008, despite the decline in the economy.

Capital assets reported on the government-wide statements represent the largest portion of the County's assets. At year-end, capital assets represented 71.37% of total governmental and business-type assets. Capital assets include land, buildings and improvements, equipment, vehicles, construction in progress and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2008, were \$132,948,581. These capital assets are used to provide services to citizens and are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

As of December 31, 2008, the County is able to report positive balances in all three categories of net assets, 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 assets, \$29,164,223 or 16.34%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of governmental activities unrestricted net assets of \$5,360,070, and the remaining balance of business-type activities unrestricted net assets of \$10,991,332, may be used to meet the government's ongoing obligations to citizens and creditors.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The table below shows the changes in net assets for fiscal year 2008 and 2007.

	<b>Change in Net Assets</b>				2008 Total	2007 Total
	Governmental Activities 2008	Business-type Activities 2008	Governmental Activities 2007	Business-type Activities 2007		
<b>Revenues</b>						
Program revenues:						
Charges for services and sales	\$ 8,897,992	\$ 18,557,869	\$ 7,954,235	\$ 18,551,411	\$ 27,455,861	\$ 26,505,646
Operating grants and contributions	11,361,889	2,049,201	12,841,527	1,487,432	13,411,090	14,328,959
Capital grants and contributions	<u>670,344</u>	<u>7,567,898</u>	<u>417,056</u>	<u>1,744,316</u>	<u>8,238,242</u>	<u>2,161,372</u>
Total program revenues	<u>20,930,225</u>	<u>28,174,968</u>	<u>21,212,818</u>	<u>21,783,159</u>	<u>49,105,193</u>	<u>42,995,977</u>
General revenues:						
Property and other local taxes	8,229,862	521,845	9,034,252	637,004	8,751,707	9,671,256
Sales tax	5,198,808		4,830,607		5,198,808	4,830,607
Unrestricted grants	3,052,116		1,414,688		3,052,116	1,414,688
Investment earnings	1,823,009		2,582,946		1,823,009	2,582,946
Other	<u>3,421,505</u>	<u>454,231</u>	<u>2,518,659</u>	<u>181,696</u>	<u>3,875,736</u>	<u>2,700,355</u>
Total general revenues	<u>21,725,300</u>	<u>976,076</u>	<u>20,381,152</u>	<u>818,700</u>	<u>22,701,376</u>	<u>21,199,852</u>
Total revenues	<u>42,655,525</u>	<u>29,151,044</u>	<u>41,593,970</u>	<u>22,601,859</u>	<u>71,806,569</u>	<u>64,195,829</u>

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
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	<b>Change in Net Assets</b>				2008 Total	2007 Total
	Governmental Activities 2008	Business-type Activities 2008	Governmental Activities 2007	Business-type Activities 2007		
<b><u>Expenses</u></b>						
Program Expenses:						
General government						
Legislative and executive	5,430,332		5,105,048		5,430,332	5,105,048
Judicial	2,941,071		2,944,641		2,941,071	2,944,641
Public safety	6,487,797		6,410,862		6,487,797	6,410,862
Public works	6,553,127		6,877,302		6,553,127	6,877,302
Health	96,884		162,673		96,884	162,673
Human services	16,746,190		14,890,263		16,746,190	14,890,263
Conservation and recreation	39,341		40,310		39,341	40,310
Economic development and assistance	3,801		4,765		3,801	4,765
Other	525,714		434,169		525,714	434,169
Interest and fiscal charges	1,039,853		1,105,639		1,039,853	1,105,639
Riverview nursing home		10,725,984		11,033,153	10,725,984	11,033,153
Danbury sewer		4,624,963		2,332,785	4,624,963	2,332,785
Regional water		5,391,978		4,503,040	5,391,978	4,503,040
Catawba portage sewer		2,610,174		2,900,527	2,610,174	2,900,527
Other enterprise		858,569		595,125	858,569	595,125
<b>Total expenses</b>	<b>39,864,110</b>	<b>24,211,668</b>	<b>37,975,672</b>	<b>21,364,630</b>	<b>64,075,778</b>	<b>59,340,302</b>
Transfers	(786,591)	786,591	(708,776)	708,776		
Change in net assets	2,004,824	5,725,967	2,909,522	1,946,005	7,730,791	4,855,527
<b>Net assets at beginning of year (restated)</b>	<b>62,513,336</b>	<b>108,220,079</b>	<b>59,603,814</b>	<b>106,274,074</b>	<b>170,733,415</b>	<b>165,877,888</b>
<b>Net assets at end of year</b>	<b>\$ 64,518,160</b>	<b>\$ 113,946,046</b>	<b>\$ 62,513,336</b>	<b>\$ 108,220,079</b>	<b>\$ 178,464,206</b>	<b>\$ 170,733,415</b>

**Governmental Activities**

Governmental net assets increased by \$2,004,824 in 2008 over 2007. This increase, which is not significant, is due to increased revenues remaining higher than increased expenses in 2008 and also a decrease in long-term liabilities.

Human services, which supports the operations of the County home, County board of MRDD, job and family services (public assistance), veteran services, and the children services board, accounts for \$16,746,190 of expenses, or 42.01% of total governmental expenses of the County. These expenses were funded by \$1,916,607 in charges to users of services in 2008. General government expenses which includes legislative and executive and judicial programs, accounted for \$8,371,403 or 21.00% of total governmental expenses. General government expenses were covered by \$2,371,929 of direct

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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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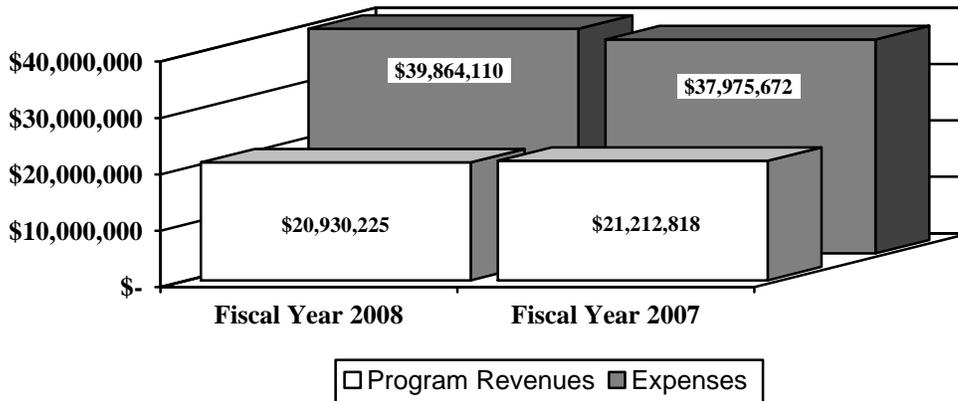
charges to users in 2008.

The State and federal government contributed to the County revenues of \$11,361,889 in operating grants and contributions and \$670,344 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$6,491,796 or 57.14% subsidized human services programs.

General revenues totaled \$21,725,300, and amounted to 50.93% of total revenues. These revenues primarily consist of property, sales and other local tax revenue of \$13,428,670 or 61.81% of total general revenues in 2008. The other primary source of general revenues is grants and entitlements not restricted to specific programs, with local government and local government revenue assistance making up \$3,052,116, or 14.05% of the total.

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 2008 and 2007. That is, it identifies the cost of these services supported by general revenues (such as tax revenue and unrestricted State grants and entitlements). As can be seen in the graph and table below, the County is reliant upon general revenues to finance operations as program revenues are not sufficient to cover total expenses.

**Governmental Activities – Program Revenues vs. Total Expenses**



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OTTAWA COUNTY**

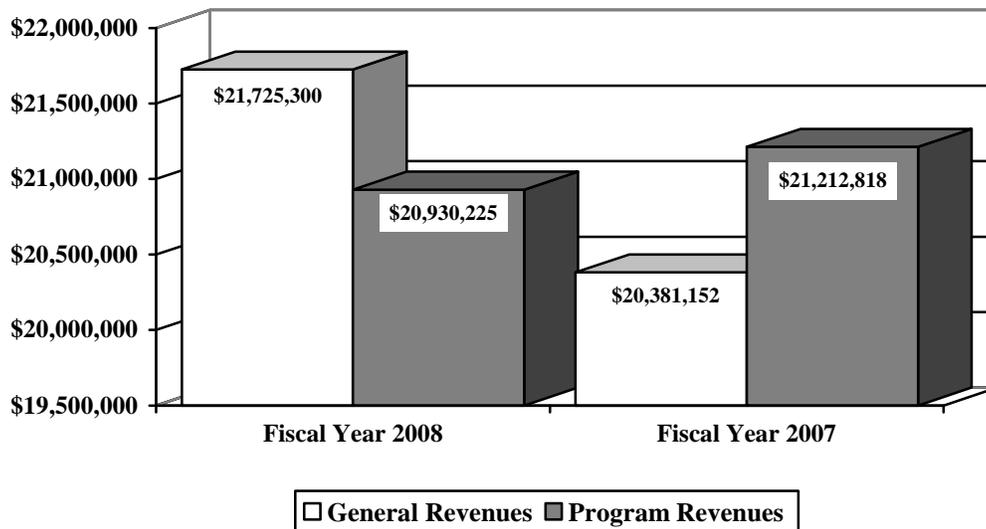
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
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**Governmental Activities**

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Program Expenses:				
General government				
Legislative and executive	\$ 5,430,332	\$ 3,699,764	\$ 5,105,048	\$ 3,221,967
Judicial	2,941,071	2,094,824	2,944,641	2,019,741
Public safety	6,487,797	4,877,860	6,410,862	4,790,709
Public works	6,553,127	(49,493)	6,877,302	1,596,558
Health	96,884	(82,163)	162,673	2,438
Human services	16,746,190	7,667,443	14,890,263	4,182,867
Conservation and recreation	39,341	39,341	40,310	40,269
Economic development and assistance	3,801	2,166	4,765	2,136
Other	525,714	451,623	434,169	355,804
Interest and fiscal charges	<u>1,039,853</u>	<u>232,520</u>	<u>1,105,639</u>	<u>550,365</u>
<b>Total</b>	<b><u>\$ 39,864,110</u></b>	<b><u>\$ 18,933,885</u></b>	<b><u>\$ 37,975,672</u></b>	<b><u>\$ 16,762,854</u></b>

The dependence upon general revenues for governmental activities is apparent, with 47.50% of expenses supported through taxes and other general revenues during 2008. The graph below illustrates the County's reliance upon general revenues.

**Governmental Activities – General and Program Revenues**



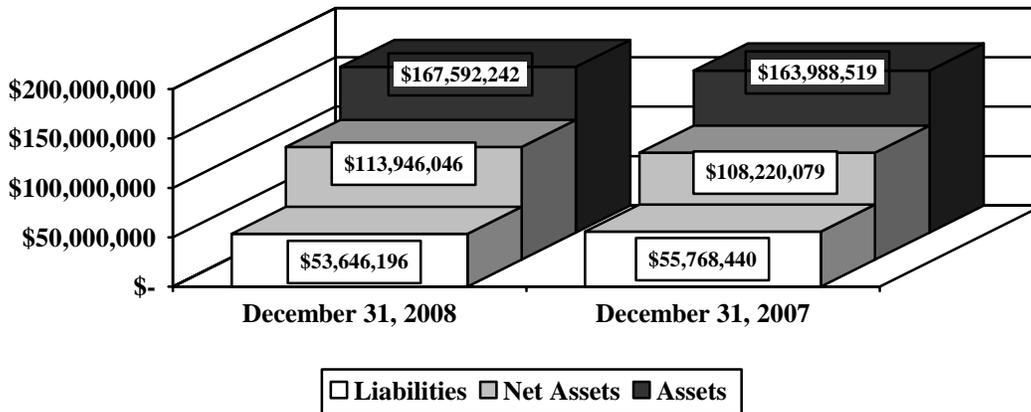
**FINANCIAL CONDITION  
OTTAWA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
UNAUDITED  
(Continued)**

**Business-Type Activities**

The Riverview Nursing Home, Danbury Sewer Operations, Regional Water Operations, Catawba Portage Sewer, Portage Catawba Water, Sewer District #13 Reserve, Erie Township Sewer Planning, Plasterbed Road Water and Sewer Service, Salem Reserve, Put-In-Bay Water/Wastewater Plan, Project C Water Tower South Bass Island Park, Phase II Erie Township Sewer, and South Bass Island - Future Water and Sewer Extensions are the County's enterprise funds. These operations had program revenues of \$28,174,968, general revenues of \$976,076, and expenses of \$24,211,668 for fiscal year 2008. The net assets of the business type activities increased \$5,725,967 or 5.29% during 2008, which is primarily due to increased revenues, particularly capital grants, remaining higher than increased expenses, increases in capital assets, and less overall liabilities from 2007. The following graph illustrates the assets, liabilities and net assets of the County's business-type activities at December 31, 2008 and 2007:

**Net Assets in Business – Type Activities**



**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 \$20,273,983, which is \$553,085 less than last year's total of \$21,277,068. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2008 for all major and non-major governmental funds.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
UNAUDITED  
(Continued)**

	<u>Fund Balance</u> <u>December 31, 2008</u>	<u>Fund Balance</u> <u>December 31, 2007</u>	<u>Increase</u> <u>Decrease</u>
Major Funds:			
General	\$ 3,850,828	\$ 4,019,328	\$ (168,500)
Road and Bridge	2,751,521	3,480,432	(728,911)
Job and Family Services	317,751	951,135	(633,384)
Board of MR/DD	5,313,293	4,975,612	337,681
Ottawa County Senior Programs	257,295	322,787	(65,492)
Special Assessment Bond	144,988	177,475	(32,487)
Other Nonmajor Governmental Funds	<u>8,088,307</u>	<u>7,350,299</u>	<u>738,008</u>
Total	<u>\$ 20,723,983</u>	<u>\$ 21,277,068</u>	<u>\$ (553,085)</u>

**General Fund**

The County's General fund balance decreased \$168,500, primarily due to transfers to other funds. The table that follows assists in illustrating the revenues of the General fund. Certain amounts have been reclassified in the 2007 amounts to conform to the 2008 presentation.

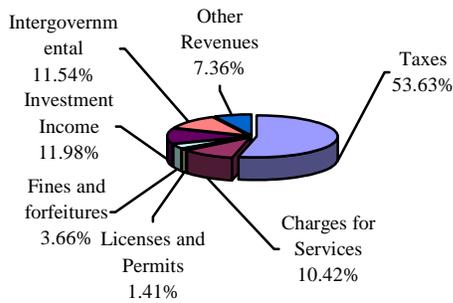
	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 8,290,281	\$ 7,761,536	6.81 %
Charges for services	1,610,518	1,877,298	(14.21) %
Licenses and permits	218,495	186,238	17.32 %
Fines and forfeitures	565,705	609,643	(7.21) %
Intergovernmental	1,783,728	1,667,620	6.96 %
Investment income	1,850,494	2,406,045	(23.09) %
Other	<u>1,138,084</u>	<u>900,241</u>	26.42 %
Total	<u>\$ 15,457,305</u>	<u>\$ 15,408,621</u>	0.32 %

Tax revenue represents 53.63% of all general fund revenue. The increase in tax revenue from prior year can be attributed to a slight increase in sales tax revenue. The decrease in investment income is due to decreased interest rates on the County's investments. The increase in licenses and permits revenue is due to the County's increased collections for licenses and permits. Other revenue increased due to an increase in miscellaneous receipts. All other revenue remained comparable to 2007.

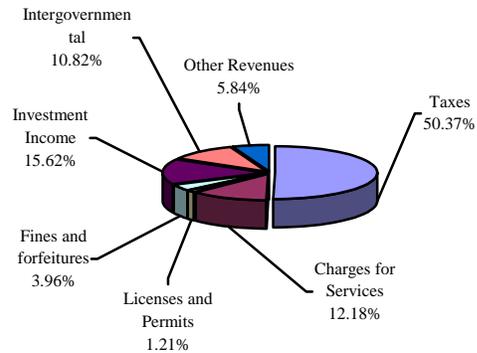
**FINANCIAL CONDITION  
OTTAWA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
UNAUDITED  
(Continued)**

**Revenues – Fiscal Year 2008**



**Revenues – Fiscal Year 2007**



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

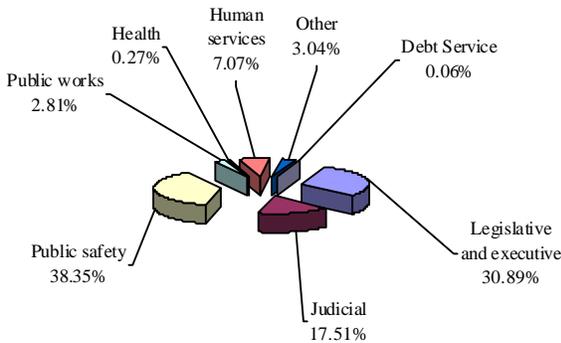
	<u>2008 Amount</u>	<u>2007 Amount</u>	<u>Percentage Change</u>
<b><u>Expenditures</u></b>			
General government			
Legislative and executive	\$ 4,359,174	\$ 4,284,479	1.74 %
Judicial	2,470,500	2,361,582	4.61 %
Public safety	5,412,954	5,373,150	0.74 %
Public works	395,884	461,385	(14.20) %
Health	37,866	35,322	7.20 %
Human services	997,056	1,003,105	(0.60) %
Other	428,395	384,990	11.27 %
Debt service	8,988	8,988	
<b>Total</b>	<b><u>\$ 14,110,817</u></b>	<b><u>\$ 13,913,001</u></b>	<b>1.42 %</b>

The most significant increase was in the area of other expenses and the most significant decrease was in the area of public works. All other expenditures remained comparable to 2007.

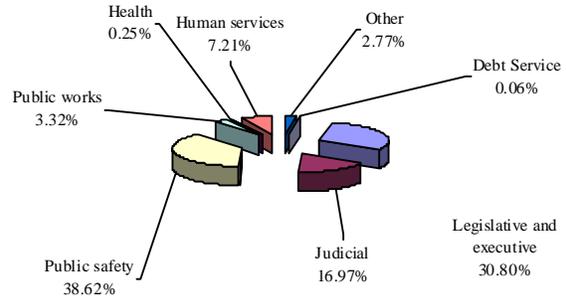
**FINANCIAL CONDITION  
OTTAWA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
UNAUDITED  
(Continued)**

**Expenditures - Fiscal Year 2008**



**Expenditures - Fiscal Year 2007**



**Road and Bridge Fund**

The Road and Bridge fund, a major governmental fund, had revenues and other financing sources of \$6,833,432 in 2008. The Road and Bridge fund had expenditures of \$7,562,343 in 2008. The Road and Bridge fund balance decreased \$728,911 from 2007 to 2008. This decrease is due to the major road and bridge projects that are going on in the County as expenditures increased \$2,236,950. These were partially offset by an increase in charges for services income of \$1,027,699.

**Job and Family Services Fund**

The Job and Family Services fund, a major governmental fund, had revenues and other financing sources of \$3,226,695 in 2008. The Job and Family Services fund had expenditures and other financing uses of \$3,860,079 in 2008. The Job and Family Services fund balance decreased \$633,384 from 2007 to 2008. This decrease is due to lower intergovernmental revenue in 2008 of \$860,473 compared to 2007.

**County Board of Mental Retardation and Developmentally Disabled (MRDD) Fund**

The County Board of Mental Retardation and Developmentally Disabled (MRDD) fund, a major governmental fund, had revenues of \$7,161,571 in 2008. The MRDD fund had expenditures and other financing uses of \$6,823,890 in 2008. The MRDD fund balance increased \$337,681 from 2007 to 2008. This increase is due to the County being able to reduce expenditures and other financing sources by \$583,919 in 2008.

**Ottawa County Senior Programs Fund**

The County Senior Programs fund, a major governmental fund, had revenues of \$770,633 in 2008. The County Senior Programs fund had expenditures of \$836,125 in 2008. The County Senior Programs fund balance decreased \$65,492 from 2007 to 2008. This decrease is due to expenditures increasing faster than revenues.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
UNAUDITED  
(Continued)**

**Special Assessment Bonds Fund**

The Special Assessment Bonds fund, a major governmental fund, had revenues and other financing sources of \$4,565,846 in 2008. The Special Assessment Bonds fund had expenditures and other financing uses of \$4,598,333 in 2008. The Special Assessment Bonds fund balance decreased \$32,487 from 2007 to 2008 due to debt service obligations higher than revenues.

**Budgeting Highlights - General Fund**

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

Budgetary information is presented for the general fund, road and bridge fund, job and family services fund, County board of MRDD fund, and Ottawa County senior programs fund. In the general fund, there were no changes between the original and final budgeted revenues. Actual revenues and financing sources of \$17,693,327 exceeded final budgeted revenues by \$1,813,414. This increase is due to greater than anticipated receipts in advances in revenue. Another significant difference between the original and final budget expenditures was an increase of \$913,733 in expenditures. Another significant difference between the final budget and actual expenditures and financing uses was a \$730,548 increase in expenditures.

**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 2008, the County had \$190,883,963 (net of accumulated depreciation) invested in land, buildings and improvements, furniture and equipment, vehicles, construction in progress, sewer mains and infrastructure. Of this total, \$43,569,819 was reported in governmental activities and \$147,314,144 was reported in business-type activities. The following table shows fiscal 2008 balances compared to 2007:

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
UNAUDITED  
(Continued)**

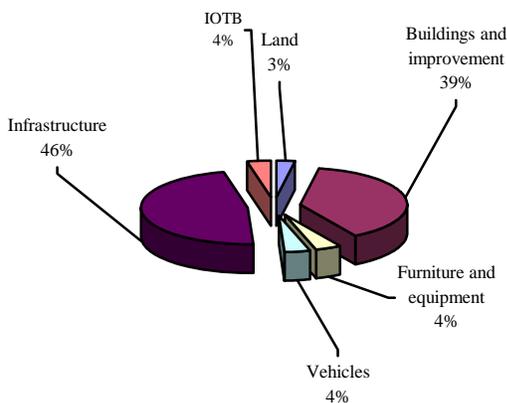
**Capital Assets at December 31  
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2008	2007	2008	2007	2008	2007
Land	\$ 1,176,777	\$ 1,176,777	\$ 4,489,565	\$ 4,489,565	\$ 5,666,342	\$ 5,666,342
Building and improvements	16,856,580	16,081,918	14,176,803	14,294,178	31,033,383	30,376,096
Improvements other than buildings	1,618,517	1,730,141	16,731,122	16,941,257	18,349,639	18,671,398
Furniture and equipment	1,676,714	2,057,548	14,997,742	15,350,009	16,674,456	17,407,557
Vehicles	1,745,586	1,851,276	167,363	175,461	1,912,949	2,026,737
Infrastructure	20,495,645	18,326,095			20,495,645	18,326,095
Sewer/water lines			92,764,640	90,230,136	92,764,640	90,230,136
Construction in progress			3,986,909	1,808,550	3,986,909	1,808,550
<b>Total</b>	<b>\$ 43,569,819</b>	<b>\$ 41,223,755</b>	<b>\$ 147,314,144</b>	<b>\$ 143,289,156</b>	<b>\$ 190,883,963</b>	<b>\$ 184,512,911</b>

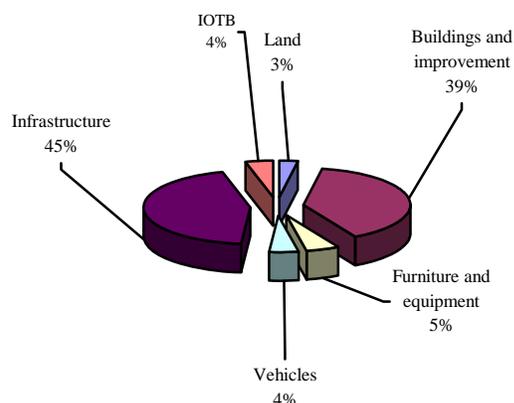
See Note 10 to the basic financial statements for detail on governmental activities and business-type activities capital assets.

The following graphs show the breakdown of governmental capital assets by category for 2008 and 2007.

**Capital Assets - Governmental Activities 2008**



**Capital Assets - Governmental Activities 2007**

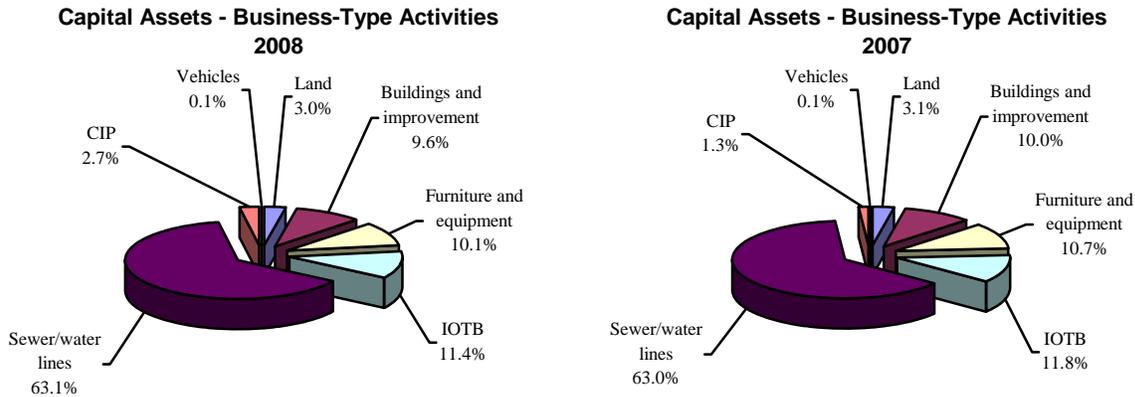


The County's largest governmental capital asset category is infrastructure, which includes roads, bridges and culverts. These items are immovable and of value only to the County, however, the annual cost of purchasing these items is quite significant. The net book value of the County's infrastructure (cost less accumulated depreciation) represents approximately 47% of the County's total governmental capital assets.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
UNAUDITED  
(Continued)**

The following graphs show the breakdown of business-type capital assets by category for 2008 and 2007.



The County's largest business-type capital asset category is sewer and water lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the County's sewer and water lines (cost less accumulated depreciation) represents approximately 63% of the County's total business-type capital assets.

**Debt Administration**

At December 31, 2008 the County had \$23,129,046 in general obligation bonds, \$43,160,277 in OWDA loans, \$2,750,117 in special assessment bonds, \$1,227,153 in Ohio water and sewer loans, \$2,191,005 in OEPA loans and OPWC loans of \$1,449,955 outstanding. Of this total, \$5,241,225 is due within one year and \$68,666,328 is due within greater than one year. The following table summarizes the bonds and loans outstanding.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
UNAUDITED  
(Continued)**

**Outstanding Debt, at Year End**

	Governmental Activities 2008	Business-Type Activities 2008	Governmental Activities 2007	Business-Type Activities 2007
Long-Term Obligations				
General obligation bonds:	\$ 8,265,995	\$ 14,863,051	\$ 8,777,496	\$ 15,887,522
OWDA loans	12,127,940	31,032,337	12,942,459	31,525,538
Special assessment bonds	2,372,117	378,000	3,088,200	392,000
Ohio water and sewer loans		1,227,153		1,205,103
OEPA loan		2,191,005		2,338,289
OPWC loans	<u>526,620</u>	<u>923,335</u>	<u>540,123</u>	<u>1,058,642</u>
Total	<u>\$ 23,292,672</u>	<u>\$ 50,614,881</u>	<u>\$ 25,348,278</u>	<u>\$ 52,407,094</u>

See Note 11 to the basic financial statements for detail on governmental activities and business-type activities long-term obligations.

**Economic Factors and Next Year's Budgets and Rates**

The County's current population as of the 2000 census is 40,985.

The County's unemployment rate as of December 31, 2008, is 12.5%, compared to the 7.8% State average and the 7.2% national average.

These economic factors were considered in preparing the County's budget for fiscal year 2008. With the continuation of conservative budgeting practices, the County's financial position should remain strong 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 Jo Ellen Regal, Ottawa County Auditor, 315 Madison St., Room 202, Port Clinton, Ohio 43452.

OTTAWA COUNTY, OHIO

STATEMENT OF NET ASSETS  
DECEMBER 31, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>Assets:</b>				
Equity in pooled cash and investments . . . . .	\$ 20,961,788	\$ 15,924,951	\$ 36,886,739	
Cash in segregated accounts . . . . .	94,651		94,651	\$893,855
Cash with fiscal agents . . . . .		918,987	918,987	
Cash with escrow agents . . . . .		142,155	142,155	
Receivables (net of allowances for uncollectibles):				
Sales taxes . . . . .	668,079		668,079	
Property taxes . . . . .	8,855,356		8,855,356	
Other local taxes . . . . .	32,287		32,287	
Accounts . . . . .	543,092	1,113,838	1,656,930	171,307
Due from other governments. . . . .	3,907,813	1,007,679	4,915,492	
Special assessments . . . . .	17,328,668	311,409	17,640,077	
Accrued interest . . . . .	288,126		288,126	
Internal balances . . . . .	448,281	(448,281)		
Prepayments . . . . .	50,551	50,321	100,872	13,073
Materials and supplies inventory . . . . .	403,293	837,067	1,240,360	4,219
Loans receivable . . . . .	1,880,794		1,880,794	
Investment in joint ventures . . . . .	690,988		690,988	
Unamortized bond issue costs . . . . .	137,783	419,972	557,755	
Capital assets:				
Land and construction in progress . . . . .	1,176,777	8,476,474	9,653,251	
Depreciable capital assets, net. . . . .	42,393,042	138,837,670	181,230,712	124,390
Total capital assets. . . . .	43,569,819	147,314,144	190,883,963	124,390
Total assets. . . . .	99,861,369	167,592,242	267,453,611	1,206,844
<b>Liabilities:</b>				
Accounts payable. . . . .	1,022,474	494,895	1,517,369	27,375
Contracts payable. . . . .	6,341	223,800	230,141	
Retainage payable . . . . .		142,155	142,155	
Accrued wages and benefits . . . . .	425,097	205,151	630,248	116,256
Due to other governments . . . . .	455,420	224,004	679,424	288
Unearned revenue . . . . .	7,981,100		7,981,100	
Accrued interest payable. . . . .	288,178	523,567	811,745	
Claims payable. . . . .	304,424		304,424	
Notes payable . . . . .		665,000	665,000	
Long-term liabilities:				
Due within one year. . . . .	3,182,066	3,464,122	6,646,188	8,998
Due in more than one year . . . . .	21,678,109	47,703,502	69,381,611	133,439
Total liabilities . . . . .	35,343,209	53,646,196	88,989,405	286,356
<b>Net assets:</b>				
Invested in capital assets, net of related debt . . . . .	36,494,346	96,454,235	132,948,581	94,912
Restricted for:				
Capital projects . . . . .	860,618		860,618	
Debt service. . . . .	4,404,797		4,404,797	
Revenue bond repairs and replacements . . . . .		2,622,379	2,622,379	
Revenue bond current debt service . . . . .		1,578,473	1,578,473	
Revenue bond future debt service. . . . .		2,299,627	2,299,627	
Human service programs . . . . .	6,924,269		6,924,269	
Public works projects. . . . .	4,920,548		4,920,548	
Public safety programs . . . . .	1,115,149		1,115,149	
Other purposes . . . . .	4,438,363		4,438,363	
Unrestricted. . . . .	5,360,070	10,991,332	16,351,402	825,576
Total net assets . . . . .	\$ 64,518,160	\$ 113,946,046	\$ 178,464,206	\$ 920,488

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**OTTAWA COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General government:				
Legislative and executive . . . . .	\$ 5,430,332	\$ 1,717,643	\$ 12,925	
Judicial . . . . .	2,941,071	654,286	191,961	
Public safety . . . . .	6,487,797	1,348,580	261,357	
Public works . . . . .	6,553,127	2,198,770	4,403,850	
Health . . . . .	96,884	179,047		
Human services . . . . .	16,746,190	1,916,607	6,491,796	\$670,344
Conservation and recreation . . . . .	39,341			
Economic development and assistance . . . . .	3,801	1,635		
Other . . . . .	525,714	74,091		
Interest and fiscal charges . . . . .	1,039,853	807,333		
Total governmental activities . . . . .	<u>39,864,110</u>	<u>8,897,992</u>	<u>11,361,889</u>	<u>670,344</u>
<b>Business-Type Activities:</b>				
Riverview Nursing Home . . . . .	10,725,984	9,324,820	199,102	
Danbury Sewer . . . . .	4,624,963	2,339,362	454,048	439,993
Regional Water . . . . .	5,391,978	4,765,879	405,968	5,032,942
Catawba Portage Sewer . . . . .	2,610,174	2,111,033	849	1,687,537
Other enterprise . . . . .	858,569	16,775	989,234	407,426
Total business-type activities . . . . .	<u>24,211,668</u>	<u>18,557,869</u>	<u>2,049,201</u>	<u>7,567,898</u>
Total primary government . . . . .	<u>\$ 64,075,778</u>	<u>\$ 27,455,861</u>	<u>\$ 13,411,090</u>	<u>\$ 8,238,242</u>
<b>Component Unit:</b>				
Riverview Industries, Inc. . . . .	<u>\$ 2,722,008</u>	<u>\$ 2,710,916</u>		

**General Revenues:**

Property taxes levied for:

General fund . . . . .	
Human services - County Board of MRDD . . . . .	
Human services - Ottawa County Senior Programs . . . . .	
Nursing home . . . . .	
Debt service . . . . .	
Sales taxes . . . . .	
Other local taxes . . . . .	
Grants and entitlements not restricted to specific programs . . . . .	
Investment earnings . . . . .	
Miscellaneous . . . . .	
Total general revenues . . . . .	

Transfers . . . . .

Change in net assets . . . . .

**Net assets at beginning of year (restated) . . . . .**

**Net assets at end of year . . . . .**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Net (Expense) Revenue and Changes in Net Assets</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Unit</b>
\$ (3,699,764)		\$ (3,699,764)	
(2,094,824)		(2,094,824)	
(4,877,860)		(4,877,860)	
49,493		49,493	
82,163		82,163	
(7,667,443)		(7,667,443)	
(39,341)		(39,341)	
(2,166)		(2,166)	
(451,623)		(451,623)	
(232,520)		(232,520)	
<u>(18,933,885)</u>		<u>(18,933,885)</u>	
	(\$1,202,062)	(1,202,062)	
	(1,391,560)	(1,391,560)	
	4,812,811	4,812,811	
	1,189,245	1,189,245	
	554,866	554,866	
	<u>3,963,300</u>	<u>3,963,300</u>	
<u>(18,933,885)</u>	<u>3,963,300</u>	<u>(14,970,585)</u>	
			<u>(\$11,092)</u>
3,097,783		3,097,783	
4,029,204		4,029,204	
410,008		410,008	
-	521,845	521,845	
240,759		240,759	
5,198,808		5,198,808	
452,108		452,108	
3,052,116		3,052,116	
1,823,009		1,823,009	15,116
3,421,505	454,231	3,875,736	
<u>21,725,300</u>	<u>976,076</u>	<u>22,701,376</u>	<u>15,116</u>
<u>(786,591)</u>	<u>786,591</u>		
2,004,824	5,725,967	7,730,791	4,024
62,513,336	108,220,079	170,733,415	916,464
<u>\$ 64,518,160</u>	<u>\$ 113,946,046</u>	<u>\$ 178,464,206</u>	<u>\$ 920,488</u>

OTTAWA COUNTY, OHIO

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2008

	General	Road and Bridge	Job and Family Services	Mental Retardation and Developmental Disabilities
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 1,800,020	\$ 2,092,411	\$ 683,594	\$ 5,751,961
Cash in segregated accounts . . . . .	68,868			16,383
Receivables (net of allowance for uncollectibles):				
Sales taxes . . . . .	668,079			
Property taxes . . . . .	3,839,424			4,260,502
Other local taxes . . . . .		32,287		
Accounts . . . . .	165,092	172,471		52,977
Accrued interest . . . . .	288,126			
Special assessments . . . . .				
Interfund loans . . . . .	1,022,288			
Due from other funds . . . . .	87,476	17,747		
Due from other governments . . . . .	681,497	1,957,259	539,808	212,822
Prepayments . . . . .	29,863	7,226	2,234	4,985
Materials and supplies inventory . . . . .	125,182	268,570	6,753	1,518
Loans receivable . . . . .	396,600			
Restricted Assets:				
Equity in pooled cash and cash equivalents . . . . .	82,499			
<b>Total assets . . . . .</b>	<b>\$ 9,255,014</b>	<b>\$ 4,547,971</b>	<b>\$ 1,232,389</b>	<b>\$ 10,301,148</b>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 87,793	\$ 75,557	\$ 192,791	\$ 297,686
Contracts payable . . . . .	6,341			
Accrued wages and benefits . . . . .	225,962	40,629	36,082	52,920
Compensated absences payable . . . . .				7,487
Interfund loans payable . . . . .				
Due to other funds . . . . .	19,529	12,974	40	126,344
Due to other governments . . . . .	172,806	36,210	145,917	34,659
Unearned revenue . . . . .	3,460,500			3,840,000
Deferred revenue . . . . .	1,431,255	1,631,080	539,808	628,759
<b>Total liabilities . . . . .</b>	<b>5,404,186</b>	<b>1,796,450</b>	<b>914,638</b>	<b>4,987,855</b>
<b>Fund Balances:</b>				
Reserved for encumbrances . . . . .	270,554	41,147	116,091	158,487
Reserved for unclaimed monies . . . . .	82,499			
Reserved for loans . . . . .	396,600			
Unreserved, undesignated (deficit), reported in:				
General fund . . . . .	3,101,175			
Special revenue funds . . . . .		2,710,374	201,660	5,154,806
Debt service funds . . . . .				
Capital projects funds . . . . .				
<b>Total fund balances . . . . .</b>	<b>3,850,828</b>	<b>2,751,521</b>	<b>317,751</b>	<b>5,313,293</b>
<b>Total liabilities and fund balances . . . . .</b>	<b>\$ 9,255,014</b>	<b>\$ 4,547,971</b>	<b>\$ 1,232,389</b>	<b>\$ 10,301,148</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Ottawa County Senior Programs	Special Assessment Bonds	Other Governmental Funds	Total Governmental Funds
\$ 314,784	\$ 145,103	\$ 7,483,051	\$ 18,270,924
		9,400	94,651
			668,079
448,468		306,962	8,855,356
			32,287
8,564	25	143,963	543,092
			288,126
	17,246,346	82,322	17,328,668
			1,022,288
		64,117	169,340
25,768		490,659	3,907,813
985		5,258	50,551
200		1,070	403,293
		1,484,194	1,880,794
			82,499
<u>\$ 798,769</u>	<u>\$ 17,391,474</u>	<u>\$ 10,070,996</u>	<u>\$ 53,597,761</u>
\$ 59,999		\$ 308,648	\$ 1,022,474
			6,341
3,615		65,889	425,097
			7,487
	\$140	668,855	668,995
2,681		12,035	173,603
4,555		61,270	455,417
404,100		276,500	7,981,100
66,524	17,246,346	589,492	22,133,264
<u>541,474</u>	<u>17,246,486</u>	<u>1,982,689</u>	<u>32,873,778</u>
23,976		627,839	1,238,094
			82,499
		1,484,194	1,880,794
			3,101,175
233,319		3,841,101	12,141,260
	144,988	1,758,024	1,903,012
		377,149	377,149
<u>257,295</u>	<u>144,988</u>	<u>8,088,307</u>	<u>20,723,983</u>
<u>\$ 798,769</u>	<u>\$ 17,391,474</u>	<u>\$ 10,070,996</u>	<u>\$ 53,597,761</u>

**OTTAWA COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2008

<b>Total governmental fund balances</b>		<b>\$ 20,723,983</b>
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		43,569,819
The investment in joint venture is not a financial resource and, therefore, is not reported in the funds.		690,988
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes receivable	\$ 874,115	
Sales tax receivable	276,379	
Special assessments receivable	17,328,668	
Intergovernmental receivable	3,450,865	
Accrued interest receivable	<u>203,237</u>	
Total		22,133,264
An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund (including an internal balance of \$99,251) are included in governmental activities in the statement of net assets.		2,403,189
Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.		137,783
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds payable	(8,265,995)	
Special assessment bonds payable	(2,372,117)	
OWDA loans payable	(12,127,940)	
OPWC loans payable	(526,620)	
Capital lease payable	(17,018)	
Accrued interest payable	(288,178)	
Compensated absences	<u>(1,542,998)</u>	
Total		<u>(25,140,866)</u>
<b>Net assets of governmental activities</b>		<b>\$ <u>64,518,160</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**OTTAWA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

	General	Road and Bridge	Job and Family Services	Mental Retardation and Developmental Disabilities
<b>Revenues:</b>				
Property taxes . . . . .	\$ 3,063,383			\$ 4,027,925
Sales taxes . . . . .	5,226,898			
Other local taxes . . . . .		\$ 452,108		
Charges for services . . . . .	1,610,518	2,050,453		638,139
Licenses and permits . . . . .	218,495			
Fines and forfeitures . . . . .	565,705	24,869		
Intergovernmental . . . . .	1,783,728	3,810,253	\$ 2,838,310	2,479,097
Special assessments . . . . .				
Investment income . . . . .	1,850,494			
Rental income . . . . .	44,196			
Other . . . . .	1,093,888	365,716	78,859	16,410
Total revenues . . . . .	<u>15,457,305</u>	<u>6,703,399</u>	<u>2,917,169</u>	<u>7,161,571</u>
<b>Expenditures:</b>				
Current:				
General government:				
Legislative and executive . . . . .	4,359,174			
Judicial . . . . .	2,470,500			
Public safety . . . . .	5,412,954			
Public works . . . . .	395,884	7,548,840		
Health . . . . .	37,866			
Human services . . . . .	997,056		3,760,236	6,591,125
Conservation and recreation . . . . .				
Economic development and assistance . . . . .				
Other . . . . .	428,395			
Capital outlay . . . . .				
Debt service:				
Principal retirement . . . . .	7,557	13,503		7,176
Interest and fiscal charges . . . . .	1,431			84
Bond issuance costs . . . . .				
Total expenditures . . . . .	<u>14,110,817</u>	<u>7,562,343</u>	<u>3,760,236</u>	<u>6,598,385</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>1,346,488</u>	<u>(858,944)</u>	<u>(843,067)</u>	<u>563,186</u>
<b>Other financing sources (uses):</b>				
Sale of bonds . . . . .				
Payment to refunded bond escrow agent . . . . .				
Transfers in . . . . .	192,878	130,033	309,526	
Transfers out . . . . .	(1,707,866)		(99,843)	(225,505)
Premiums on bonds . . . . .				
Total other financing sources (uses) . . . . .	<u>(1,514,988)</u>	<u>130,033</u>	<u>209,683</u>	<u>(225,505)</u>
Net change in fund balances . . . . .	(168,500)	(728,911)	(633,384)	337,681
<b>Fund balances at beginning of year . . . . .</b>	<u>4,019,328</u>	<u>3,480,432</u>	<u>951,135</u>	<u>4,975,612</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 3,850,828</u>	<u>\$ 2,751,521</u>	<u>\$ 317,751</u>	<u>\$ 5,313,293</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Ottawa County Senior Programs	Special Assessment Bonds	Other Governmental Funds	Total Governmental Funds
\$ 405,798		\$ 233,418	\$ 7,730,524
		150	5,227,048
			452,108
8,564		2,647,392	6,955,066
		172,680	391,175
		30,547	621,121
338,435		4,340,648	15,590,471
	\$ 2,185,530	73,217	2,258,747
			1,850,494
			44,196
17,836	25	1,686,409	3,259,143
<u>770,633</u>	<u>2,185,555</u>	<u>9,184,461</u>	<u>44,380,093</u>
		742,529	5,101,703
		394,815	2,865,315
		1,008,887	6,421,841
		377,577	8,322,301
		154,133	191,999
836,125		4,455,507	16,640,049
		2,663	2,663
		1,635	1,635
		80,710	509,105
		852,566	852,566
	1,540,519	515,000	2,083,755
	669,624	366,383	1,037,522
	4,755	1,373	6,128
<u>836,125</u>	<u>2,214,898</u>	<u>8,953,778</u>	<u>44,036,582</u>
(65,492)	(29,343)	230,683	343,511
	2,377,000	548,000	2,925,000
	(2,373,987)	(547,334)	(2,921,321)
	1,223	1,434,839	2,068,499
	(9,448)	(928,962)	(2,971,624)
	2,068	782	2,850
	(3,144)	507,325	(896,596)
(65,492)	(32,487)	738,008	(553,085)
322,787	177,475	7,350,299	21,277,068
<u>\$ 257,295</u>	<u>\$ 144,988</u>	<u>\$ 8,088,307</u>	<u>\$ 20,723,983</u>

**OTTAWA COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

**Net change in fund balances - total governmental funds** \$ (553,085)

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

Government 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 exceeded depreciation expense in the current period.

Capital outlays	\$ 4,797,835	
Depreciation expense	(2,451,771)	
Total		2,346,064

Increases in the value of investment in joint ventures that do not provide current financial resources are not reported in the funds. 125,459

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	47,230	
Sales taxes	(28,240)	
Special assessments	(1,372,313)	
Intergovernmental	(343,760)	
Investment income	(27,485)	
Total		(1,724,568)

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. 31,581

Sale of bonds issued provide current financial resources to governmental funds, but these obligations increase liabilities on the statement of net assets. (2,925,000)

Repayment of bond, loan, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 2,083,755

Payments to refunding bond escrow agents are an other financing use in the governmental funds, but the payment reduces long-term liabilities on the statement of net assets. 2,850,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported on the statement of activities:

Decrease in accrued interest payable	12,735	
Accounting losses	51,980	
Bond premiums	9,604	
Bond issue costs	(2,051)	
Total		72,268

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated.

The net revenue (expense) of the internal service fund (including internal balance activity of \$147,672) is allocated among the governmental activities. (301,650)

**Change in net assets of governmental activities.** \$ 2,004,824

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OTTAWA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes . . . . .	\$ 3,485,000	\$ 3,485,000	\$ 3,512,599	\$ 27,599
Sales taxes . . . . .	5,030,000	5,030,000	5,213,032	183,032
Charges for services . . . . .	1,375,750	1,375,750	1,565,030	189,280
Licenses and permits. . . . .	285,438	285,438	218,495	(66,943)
Fines and forfeitures. . . . .	582,500	582,500	557,918	(24,582)
Intergovernmental . . . . .	1,341,294	1,341,294	1,332,420	(8,874)
Investment income . . . . .	2,500,000	2,500,000	1,753,985	(746,015)
Rental income . . . . .	45,000	45,000	44,196	(804)
Other . . . . .	430,600	430,600	634,205	203,605
<b>Total revenues . . . . .</b>	<b>15,075,582</b>	<b>15,075,582</b>	<b>14,831,880</b>	<b>(243,702)</b>
<b>Expenditures:</b>				
Current:				
General government:				
Legislative and executive . . . . .	4,140,677	4,578,175	4,604,279	(26,104)
Judicial . . . . .	2,377,047	2,604,573	2,549,541	55,032
Public safety . . . . .	5,462,579	5,634,546	5,474,300	160,246
Public works . . . . .	403,782	403,825	397,898	5,927
Health. . . . .	35,029	45,029	44,997	32
Human services. . . . .	1,127,398	1,143,023	1,034,422	108,601
Other . . . . .	397,021	417,558	428,695	(11,137)
<b>Total expenditures. . . . .</b>	<b>13,943,533</b>	<b>14,826,729</b>	<b>14,534,132</b>	<b>292,597</b>
<b>Excess of revenues over expenditures. . . . .</b>	<b>1,132,049</b>	<b>248,853</b>	<b>297,748</b>	<b>48,895</b>
<b>Other financing sources (uses):</b>				
Sale of capital assets . . . . .	15,000	15,000	1,565	(13,435)
Sale of bonds. . . . .			2,937	2,937
Other financing sources . . . . .	514,331	514,331	486,515	(27,816)
Transfers in. . . . .	275,000	275,000	192,878	(82,122)
Transfers out . . . . .	(1,686,401)	(1,716,938)	(1,715,651)	1,287
Advances in. . . . .			2,177,552	2,177,552
Advances out . . . . .			(1,024,432)	(1,024,432)
<b>Total other financing sources (uses). . . . .</b>	<b>(882,070)</b>	<b>(912,607)</b>	<b>121,364</b>	<b>1,033,971</b>
<b>Net change in fund balance . . . . .</b>	<b>249,979</b>	<b>(663,754)</b>	<b>419,112</b>	<b>1,082,866</b>
<b>Fund balance at beginning of year . . . . .</b>	<b>466,560</b>	<b>466,560</b>	<b>466,560</b>	
<b>Prior year encumbrances appropriated . . . . .</b>	<b>403,101</b>	<b>403,101</b>	<b>403,101</b>	
<b>Fund balance at end of year. . . . .</b>	<b>\$ 1,119,640</b>	<b>\$ 205,907</b>	<b>\$ 1,288,773</b>	<b>\$ 1,082,866</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OTTAWA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 ROAD AND BRIDGE FUND  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property and other taxes . . . . .	\$ 465,000	\$ 465,000	\$ 451,397	\$ (13,603)
Charges for services . . . . .	1,215,000	1,215,000	2,050,453	835,453
Fines and forfeitures . . . . .	30,000	30,000	24,898	(5,102)
Intergovernmental . . . . .	3,850,000	3,850,000	3,779,832	(70,168)
Other . . . . .	5,000	1,015,000	210,881	(804,119)
<b>Total revenues.</b> . . . .	<u>5,565,000</u>	<u>6,575,000</u>	<u>6,517,461</u>	<u>(57,539)</u>
<b>Expenditures:</b>				
Current:				
Public works . . . . .	8,201,096	9,222,332	7,742,714	1,479,618
<b>Total expenditures.</b> . . . .	<u>8,201,096</u>	<u>9,222,332</u>	<u>7,742,714</u>	<u>1,479,618</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(2,636,096)</u>	<u>(2,647,332)</u>	<u>(1,225,253)</u>	<u>1,422,079</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	75,000	75,000	130,033	55,033
<b>Total other financing sources.</b> . . . .	<u>75,000</u>	<u>75,000</u>	<u>130,033</u>	<u>55,033</u>
Net change in fund balance . . . . .	(2,561,096)	(2,572,332)	(1,095,220)	1,477,112
<b>Fund balance at beginning of year</b> . . . . .	1,751,830	1,751,830	1,751,830	
<b>Prior year encumbrances appropriated</b> . . . . .	<u>1,313,726</u>	<u>1,313,726</u>	<u>1,313,726</u>	
<b>Fund balance at end of year</b> . . . . .	<u>\$ 504,460</u>	<u>\$ 493,224</u>	<u>\$ 1,970,336</u>	<u>\$ 1,477,112</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 JOB AND FAMILY SERVICES FUND  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 3,665,592	\$ 3,665,592	\$ 3,257,532	\$ (408,060)
Other . . . . .	72,500	72,500	82,846	10,346
Total revenues. . . . .	<u>3,738,092</u>	<u>3,738,092</u>	<u>3,340,378</u>	<u>(397,714)</u>
<b>Expenditures:</b>				
Current:				
Human services. . . . .	4,180,947	5,101,757	4,117,278	984,479
Total expenditures. . . . .	<u>4,180,947</u>	<u>5,101,757</u>	<u>4,117,278</u>	<u>984,479</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(442,855)</u>	<u>(1,363,665)</u>	<u>(776,900)</u>	<u>586,765</u>
<b>Other financing sources (uses):</b>				
Transfers in. . . . .	531,059	531,059	309,526	(221,533)
Transfers out . . . . .	(81,951)	(100,000)	(99,843)	157
Total other financing sources (uses). . . . .	<u>449,108</u>	<u>431,059</u>	<u>209,683</u>	<u>(221,376)</u>
Net change in fund balance . . . . .	6,253	(932,606)	(567,217)	365,389
<b>Fund balance at beginning of year . . . . .</b>	937,632	937,632	937,632	
<b>Prior year encumbrances appropriated . . . . .</b>	<u>153,132</u>	<u>153,132</u>	<u>153,132</u>	
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,097,017</u>	<u>\$ 158,158</u>	<u>\$ 523,547</u>	<u>\$ 365,389</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OTTAWA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES FUND  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes . . . . .	\$ 4,200,000	\$ 4,200,000	\$ 4,533,359	\$ 333,359
Other taxes . . . . .	40,500	40,500	40,649	149
Charges for services. . . . .	651,000	651,000	672,218	21,218
Intergovernmental. . . . .	2,350,000	2,350,000	1,951,550	(398,450)
Other . . . . .	1,600	6,722	17,570	10,848
<b>Total revenues.</b> . . . .	<u>7,243,100</u>	<u>7,248,222</u>	<u>7,215,346</u>	<u>(32,876)</u>
<b>Expenditures:</b>				
Current:				
Human services. . . . .	<u>7,362,027</u>	<u>7,366,981</u>	<u>6,621,651</u>	<u>745,330</u>
<b>Total expenditures.</b> . . . .	<u>7,362,027</u>	<u>7,366,981</u>	<u>6,621,651</u>	<u>745,330</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(118,927)</u>	<u>(118,759)</u>	<u>593,695</u>	<u>712,454</u>
<b>Other financing sources (uses):</b>				
Transfers out . . . . .	(495,766)	(496,100)	(225,505)	270,595
Advances in . . . . .	100,000	100,000	-	(100,000)
<b>Total other financing sources (uses)</b> . . . . .	<u>(395,766)</u>	<u>(396,100)</u>	<u>(225,505)</u>	<u>170,595</u>
Net change in fund balance. . . . .	(514,693)	(514,859)	368,190	883,049
<b>Fund balance at beginning of year</b> . . . . .	4,741,872	4,741,872	4,741,872	
<b>Prior year encumbrances appropriated</b> . . . . .	<u>295,179</u>	<u>295,179</u>	<u>295,179</u>	
<b>Fund balance at end of year.</b> . . . .	<u>\$ 4,522,358</u>	<u>\$ 4,522,192</u>	<u>\$ 5,405,241</u>	<u>\$ 883,049</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OTTAWA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 OTTAWA COUNTY SENIOR PROGRAMS FUND  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes . . . . .	\$ 394,862	\$ 400,000	\$ 406,736	\$ 6,736
Other taxes . . . . .	3,554	3,600	4,326	726
Intergovernmental . . . . .	279,587	283,225	341,313	58,088
Other . . . . .	190,584	193,064	17,910	(175,154)
Total revenues. . . . .	<u>868,587</u>	<u>879,889</u>	<u>770,285</u>	<u>(109,604)</u>
<b>Expenditures:</b>				
Current:				
Human services. . . . .	850,754	997,173	912,733	84,440
Total expenditures. . . . .	<u>850,754</u>	<u>997,173</u>	<u>912,733</u>	<u>84,440</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>17,833</u>	<u>(117,284)</u>	<u>(142,448)</u>	<u>(25,164)</u>
<b>Other financing sources (uses):</b>				
Transfers in. . . . .	106,294	107,677	143,292	35,615
Transfers out . . . . .	(122,253)	(143,293)	(143,292)	1
Advances out . . . . .	-	-	(216)	(216)
Total other financing sources (uses). . . . .	<u>(15,959)</u>	<u>(35,616)</u>	<u>(216)</u>	<u>35,400</u>
Net change in fund balance . . . . .	1,874	(152,900)	(142,664)	10,236
<b>Fund balance at beginning of year . . . . .</b>	282,824	282,824	282,824	
<b>Prior year encumbrances appropriated . . . . .</b>	<u>101,370</u>	<u>101,370</u>	<u>101,370</u>	
<b>Fund balance at end of year . . . . .</b>	<u>\$ 386,068</u>	<u>\$ 231,294</u>	<u>\$ 241,530</u>	<u>\$ 10,236</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2008

	Business Type Activities			
	Riverview Nursing Home	Danbury Sewer Operations	Regional Water Operations	Catawba Portage Sewer
<b>Assets:</b>				
Current Assets:				
Equity in pooled cash and cash equivalents . . . .	\$ 1,596,659	\$ 2,118,943	\$ 4,681,617	\$ 815,658
Cash with escrow agents . . . . .		92,155	50,000	
Receivables (net of allowance for uncollectibles):				
Accounts . . . . .	423,937	190,194	335,695	164,011
Special assessments . . . . .			60,472	
Due from other funds . . . . .	6,775		143	
Due from other governments . . . . .	595,864	265,409	124,106	
Materials and supplies inventory . . . . .	12,980	121,674	597,799	104,614
Prepayments . . . . .	33,755	3,243	10,124	3,178
Restricted Assets:				
Equity in pooled cash and cash equivalents . . . .		4,302,146		2,198,333
Cash with fiscal agents . . . . .		626,834		292,153
Total current assets . . . . .	<u>2,669,970</u>	<u>7,720,598</u>	<u>5,859,956</u>	<u>3,577,947</u>
Noncurrent Assets:				
Unamortized bond issuance costs . . . . .	47,688	88,378		283,270
Capital assets:				
Land and construction-in-progress . . . . .		904,002	4,639,224	2,742,988
Depreciable capital assets, net . . . . .	5,189,054	27,958,894	64,960,050	30,413,350
Total noncurrent assets . . . . .	<u>5,236,742</u>	<u>28,951,274</u>	<u>69,599,274</u>	<u>33,439,608</u>
Total assets . . . . .	<u>7,906,712</u>	<u>36,671,872</u>	<u>75,459,230</u>	<u>37,017,555</u>
<b>Liabilities:</b>				
Current Liabilities:				
Accounts payable . . . . .	214,135	210,115	48,281	22,049
Compensated absences . . . . .	240,529	42,994	85,988	45,863
Contracts payable . . . . .		223,800		
Retainage payable . . . . .		92,155	50,000	
Accrued wages and benefits . . . . .	144,743	13,478	29,608	15,955
Due to other funds . . . . .	2,384	71		200
Due to other governments . . . . .	185,940	8,556	18,590	10,202
Interfund loans payable . . . . .				3,035
Accrued interest payable . . . . .	9,772	92,509	334,976	3,322
General obligation revenue bonds payable . . . .	469,000	497,000	35,400	62,000
Special assessment bonds payable . . . . .				15,000
OWDA loans payable . . . . .		262,444	1,185,960	
OPWC loans payable . . . . .		46,317	12,897	16,472
OEPA loans payable . . . . .			153,264	
Liabilities payable from restricted assets:				
General obligation revenue bonds payable . . . .		35,000		165,000
Accrued interest payable . . . . .		8,369		60,191
Notes payable . . . . .			665,000	
Claims payable . . . . .				
Total Current Liabilities . . . . .	<u>1,266,503</u>	<u>1,532,808</u>	<u>2,619,964</u>	<u>419,289</u>

<b>Business Type Activities</b>		<b>Governmental</b>
<b>Other</b>	<b>Total</b>	<b>Activity -</b>
<b>Enterprise</b>	<b>Enterprise</b>	<b>Internal</b>
		<b>Service</b>
\$ 211,595	\$ 9,424,472	\$ 2,608,365
	142,155	
1	1,113,838	
250,937	311,409	
	6,918	
22,300	1,007,679	
	837,067	
21	50,321	
	6,500,479	
	918,987	
<u>484,854</u>	<u>20,313,325</u>	<u>2,608,365</u>
636	419,972	
190,260	8,476,474	
<u>10,316,322</u>	<u>138,837,670</u>	
<u>10,507,218</u>	<u>147,734,116</u>	
<u>10,992,072</u>	<u>168,047,441</u>	<u>2,608,365</u>
315	494,895	
70	415,444	
	223,800	
	142,155	
1,367	205,151	
	2,655	
716	224,004	3
350,258	353,293	
14,428	455,007	
32,000	1,095,400	
	15,000	
48,654	1,497,058	
12,270	87,956	
	153,264	
	200,000	
	68,560	
	665,000	
		<u>304,424</u>
<u>460,078</u>	<u>6,298,642</u>	<u>304,427</u>

(continued)

OTTAWA COUNTY, OHIO

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2008

	Business Type Activities			
	Riverview Nursing Home	Danbury Sewer	Regional Water	Catawba Portage Sewer
Non-Current Liabilities:				
General obligation revenue bonds payable . . . . .	2,369,104	2,701,761	1,710,100	6,719,793
Special assessment bonds payable . . . . .	-	-	-	363,000
OWDA loans payable . . . . .	-	5,607,751	22,804,549	-
OPWC loans payable . . . . .	-	301,867	193,603	162,203
Ohio water and sewer loans payable . . . . .	-	87,862	1,058,326	38,209
OEPA loans payable . . . . .	-	-	2,037,741	-
Compensated absences . . . . .	44,682	22,765	45,531	24,284
Total Non-Current Liabilities . . . . .	<u>2,413,786</u>	<u>8,722,006</u>	<u>27,849,850</u>	<u>7,307,489</u>
Total liabilities . . . . .	<u>3,680,289</u>	<u>10,254,814</u>	<u>30,469,814</u>	<u>7,726,778</u>
<b>Net assets:</b>				
Invested in capital assets, net of related debt. . . . .	2,398,638	19,411,272	39,742,434	25,897,931
Restricted for:				
Repairs and replacements . . . . .	-	1,124,414	-	1,497,965
Revenue bond current debt service . . . . .	-	1,393,069	-	185,404
Revenue bond future debt service . . . . .	-	1,784,663	-	514,964
Unrestricted . . . . .	<u>1,827,785</u>	<u>2,703,640</u>	<u>5,246,982</u>	<u>1,194,513</u>
Total net assets. . . . .	<u>\$ 4,226,423</u>	<u>\$ 26,417,058</u>	<u>\$ 44,989,416</u>	<u>\$ 29,290,777</u>

Net assets reported for business-type activities on the statement of net assets is different because it includes a proportionate share of the balance of the internal service fund.

Net assets of business-type activities

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Business Type Activities</b>		<b>Governmental</b>
<b>Other</b>	<b>Total</b>	<b>Activity -</b>
<b>Enterprise</b>	<b>Enterprise</b>	<b>Internal</b>
		<b>Service</b>
66,893	13,567,651	
	363,000	
1,122,979	29,535,279	
177,706	835,379	
42,756	1,227,153	
	2,037,741	
37	137,299	
<u>1,410,371</u>	<u>47,703,502</u>	
<u>1,870,449</u>	<u>54,002,144</u>	<u>304,427</u>
9,003,960	96,454,235	
	2,622,379	
	1,578,473	
	2,299,627	
<u>117,663</u>	<u>11,090,583</u>	<u>2,303,938</u>
<u>\$ 9,121,623</u>	<u>114,045,297</u>	<u>\$ 2,303,938</u>
	<u>(99,251)</u>	
	<u>\$ 113,946,046</u>	

OTTAWA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

	Business Type Activities			
	Riverview Nursing Home	Danbury Sewer Operations	Regional Water Operations	Catawba Portage Sewer
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 9,324,820	\$ 2,339,362	\$ 4,765,879	\$ 2,111,033
Other . . . . .	52,232	18,087	299,664	36,414
Total operating revenues . . . . .	9,377,052	2,357,449	5,065,543	2,147,447
<b>Operating expenses:</b>				
Personal services . . . . .	6,928,538	615,413	1,229,888	676,818
Contract services . . . . .	2,195,223	2,176,121	1,456,845	270,946
Materials and supplies . . . . .	1,424,826	257,703	59,764	241,453
Depreciation . . . . .	137,196	871,970	1,671,458	979,030
Claims . . . . .				
Other . . . . .		373,997	221,255	
Total operating expenses . . . . .	10,685,783	4,295,204	4,639,210	2,168,247
Operating income (loss) . . . . .	(1,308,731)	(1,937,755)	426,333	(20,800)
<b>Nonoperating revenues (expenses):</b>				
Property taxes . . . . .	521,845			
Special assessments . . . . .				38,586
Grants . . . . .	199,102	454,048	405,968	849
Loss on disposal of capital assets . . . . .		(19,026)		
Interest expense and fiscal charges . . . . .	(157,364)	(317,817)	(767,781)	(450,339)
Total nonoperating revenues (expenses) . . . . .	563,583	117,205	(361,813)	(410,904)
Income (loss) before capital contributions and transfers . . . . .	(745,148)	(1,820,550)	64,520	(431,704)
Capital contributions . . . . .		439,993	5,032,942	1,648,951
Transfers in . . . . .	616,065	1,315,895	212,192	121,898
Transfers out . . . . .	(10,235)	(97,292)	(1,279,275)	(136,208)
Changes in net assets . . . . .	(139,318)	(161,954)	4,030,379	1,202,937
<b>Net assets at beginning of year . . . . .</b>	<b>4,365,741</b>	<b>26,579,012</b>	<b>40,959,037</b>	<b>28,087,840</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 4,226,423</b>	<b>\$ 26,417,058</b>	<b>\$ 44,989,416</b>	<b>\$ 29,290,777</b>

The change in net assets reported for business-type activities on the statement of activities is different because it includes a proportionate share of the net loss of the internal service fund.

Change in net assets of business-type activities

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Business Type Activities</b>		<b>Governmental Activity - Internal Service</b>
<b>Other Enterprise</b>	<b>Total Enterprise</b>	
\$ 16,775	\$ 18,557,869	\$ 4,037,772
47,834	454,231	7,035
64,609	19,012,100	4,044,807
30,003	9,480,660	3
91,730	6,190,865	616,126
	1,983,746	
196,180	3,855,834	3,699,190
520,328	1,115,580	
838,241	22,626,685	4,315,319
(773,632)	(3,614,585)	(270,512)
	521,845	
74,842	113,428	
989,234	2,049,201	
	(19,026)	
(20,328)	(1,713,629)	
1,043,748	951,819	
270,116	(2,662,766)	(270,512)
332,584	7,454,470	
84,577	2,350,627	121,146
(41,026)	(1,564,036)	(4,612)
646,251	5,578,295	(153,978)
8,475,372		2,457,916
\$ 9,121,623		\$ 2,303,938
	147,672	
	\$ 5,725,967	

OTTAWA COUNTY, OHIO

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

	Business Type Activities			
	Riverview Nursing Home	Danbury Sewer Operations	Regional Water Operations	Catawba Portage Sewer
<b>Cash flows from operating activities:</b>				
Cash received from customers . . . . .	\$ 9,693,331	\$ 2,332,341	\$ 4,802,125	\$ 2,105,047
Cash received for other revenues . . . . .	58,278	18,022	299,170	36,308
Cash received from transactions with other funds . . . . .				
Cash payments for personal services . . . . .	(6,904,310)	(607,796)	(1,214,476)	(668,272)
Cash payments for contract services . . . . .	(2,234,952)	(2,083,125)	(1,470,078)	(279,517)
Cash payments to suppliers. . . . .	(1,468,905)	(135,763)	(214,183)	(253,627)
Cash payments for claims. . . . .				
Cash payments for other expenses . . . . .	(2,514)	(374,061)	(221,161)	(110)
Net cash provided by (used in) operating activities. . . . .	<u>(859,072)</u>	<u>(850,382)</u>	<u>1,981,397</u>	<u>939,829</u>
<b>Cash flows from noncapital financing activities:</b>				
Property taxes . . . . .	521,845			
Advances in . . . . .		731,750		3,035
Advances out. . . . .	(595,199)			(15,720)
Transfers in . . . . .	616,065	1,315,895	212,192	121,898
Transfers out. . . . .	(10,235)	(97,292)	(1,279,275)	(136,208)
Net cash provided by (used in) noncapital financing activities . . . . .	<u>532,476</u>	<u>1,950,353</u>	<u>(1,067,083)</u>	<u>(26,995)</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets . . . . .		(46,040)		(144,184)
Grants. . . . .	199,102	188,639	281,862	849
Special assessments . . . . .			3,582	38,586
Issuance of notes . . . . .		960,171	665,000	
Issuance of bonds. . . . .	234,000	148,000		5,272,000
Principal paid on notes . . . . .			(665,000)	
Interest paid on notes. . . . .			(26,453)	
Principal paid on general obligation revenue bonds . . . . .	(451,000)	(520,000)	(33,800)	(180,000)
Interest paid on general obligation revenue bonds . . . . .	(125,199)	(101,971)	(84,517)	(361,929)
Principal paid on special assessment bonds . . . . .				(14,000)
Interest paid on special assessment bonds . . . . .				(18,659)
Principal paid on Ohio Water and Sewer Loans . . . . .			(7,578)	
Principal paid on from OWDA Loans . . . . .		(253,286)	(1,161,087)	(48,924)
Interest paid on from OWDA Loans. . . . .		(186,734)	(582,766)	
Principal paid on from OPWC Loans . . . . .		(45,126)	(12,896)	(16,092)
Interest paid on from OPWC Loans . . . . .		(6,102)		(2,881)
Principal paid on from OEPA Loans. . . . .			(147,284)	
Interest paid on from OEPA Loans. . . . .			(92,534)	
Payment to refund bond escrow . . . . .	(233,714)	(147,600)		(5,180,663)
Bond premium . . . . .	70	105		25,056
Bond issuance costs. . . . .	(324)	(486)		(115,681)
Net cash provided by (used in) capital and related financing activities. . . . .	<u>(377,065)</u>	<u>(10,430)</u>	<u>(1,863,471)</u>	<u>(746,522)</u>
Net increase (decrease) in cash and cash equivalents . . . . .	(703,661)	1,089,541	(949,157)	166,312
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<u>2,300,320</u>	<u>6,050,537</u>	<u>5,680,774</u>	<u>3,139,832</u>
<b>Cash and cash equivalents at end of year. . . . .</b>	<u>\$ 1,596,659</u>	<u>\$ 7,140,078</u>	<u>\$ 4,731,617</u>	<u>\$ 3,306,144</u>

<b>Business Type Activities</b>		<b>Governmental</b>
<b>Other</b>	<b>Total</b>	<b>Activity -</b>
<b>Enterprise</b>	<b>Enterprise</b>	<b>Internal</b>
		<b>Service</b>
\$ 19,175	\$ 18,952,019	
47,849	459,627	\$7,493
		4,037,772
(29,360)	(9,424,214)	
(153,690)	(6,221,362)	(616,126)
	(2,072,478)	
		(3,971,370)
(520,333)	(1,118,179)	
(636,359)	575,413	(542,231)
	521,845	
350,258	1,085,043	
(854,042)	(1,464,961)	
84,577	2,350,627	121,416
(41,026)	(1,564,036)	(4,612)
(460,233)	928,518	116,804
(31,354)	(221,578)	
1,068,701	1,739,153	
27,321	69,489	
29,628	1,654,799	
101,000	5,755,000	
	(665,000)	
	(26,453)	
(31,000)	(1,215,800)	
(6,481)	(680,097)	
	(14,000)	
	(18,659)	
	(7,578)	
(38,999)	(1,502,296)	
(9,156)	(778,656)	
(12,269)	(86,383)	
	(8,983)	
	(147,284)	
	(92,534)	
(100,455)	(5,662,432)	
147	25,378	
(678)	(117,169)	
996,405	(2,001,083)	
(100,187)	(497,152)	(425,427)
311,782	17,483,245	3,034,062
\$ 211,595	\$ 16,986,093	\$ 2,608,635

(continued)

OTTAWA COUNTY, OHIO

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

	Business Type Activities			
	Riverview Nursing Home	Danbury Sewer Operations	Regional Water Operations	Catawba Portage Sewer
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss) . . . . .	\$ (1,308,731)	\$ (1,937,755)	\$ 426,333	\$ (20,800)
Adjustments:				
Depreciation . . . . .	137,196	871,970	1,671,458	979,030
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable . . . . .	168,234	(7,086)	35,637	(6,092)
Decrease in due from other funds . . . . .	12,044		115	
Decrease in due from other governments. . . . .	193,701			
(Increase) decrease in prepayments . . . . .	2,081	(975)	1,933	139
(Increase) decrease in materials and supplies inventory . . . . .	16,421	(40,660)	(138,024)	(18,129)
Increase (decrease) in accounts payable . . . . .	(103,185)	164,352	(4,766)	(3,309)
(Decrease) in contracts payable . . . . .			(76,701)	
Increase in accrued wages and benefits. . . . .	24,112	4,171	7,389	4,786
Increase in due to other funds . . . . .	75			144
Increase (decrease) in retainage payable . . . . .		92,155	50,000	
Increase (decrease) in due to other governments. . . . .	(44,563)	(1,968)	(2,806)	(1,716)
Increase in compensated absences payable. . . . .	43,543	5,414	10,829	5,776
(Decrease) in claims payable. . . . .				
Total adjustments. . . . .	449,659	1,087,373	1,555,064	960,629
Net cash provided by (used in) operating activities . . . . .	<u>\$ (859,072)</u>	<u>\$ (850,382)</u>	<u>\$ 1,981,397</u>	<u>\$ 939,829</u>
<b>Non-cash transactions:</b>				
Contributions from developers. . . . .		\$ 439,993	\$ 5,032,942	\$ 1,648,951
Capital assets purchased on account at 12/31/07 . . . . .		8,224	79,556	
Capital assets purchased on account at 12/31/08 . . . . .		223,800		

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Business Type Activities</b>		<b>Governmental</b>
<b>Other</b>	<b>Total</b>	<b>Activity -</b>
<b>Enterprise</b>	<b>Enterprise</b>	<b>Internal</b>
		<b>Service</b>
\$ (773,632)	\$ (3,614,585)	\$ (270,512)
196,180	3,855,834	
2,415	193,108	458
	12,159	
	193,701	
9	3,187	
	(180,392)	
(36,145)	16,947	
	(76,701)	
671	41,129	
	219	
(25,772)	116,383	
(94)	(51,147)	3
9	65,571	
		(272,180)
137,273	4,189,998	(271,719)
<u>\$ (636,359)</u>	<u>\$ 575,413</u>	<u>\$ (542,231)</u>
\$ 332,584	\$ 7,454,470	
36,430	124,210	
	223,800	

**OTTAWA COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 DECEMBER 31, 2008

		<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$	5,049,851
Cash in segregated accounts . . . . .		1,539,651
Receivables:		
Property taxes . . . . .		58,214,666
Due from other governments . . . . .		4,168,799
Accounts . . . . .		25,749
		68,998,716
Total assets . . . . .	\$	68,998,716
<b>Liabilities:</b>		
Accounts payable . . . . .	\$	22,367
Contracts payable . . . . .		13,803
Accrued wages and benefits . . . . .		47,701
Due to other governments . . . . .		62,234,900
Due to other funds . . . . .		3,774
Undistributed monies . . . . .		6,676,171
		68,998,716
Total liabilities . . . . .	\$	68,998,716

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**NOTE 1 - DESCRIPTION OF THE COUNTY**

Ottawa County, Ohio (the "County"), was created in 1840. The County is governed by a Board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, a Municipal Court Judge 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 reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the County are not misleading.

**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 County also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The County has the option to also apply FASB Statements and Interpretations issued after November 30, 1989, to its business-type activities and enterprise fund, subject to this same limitation. The County has elected not to apply these FASB Statements and Interpretations.

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", and as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The basic financial statements include all funds, agencies, boards, commissions, and component units for which the County and the County Commissioners are "accountable". Accountability 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 PCUs have been reflected in the accompanying basic financial statements as follows:

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

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

**DISCRETELY PRESENTED COMPONENT UNIT**

The component unit column on the financial statements identifies the financial data of the County's component unit, Riverview Industries, Inc. It is reported separately to emphasize that it is legally separate from the County. Information about this component unit is presented in Note 21 to the basic financial statements.

Riverview Industries, Inc. - Riverview Industries is a legally separate, not-for-profit corporation served by a self-appointing Board of Trustees. Riverview Industries, under a contractual agreement with the Ottawa County Board of Mental Retardation and Developmental Disabilities (MRDD), provides sheltered employment for mentally retarded or handicapped adults in Ottawa County. The Ottawa County Board of MRDD provides Riverview Industries with all expenses and personnel for the operation of Riverview Industries including staff salaries, transportation, equipment (except that used directly in the production of goods or rendering of services), staff to administer and supervise training programs, and other funds as necessary for the operation of Riverview Industries. Based on the significant services and resources provided by the County to retarded and handicapped adults of Ottawa County, Riverview Industries is presented as a component unit of Ottawa County. Riverview Industries operates on a fiscal year ending December 31. Financial information for Riverview Industries can be obtained from James Frederick, 8200 West State Route 163, Oak Harbor, Ohio 43449.

**POTENTIAL COMPONENT UNITS REPORTED AS AGENCY 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 organizations listed below, the County serves as fiscal agent, but is not financially accountable for their operations. Accordingly, the following entities are presented as agency funds within the financial statements:

Ottawa County Soil and Water Conservation District  
Ottawa County District Board of Health  
Family and Children First Council

The County participates in several joint ventures, a jointly governed organization, and an insurance pool as follows:

**JOINT VENTURES**

Joint Solid Waste District

The Joint Solid Waste District (the "District") is a joint venture between Ottawa, Sandusky, and Seneca Counties. The joint venture was formed to make disposal of waste in the three-county area more comprehensive in terms of recycling, incinerating, and waste disposal.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

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

The District is governed and operated by the three counties. Each of the counties has contractual obligations with the District and shared in the equity of the District based on the percentages of population within the three counties. In the event of dissolution of the District, all members will share in net obligations or asset liquidations in a ratio proportionate to their percentages of population within the member counties at the time of dissolution. The District does not have any outstanding debt.

The District consists of a nine-member Board of Directors, composed of the three commissioners from each county, who are responsible for the District's financial matters. Each county's degree of control over the District is limited to its representation on the Board of Directors. The District operates autonomously from the County, the County has no financial responsibility from the operations of the District, and the County does not subsidize the District in any way. The district has not accumulated significant financial resources nor is it experiencing fiscal stress that may cause an additional financial benefit to or burden on the County in the future.

The District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste. A sixteen-member policy committee, consisting of five members from each county and one at-large member appointed by the Board of Directors, is responsible for preparing the solid waste management plan of the District in conjunction with a sixteen-member Technical Advisory Council (members appointed by the policy committee). As of December 31, 2008, the County's equity interest in the Joint Solid Waste District was \$690,988. Financial information can be obtained from William Farrell, Sandusky County Auditor, 100 North Park Avenue, Fremont, Ohio 43420.

**Mental Health and Recovery Board of Erie and Ottawa Counties**

The MHRB is a governmental joint venture between Erie and Ottawa Counties. It provides mental health education, consultation, training, and referral services to the public. The organization is controlled by a Board whose membership consists of five appointees of the State Board of Mental Health, six appointees of the Ottawa County Commissioners and nine appointees of the Erie County Commissioners. Fiscal matters are handled by the Erie County Auditor. Financial statements for the MHRB are available, upon request, from: Mental Health and Recovery Board of Erie and Ottawa Counties, 416 Columbus Avenue, Sandusky, Ohio, 44870.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

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

**Regional Airport Authority**

The Regional Airport Authority (the "Airport Authority") is a joint venture between Ottawa and Erie Counties. The Airport Authority was formed to provide maintenance of runways and taxiways at the Airport facility. The Airport Authority operates under the direction of a seven-member Board of Trustees. Three members are appointed by the County Commissioners in each county. The seventh member is appointed at large by the other six. The members serve without compensation as outlined in Section 308.04 of the Ohio Revised Code. The continued existence of the Airport Authority is dependent upon Ottawa County's participation. The Airport Authority has not accumulated significant financial resources nor is the Airport Authority experiencing fiscal stress that may cause an additional financial benefit to or burden on the County in the future. During 2008, the County provided \$115,445 for airport operations. Financial information for the Airport Authority can be obtained from Valerie Gregory, Secretary, 3255 East State Road, Port Clinton, Ohio 43452.

**JOINTLY GOVERNED ORGANIZATION**

**Ottawa County Regional Planning Commission**

The County participates in the Ottawa County Regional Planning Commission (the "Commission"), which is a statutorily created political subdivision of the State. The Commission is jointly governed among Ottawa County, the City of Port Clinton, seven villages and twelve townships within the County. Each member's control over the operation of the Commission is limited to its representation on the Commission. The Commission makes studies, maps, plans, recommendations, and reports concerning the physical, environmental, social, economic and governmental characteristics, functions, and services of the County. In 2008, the County contributed \$119,282 to the Regional Planning Commission.

**INSURANCE POOL**

**County Risk Sharing Authority, Inc. (CORSA)**

The County Risk Sharing Authority, Inc. is a jointly governed organization among forty-one counties 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.

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.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

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

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. The total amount of certificates issued by CORSA for the forty-one participating counties is \$1,645,000. The County does not have an equity interest in CORSA. The County's payment for insurance to CORSA in 2008 was \$310,151.

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

**B. Basis of Presentation and Measurement Focus**

The County's basic financial statements consist of government-wide financial statements, including a statement of net assets 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 assets 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. Fiduciary funds are reported by fund type.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

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

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 current liabilities, 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 are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of revenues, expenses and changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its enterprise activities.

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.

Agency funds do not report a measurement focus as they do not report operations.

**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.

**GOVERNMENTAL FUNDS**

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

*General fund* - The General fund is used to account for all activities of the County not required to be included in another fund. The General fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

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

**Road and Bridge fund** - This fund accounts for monies derived from gasoline taxes and the sale of motor vehicle licenses. Expenditures are restricted by State law to county road and bridge repair/improvement programs.

**Job and Family Services fund** - This fund accounts for federal, State and local monies used to provide general relief and to pay providers of medical assistance and social services.

**Ottawa County Board of Mental Retardation and Developmental Disabilities (MRDD) fund** - This fund accounts for a county-wide tax levy and federal and State grants that are used for developing and implementing programs for developmentally disabled citizens.

**Ottawa County Senior Programs fund** - This fund accounts for a tax levy used to help support senior centers throughout the County and the services they offer to shut-ins and elderly within the County.

**Special Assessment Bonds fund** - This fund accounts for special assessment revenue used for the repayment of OWDA loans and special assessment bonds.

Other governmental funds of the County are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (b) for the accumulation of resources for, and the repayment of, general long-term debt principal, interest and related costs and (c) for grants and other resources, the use of which is restricted to a particular purpose.

**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 funds:

**Riverview Nursing Home** - This fund accounts for the daily operations of the County nursing home. Revenue is generated from resident fees and charges for services and from property taxes and is used to pay other agencies for services, to fund the daily costs of operations, and to provide services to the residents such as laundry, transportation, personal care items and incidental medical supplies.

**Danbury Sewer Operations** - This fund accounts for sanitary sewer services provided to individuals and commercial users in Danbury Township and the Village of Marblehead.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

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

**Regional Water Operations** - This fund accounts for water services provided to individuals and commercial users in Bay, Catawba, Danbury, Erie, Harris, Portage, and Salem Townships, the City of Port Clinton and the Village of Oak Harbor.

**Catawba Portage Sewer** - This fund accounts for sanitary sewer services provided to individuals and commercial users in portions of Catawba and Portage Townships.

**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 monies received for the activities of the self insurance program for employee health benefits.

**FIDUCIARY FUNDS**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County's only fiduciary funds are agency funds that 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 and fines and forfeitures collected and distributed to other political subdivisions.

**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 revenue, and in the presentation of expenses versus expenditures.

***Revenues - Exchange and Non-exchange 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 year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within thirty-one days of year-end.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

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

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 year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis.

On 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.

**Unearned Revenue and Deferred Revenue** - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2008, but which were levied to finance year 2009 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as unearned revenue. Sales taxes and special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2008, are recorded as deferred revenue only in governmental funds.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

**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.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

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

**E. Budgetary Data**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the alternate tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The alternate tax budget indicates the projected revenues and expenditures for those funds receiving tax monies. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund, department and object levels for all funds.

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

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first 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 cash equivalents" on the basic financial statements.

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 financial statements as "cash in segregated accounts" or as "cash with fiscal agents" since they are not required to be deposited into the County treasury.

The County has segregated bank accounts for monies held as retainage for various construction projects. These interest-bearing depository accounts are presented on the financial statements as "cash with escrow agents".

During 2008, investments were limited to federal agency securities, mutual funds, and the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value, which is based on quoted market prices.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

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

The County has invested funds in STAR Ohio during 2008. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission (SEC) as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on December 31, 2008.

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 2008 amounted to \$1,850,494 which includes \$1,795,923 assigned from other County funds.

For presentation on the basic financial statements, 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. 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/expended when used. Inventories are accounted for using the consumption method. Inventories at year-end consist of expendable supplies held for consumption.

**H. 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 assets, 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 assets 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 recorded at their fair market values as of the date received. 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.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

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

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 over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Buildings	10 - 75 years	75 years
Building Improvements	10 - 75 years	n/a
Improvements other than Buildings	n/a	20 years
Roads	15 - 50 years	n/a
Bridges	35 - 55 years	n/a
Water and Sewer Lines	n/a	50 years
Equipment	5 - 10 years	5 - 20 years
Vehicles	5 - 15 years	5 - 10 years

**I. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2008, 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.

**J. Unamortized Loss on Advance Refunding**

For advance refundings resulting in the defeasance of debt, 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 loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a reduction of the face amount of the new debt.

**K. 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. The County records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

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

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, 2008, 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 for all employees after fifteen years of service with the County.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at December 31, 2008, 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.

**L. Unamortized Bond Issuance Costs/Bond Discounts and Premiums**

For governmental funds, issuance costs, bond discounts, and premiums are recognized in the current period on the fund financial statements. For the entity-wide and proprietary fund financial statements, issuance costs, bond discounts and premiums are deferred and amortized over the term of the bonds using the bonds-outstanding and straight-line methods, which approximates the effective interest method. Issuance costs are recorded as deferred charges. Bond discounts and premiums are presented as a reduction of or addition to the face amount of the bonds, as applicable.

**M. Fund Balance Reserves**

Reserved fund balances indicate that a portion of fund equity is not available for current appropriation or use. The unreserved or undesignated portions of fund equity reflected in the governmental funds are available for use within the specific purposes of the funds.

The County reports amounts representing encumbrances outstanding, loans receivable, and unclaimed monies as reservations of fund balance in the governmental funds.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

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

**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, long-term loans, and contractually required pension contributions are recognized as a liability in the fund financial statements when due.

**O. Interfund Transactions/Balances**

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 year are referred to as either "interfund receivable/interfund payable" for the current portion of interfund loans or advances to/from other funds for the non-current portion of interfund loans. All other outstanding balances outstanding between funds are reported as "due to/from other funds". These amounts are eliminated in the statement of net assets, 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".

Advances between funds, as reported in the governmental fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

**P. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activities of the proprietary funds. For the County, these revenues are charges for services for the County nursing home, water and sewer services and charges for health care premiums in the internal service fund. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting these definitions are reported as nonoperating.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

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

**Q. Contributions of Capital**

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets (primarily from developers), or from grants or outside contributions of resources restricted to capital acquisition and construction.

**R. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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. Net assets are 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. As of December 31, 2008, there were no net assets restricted by enabling legislation.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**S. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions of enabling legislation.

Restricted assets in the enterprise funds represent certain resources which are segregated from other resources of the County to comply with various covenants established by bond financing agreements. These assets are generally held in separate accounts of the County or by a trustee. The various covenants place restrictions on the use of these resources, require minimum balances to be maintained in certain accounts, and establish annual amounts to be accumulated for specific purposes.

**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. 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 2008.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For 2008, the County implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations" and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 49 establishes the enhancement of the usefulness and comparability of pollution remediation obligations. The implementation of GASB Statement No. 49 did not have an effect on the financial statements of the County.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the County.

**B. Deficit Fund Balances and Net Assets**

**Nonmajor governmental funds**

Ditch maintenance program	\$ 8,962
Family dependency treatment	6,395
Student achievement program	23,177
Emergency management	10,169
Public radio safety maintenance	56,570
Buffer zone protection	9,065
Ditch cleaning	4,885
CDBG - Izach	9,325
Americorp grant	5,045
Roose ditch construction	10,203
Lohrbach ditch improvements	13,937
Millinger ditch project	1,068
Victims of crime	42,725
Winter's ditch	60,917
Locust Point pump drainage	29,793
Chas Breutkreitz ditch	21,350
Minier ditch	12,469
Fuel depot	173,761

These funds complied with Ohio State law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficit fund balances are the result of 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 demands upon the County treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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, or any book entry zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in 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 Treasury Asset Reserve of Ohio (STAR Ohio) investment pool;
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange securities, or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following:
  - a. Commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five-hundred-million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed 10 percent of the value of the outstanding commercial paper of the issuing corporation and which mature within two-hundred-seventy days after purchase;

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

- b. Bankers acceptances eligible for purchase by the federal reserve system and which mature within one hundred eighty days after purchase;
- 10. Up to 15 percent of the County's average portfolio in notes issued by United States corporations or by depository institutions that are doing business under authority granted by the United States provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
- 11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper; and,
- 12. Up to 1 percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

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

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

**A. Cash with Escrow Agents**

At year-end, the County deposited \$142,155 with escrow agents for retainage accounts maintained for various construction projects. The balances in these depository accounts are included in "deposits with financial institutions" below.

**B. Cash in Segregated Accounts**

At year-end, the County deposited \$1,634,302 in accounts separate from the County's internal investment pool. The balances in these depository accounts are included in "deposits with financial institutions" below.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Cash on Hand**

At year-end, the County had \$276,363 in undeposited cash on hand which is included on the financial statements of the County as part of "equity in pooled cash and cash equivalents".

**D. Deposits with Financial Institutions**

At December 31, 2008, the carrying amount of all County deposits was \$16,339,863. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2008, \$9,497,106 of the County's bank balance of \$16,800,291 was exposed to custodial risk as discussed below, while \$7,303,185 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the County's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the County. The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and 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, 2008, the County had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
		<u>6 months or less</u>	<u>13 - 18 months</u>	<u>More than 24 months</u>
FNMA	\$ 12,485,637	\$ -	\$ 1,217,309	\$ 11,268,328
FHLB	4,075,920	-	-	4,075,920
Mutual Funds	6,045,486	6,045,486	-	-
STAR Ohio	5,408,765	5,408,765	-	-
Total	<u>\$ 28,015,808</u>	<u>\$ 11,454,251</u>	<u>\$ 1,217,309</u>	<u>\$ 15,344,248</u>

**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 were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

AAAm money market rating. STAR Ohio must maintain the highest letter or numerical rating provided by at least one nationally recognized standards service.

**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. \$16,061,557 of the federal agency securities (FNMA and FHLB) 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 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, 2008:

<u>Investment type</u>	<u>Fair Value</u>	<u>Percent of Total</u>
FNMA	\$ 12,485,637	44.56 %
FHLB	4,075,920	14.55 %
Mutual Funds	6,045,486	21.58 %
STAR Ohio	<u>5,408,765</u>	<u>19.31 %</u>
Total	<u>\$ 28,015,808</u>	<u>100.00 %</u>

**F. Reconciliation of Cash and Investments to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the note disclosure above to cash and investments as reported on the statement of net assets as of December 31, 2008:

<u>Cash and investments per note disclosure</u>	
Carrying amount of deposits	\$ 16,339,863
Investments	28,015,808
Cash on hand	<u>276,363</u>
Total	<u>\$ 44,632,034</u>

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**Cash and investments per statement of net assets**

Governmental activities	\$ 21,056,439
Business-type activities	16,986,093
Agency funds	<u>6,589,502</u>
Total	<u>\$ 44,632,034</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

- A.** Interfund transfers for the year ended December 31, 2008, consisted of the following, as reported on the fund financial statements:

<u>Fund</u>	<u>Transfers Out</u>	<u>Transfers In</u>
Major governmental funds:		
General	\$ 1,707,866	\$ 192,878
Road and bridge		130,033
Job and family services	99,843	309,526
Mental retardation and developmental disabilities	225,505	
Special assessment bonds	9,448	1,223
Nonmajor governmental funds	928,962	1,434,839
Major enterprise funds:		
Riverview Nursing Home	10,235	616,065
Danbury sewer operations	97,292	1,315,895
Regional water operations	1,279,275	212,192
Catawba Portage sewer	136,208	121,898
Nonmajor enterprise funds	41,026	84,577
Nonmajor internal service fund	<u>4,612</u>	<u>121,146</u>
Total	<u>\$ 4,540,272</u>	<u>\$ 4,540,272</u>

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

- B.** Interfund loans receivable/payable consisted of the following at December 31, 2008, as reported on the fund financial statements:

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

<u>Fund</u>	<u>Interfund Loans Receivable</u>	<u>Interfund Loans Payable</u>
Major governmental funds:		
General	\$ 1,022,288	
Special assessment bonds		\$140
Nonmajor governmental funds		668,855
Major enterprise funds:		
Catawba Portage sewer		3,035
Nonmajor enterprise funds		350,258
Total	<u>\$ 1,022,288</u>	<u>\$ 1,022,288</u>

These interfund loans will be repaid in the next year as resources become available. Interfund loan balances between governmental funds are eliminated for reporting on the government-wide statement of net assets. Interfund loan balances between governmental activities and business-type activities are reported as a component of the "internal balance" reported on the statement of net assets.

- C. Due to/from other funds consisted of the following at December 31, 2008, as reported on the fund financial statements:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major governmental funds:		
General	\$ 87,476	\$ 19,529
Road and bridge	17,747	12,974
Job and family services	-	40
MRDD	-	126,344
Ottawa County senior programs	-	2,681
Nonmajor governmental funds	64,117	12,035
Major enterprise funds:		
Riverview Nursing Home	6,775	2,384
Danbury sewer operations	-	71
Regional water operations	143	-
Catawba Portage sewer		200
Total	<u>\$ 176,258</u>	<u>\$ 176,258</u>

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

Amounts due from/to other funds represent amounts owed between funds for goods or services provided. The balances resulted from the time lag between the dates that payments between the funds are made. Due to/from other fund balances between governmental funds are eliminated for reporting on the government-wide statement of net assets. Due to/from other funds balances between governmental activities and business-type activities are reported as a component of the "internal balance" reported on the statement of net assets.

**NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility and tangible personal 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 revalued 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. 2008 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, is 6.25% for 2008. This percentage will be reduced to zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the County due to the phasing out of the tax. In calendar years 2008-2010, the County will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 6 - PROPERTY TAXES - (Continued)**

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2008 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2008 operations and the collection of delinquent taxes has been offset by deferred revenue 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.

The full tax rate for all County operations for the year ended December 31, 2008 was \$6.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 1,309,618,560
Commercial/industrial/mineral	252,461,020
Tangible personal property	14,951,200
 <u>Public utility</u>	
Real	608,650
Personal	<u>120,520,720</u>
Total assessed value	<u><u>\$ 1,698,160,150</u></u>

**NOTE 7 - PERMISSIVE SALES AND USE TAX**

The County Commissioners, by resolution, imposed a 1 percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property 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 State Auditor, 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.

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 2008, 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.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 8 - RECEIVABLES - (Continued)**

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 assets follows:

<u>Receivables:</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Sales taxes	\$ 668,079	
Property taxes	8,855,356	
Other local taxes	32,287	
Accounts	543,092	\$1,113,838
Accrued interest	288,126	
Due from other governments	3,907,813	1,007,679
Special assessments	17,328,668	311,409
Loans	1,880,794	

Receivables have been disaggregated on the basic financial statements. The only receivable not expected to be collected within the subsequent year are the special assessments, which are collected over the life of the assessment. The amount of special assessments receivable reported above includes a total of \$275,078 in delinquent special assessments. Of this total, \$266,596 is reported in governmental activities and \$8,482 is reported in business-type activities.

Loans receivable represent loans to the Airport, the Fair Board and to eligible individuals for residential rehabilitations under the Federal Community Development Block Grant program. A summary of the changes in notes receivable during 2008 follows:

	<u>Balance 12/31/2007</u>	<u>New Loans</u>	<u>Repayments</u>	<u>Balance 12/31/2008</u>
<u>General fund</u>				
Airport	\$ 365,000		\$ (20,000)	\$ 345,000
Fair Board	51,600		-	51,600
Total general fund	<u>416,600</u>		<u>(20,000)</u>	<u>396,600</u>
<u>Nonmajor governmental funds</u>				
CHIP/HOME	415,272	\$53,473		468,745
CDBG Housing Revolving Funds	97,768			97,768
CDBG Revolving Funds	678,071	265,844	(26,234)	917,681
Total nonmajor governmental funds	<u>1,191,111</u>	<u>319,317</u>	<u>(26,234)</u>	<u>1,484,194</u>
Total loans receivable	<u>\$ 1,607,711</u>	<u>\$ 319,317</u>	<u>\$ (46,234)</u>	<u>\$ 1,880,794</u>

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 8 - RECEIVABLES - (Continued)**

A summary of the principal items of intergovernmental receivables follows:

**Governmental funds:**

Major funds:

General fund

Local government funds	\$ 481,730
Homestead and rollback	162,952
Municipal court	36,815
Total general fund	<u>\$ 681,497</u>

Road and bridge fund

Gasoline taxes	\$ 1,192,469
Motor vehicle licenses	700,130
Grants	64,660
Total road and bridge fund	<u>\$ 1,957,259</u>

Job and family services fund

Public assistance State grants	\$ 539,808
Total job and family services fund	<u>\$ 539,808</u>

Mental retardation and developmental disabilities fund

State reimbursements	\$ 4,565
Homestead and rollback	208,257
Total mental retardation and developmental disabilities fund	<u>\$ 212,822</u>

Ottawa County Senior Programs Fund

Homestead and Rollback	\$ 22,156
Grants	3,612
Total Ottawa County Senior Programs Fund	<u>\$ 25,768</u>

Total Major Funds	<u>\$ 3,417,154</u>
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**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 8 - RECEIVABLES - (Continued)**

Nonmajor funds:

Dog - grants	\$	814
JAG funding-drug task force - grants		12,019
Buffer zone protection grant - grants		2,480
DOJ homeland security - grants		33,199
Childrens services - grants		30,184
Housing revolving loan - grants		37,254
Child support enforcement - grants		177,000
HVOE - grants		498
Juvenile Court IV-E reimbursements - grants		7,609
Victims of crime - grants		47,944
General obligation bonds - homestead and rollback		13,212
Ottawa County transit board		128,446
Total nonmajor funds	\$	490,659
<b>Total governmental funds</b>	<b>\$</b>	<b>3,907,813</b>

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 8 - RECEIVABLES - (Continued)**

**Enterprise funds:**

<u>Riverview nursing home fund</u>	
Medicaid and Medicare	\$ 595,864
Total Riverview nursing home fund	\$ 595,864
<u>Phase II erie township sewer fund</u>	
Grants	\$ 2,942
Total Phase II erie township sewer fund	\$ 2,942
<u>Phase III erie township sewer fund</u>	
Grants	\$ 19,358
Total Phase III erie township sewer fund	\$ 19,358
<u>Danbury sewer operations sewer fund</u>	
Grants	\$ 265,409
Total Danbury sewer operations sewer fund	\$ 265,409
<u>Regional water operations sewer fund</u>	
Grants	\$ 124,106
Total Regional water operations sewer fund	\$ 124,106
<b>Total enterprise funds</b>	<b>\$ 1,007,679</b>

**Agency funds:**

Local government funds	\$ 1,858,278
Local government library	894,587
Gasoline tax	531,572
Motor vehicle licenses	864,996
Grants	19,366
<b>Total agency funds</b>	<b>\$ 4,168,799</b>

**NOTE 9 - COMPENSATED ABSENCES**

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. Currently, employees are not permitted to accrue or carry over more than the equivalent of three years' vacation leave. All accumulated unused vacation time is paid upon separation from the County.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 9 - COMPENSATED ABSENCES – (Continued)**

The County's current severance policy was established in September 2007. Severance payments are based on the employee's rate of pay at the time of retirement, and on varying percentages of sick leave determined by years of service. An employee with 5 years of service will receive 25% of their sick leave balance, an employee with 15 years of service including 10 years with the County will receive 30% of their sick leave balance, an employee with 25 years of service including 15 with the County will receive 40% of their sick leave balance, and an employee with 30 years of service including 20 with the County will receive 50% of their sick leave balance. Upon retirement, an employee will receive a cash payment for their accumulated and unused sick leave based on the preceding criteria. Payment for severance shall be made only once to any employee.

**NOTE 10 - CAPITAL ASSETS**

**A. Governmental activities**

Capital asset activity for the year ended December 31, 2008 was as follows:

<b><u>Governmental activities:</u></b>	Balance 12/31/2007	Additions	Reductions	Balance 12/31/2008
<i>Capital asset not being depreciated:</i>				
Land	\$ 1,176,777			\$ 1,176,777
<i>Total capital assets not being depreciated:</i>	<u>1,176,777</u>			<u>1,176,777</u>
<i>Capital assets, being depreciated:</i>				
Buildings	20,308,603	\$1,076,396		21,384,999
Improvements other than Buildings	2,211,470			2,211,470
Roads	21,923,825	2,260,574		24,184,399
Bridges	8,371,478	686,671	(\$23,692)	9,034,457
Equipment	4,550,867	240,013	(143,344)	4,647,536
Vehicles	4,887,338	534,181	(370,656)	5,050,863
<i>Total capital assets, being depreciated:</i>	<u>62,253,581</u>	<u>4,797,835</u>	<u>(537,692)</u>	<u>66,513,724</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(4,226,685)	(301,734)		(4,528,419)
Improvements other than Buildings	(481,329)	(111,624)		(592,953)
Roads	(9,694,404)	(612,265)		(10,306,669)
Bridges	(2,274,804)	(165,430)	23,692	(2,416,542)
Equipment	(2,493,319)	(620,847)	143,344	(2,970,822)
Vehicles	(3,036,062)	(639,871)	370,656	(3,305,277)
<i>Total accumulated depreciation</i>	<u>(22,206,603)</u>	<u>(2,451,771)</u>	<u>537,692</u>	<u>(24,120,682)</u>
<i>Total capital assets, being depreciated net</i>	<u>40,046,978</u>	<u>2,346,064</u>		<u>42,393,042</u>
Governmental activities capital assets, net	<u>\$ 41,223,755</u>	<u>\$ 2,346,064</u>		<u>\$ 43,569,819</u>

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 10 - CAPITAL ASSETS - (Continued)**

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

**Governmental activities:**

General government:

Legislative and executive	\$ 191,976
Judicial	98,531
Public safety	550,623
Public works	1,262,396
Health	9,283
Human services	300,118
Conservation and recreation	36,678
Economic development and assistance	<u>2,166</u>
Total depreciation expense	<u><u>\$ 2,451,771</u></u>

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 10 - CAPITAL ASSETS - (Continued)**

**B. Business-type activities**

Capital asset activity for the year ended December 31, 2008 was as follows:

<b><u>Business-type activities:</u></b>	Balance 12/31/2007	Additions	Reductions	Balance 12/31/2008
<i>Capital asset not being depreciated:</i>				
Land	\$ 4,489,565			\$ 4,489,565
Construction in progress	1,808,550	\$3,441,845	(\$1,263,486)	3,986,909
<i>Total capital assets not being depreciated:</i>	<u>6,298,115</u>	<u>3,441,845</u>	<u>(1,263,486)</u>	<u>8,476,474</u>
<i>Capital assets, being depreciated:</i>				
Buildings	17,986,409	180,233	(51,569)	18,115,073
Improvements other than buildings	22,538,313	149,511	(492,869)	22,194,955
Water and sewer lines	115,709,232	4,705,413		120,414,645
Equipment	27,112,415	646,802	(869,446)	26,889,771
Vehicles	927,994	39,530	(48,780)	918,744
<i>Total capital assets, being depreciated:</i>	<u>184,274,363</u>	<u>5,721,489</u>	<u>(1,462,664)</u>	<u>188,533,188</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(3,692,231)	(297,608)	51,569	(3,938,270)
Improvements other than buildings	(5,597,056)	(358,642)	491,865	(5,463,833)
Water and sewer lines	(25,479,096)	(2,170,909)		(27,650,005)
Equipment	(11,762,406)	(981,047)	851,424	(11,892,029)
Vehicles	(752,533)	(47,628)	48,780	(751,381)
<i>Total accumulated depreciation</i>	<u>(47,283,322)</u>	<u>(3,855,834)</u>	<u>1,443,638</u>	<u>(49,695,518)</u>
<i>Total capital assets, being depreciated net</i>	<u>136,991,041</u>	<u>1,865,655</u>	<u>(19,026)</u>	<u>138,837,670</u>
Business-type activities capital assets, net	<u>\$ 143,289,156</u>	<u>\$ 5,307,500</u>	<u>\$ (1,282,512)</u>	<u>\$ 147,314,144</u>

Depreciation expense was charged to the enterprise funds as follows:

**Business-type activities:**

**Major funds:**

Riverview Nursing Home	\$ 137,196
Danbury sewer operations	871,970
Regional water operations	1,671,458
Catawba Portage sewer	979,030

**Nonmajor funds:**

Sewer District #13	153,819
Put In Bay water treatment	42,361
Total depreciation expense	<u>\$ 3,855,834</u>

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 11 - LONG-TERM OBLIGATIONS**

A. Long-term obligation activity for the year ended December 31, 2008, was as follows:

<b><u>Governmental activities:</u></b>	<u>Interest Rate</u>	<u>Balance 12/31/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/08</u>	<u>Amount Due in One Year</u>
<u>General obligation bonds:</u>						
1984 Welfare (original amount \$350,000)	9.75%	\$ 20,000		\$ (10,000)	\$ 10,000	\$ 10,000
1998 Welfare Building Refunding (original amount \$220,000)	4.25-5.50	74,000		(74,000)		
2008 Welfare Building Refunding Bond premium	3.00		\$ 60,000 485	(30)	60,000 455	21,000
Accounting loss (original amount \$60,000)			(1,477)	127	(1,350)	
1998 Agriculture Building (original amount \$1,250,000)	4.25-5.50	555,000		(555,000)		
2008 Agriculture Building Refunding Bond premium	3.00		488,000 297	(13)	488,000 284	92,000
Accounting loss (original amount \$488,000)			(11,857)	603	(11,254)	
2003 County / City Complex Bond premium	3.63	1,030,000 40,668		(80,000) (3,159)	950,000 37,509	80,000
Accounting loss (original amount \$1,385,000)		(90,771)		7,050	(83,721)	
2003 Industrial Park Improvements Bond premium	3.64	515,000 20,617		(40,000) (1,601)	475,000 19,016	40,000
Accounting loss (original amount \$510,000)		(47,837)		3,716	(44,121)	
2003 Airport Improvements Bond premium	3.63	385,000 15,507		(30,000) (1,208)	355,000 14,299	35,000
Accounting loss (original amount \$695,000)		(37,032)		2,886	(34,146)	
2003 Community Resource Center Bond premium	4.18	2,590,000 31,175		(90,000) (1,083)	2,500,000 30,092	90,000
Accounting loss (original amount \$3,060,000)						
2003 Port Authority Improvements Bond premium	3.19	390,000 40,221		(45,000) (4,641)	345,000 35,580	45,000
Accounting loss (original amount \$605,000)						
2003 Airport Improvements Bond premium	3.96	365,000 9,547		(20,000) (523)	345,000 9,024	20,000
Accounting loss (original amount \$465,000)						
2006 MRDD Facility Bonds Bond premium	4.00-4.40	1,950,000 953		(70,000) (50)	1,880,000 903	70,000

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 11 - LONG-TERM OBLIGATIONS – (Continued)**

<u>Governmental activities:</u>	<u>Interest Rate</u>	<u>Balance 12/31/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/08</u>	<u>Amount Due in One Year</u>
<u>General obligation bonds:</u>						
2006 Riverview Industries Building	4.00-4.40	920,000		(35,000)	885,000	35,000
Bond premium		448		(23)	425	
(original amount \$950,000)						
<b>Total General Obligation Bonds</b>		<u>8,777,496</u>	<u>535,448</u>	<u>(1,046,949)</u>	<u>8,265,995</u>	<u>538,000</u>
<u>Special assessment bonds:</u>						
1991 LaCarne Water	7.00	\$ 9,100		\$ (2,300)	\$ 6,800	\$ 2,200
(original amount \$45,000)						
1995 Gypsum Sewer	4.50	45,100		(5,700)	39,400	5,600
(original amount \$112,769)						
1998 Lake In The Woods	4.25-5.50	18,000		(18,000)		
(original amount \$213,000)						
1998 Catawba Sewer Refunding	4.25-5.50	2,915,000		(2,915,000)		
(original amount \$8,395,000)						
2008 Catawba Sewer Refunding	3.00		\$ 2,295,000		2,295,000	746,000
Bond premium			1,030	(65)	965	
Accounting loss			(55,960)	4,797	(51,163)	
(original amount \$2,295,000)						
1998 State Route 163 Refunding	4.25-5.50	74,000		(74,000)		
(original amount \$209,000)						
2008 State Route 163 Refunding	3.00		60,000		60,000	21,000
Bond premium			485	(30)	455	
Accounting loss			(1,477)	127	(1,350)	
(original amount \$60,000)						
1998 Route 269 Sewer Refunding	4.25-5.50	27,000		(27,000)		
(original amount \$68,000)						
2008 Route 269 Sewer Refunding	3.00		22,000		22,000	5,000
Bond premium			553	(28)	525	
Accounting loss			(550)	35	(515)	
(original amount \$22,000)						
<b>Total special assessment bonds</b>		<u>3,088,200</u>	<u>2,321,081</u>	<u>(3,037,164)</u>	<u>2,372,117</u>	<u>779,800</u>
<u>OWDA loans:</u>						
1998 Dani-Donn	5.54	33,399		(2,155)	31,244	2,275
(original amount \$47,710)						
1999 Perryview Estates	6.13	96,609		(5,335)	91,274	5,667
(original amount \$127,826)						
1999 Regional Water	4.02	12,812,451		(807,029)	12,005,422	839,798
(original amount \$17,942,681)						
<b>Total OWDA Loans</b>		<u>12,942,459</u>		<u>(814,519)</u>	<u>12,127,940</u>	<u>847,740</u>

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

<u>Governmental activities:</u>	<u>Interest Rate</u>	<u>Balance 12/31/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/08</u>	<u>Amount Due in One Year</u>
<u>OPWC loans:</u>						
2007 Port Clinton Eastern Road (original amount \$157,431)		157,431		(3,936)	153,495	7,872
2007 Port Clinton Eastern Road (original amount \$382,692)		382,692		(9,567)	373,125	19,135
Total OPWC Loans		<u>540,123</u>		<u>(13,503)</u>	<u>526,620</u>	<u>27,007</u>
<u>Other Long-Term Obligations:</u>						
Capital Leases		31,751		(14,733)	17,018	8,671
Compensated Absences		1,608,583	954,277	(1,012,375)	1,550,485	980,848
Total Other Long-Term Obligations		<u>1,640,334</u>	<u>954,277</u>	<u>(1,027,108)</u>	<u>1,567,503</u>	<u>989,519</u>
<b>Total governmental activities</b>		<u>\$ 26,988,612</u>	<u>\$ 3,810,806</u>	<u>\$ (5,939,243)</u>	<u>\$ 24,860,175</u>	<u>\$ 3,182,066</u>
<u>Business-type activities:</u>	<u>Interest Rate</u>	<u>Balance 12/31/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/08</u>	<u>Amount Due in One Year</u>
<u>General Obligation Bonds:</u>						
1993 Danbury Sanitary Sewer System						
Capital Appreciation Bonds	5.75-5.85	\$ 186,987		\$ (186,987)		
Accreted Interest (original amount \$1,061,625)	4.25-5.50	242,518	\$ 25,495	(268,013)		
1998 Danbury Sewer (original amount \$444,000)	4.25	174,000		(174,000)		
2008 Danbury Sewer Refunding	3.00		148,000		\$ 148,000	\$ 37,000
Bond premium			105	(5)	100	
Accounting loss (original amount \$148,000)			(3,600)	230	(3,370)	
1998 County Home Refunding (original amount \$862,000)	4.25	299,000		(299,000)		
2008 County Home Refunding	3.00		234,000		234,000	74,000
Bond premium			70	(5)	65	
Accounting loss (original amount \$234,000)			(5,714)	490	(5,224)	
1998 Catawba Portage Sanitary Sewer (original amount \$3,445,000)	4.25	2,195,000		(165,000)	2,030,000	175,000
1998 Catawba Portage Sanitary Sewer Accounting Loss	5.00	5,055,000 (440,696)		(5,055,000) 440,696		

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

<u>Business-type activities:</u>	<u>Interest Rate</u>	<u>Balance 12/31/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/08</u>	<u>Amount Due in One Year</u>
<u>General Obligation Bonds:</u>						
2008 Catawba Portage Sanitary Sewer Refunding	3.00		5,272,000		5,272,000	37,000
Bond premium			25,056	(261)	24,795	
Accounting loss (original amount \$5,272,000)			(552,587)	6,028	(546,559)	
1998 Portage Catawba Water (original amount \$379,000)	4.25	129,000		(129,000)		
2008 Portage Catawba Water Refunding	3.00		101,000		101,000	32,000
Bond premium			147	(9)	138	
Accounting loss (original amount \$101,000)			(2,455)	210	(2,245)	
1999 Regional Water Development (original amount \$2,000,000)	4.75	1,779,300		(33,800)	1,745,500	35,400
2003 Danbury Sewer Refunding	3.30	3,240,000		(35,000)	3,205,000	495,000
Bond Discount		(26,818)		290	(26,528)	
Accounting Loss (original amount \$3,355,000)		(90,418)		977	(89,441)	
2003 County Home Refunding	3.07	2,275,000		(295,000)	1,980,000	310,000
Bond Premium		49,320		(6,395)	42,925	
Accounting Loss (original amount \$3,650,000)		(245,936)		31,891	(214,045)	
2003 Catawba Portage Sewer Station	3.66	190,000		(15,000)	175,000	15,000
Bond Premium		8,065		(637)	7,428	
Accounting Loss (original amount \$245,000)		(17,231)		1,360	(15,871)	
2006 County Home Improvements	4.00-4.25	885,000		(85,000)	800,000	85,000
Bond Premium (original amount \$965,000)		431		(48)	383	
<b>Total General Obligation Bonds</b>		<u>15,887,522</u>	<u>5,241,517</u>	<u>(6,265,988)</u>	<u>14,863,051</u>	<u>1,295,400</u>
<u>Special Assessment Bonds:</u>						
2005 Sanitary Sewer Improvements (original amount \$815,000)	5.00	392,000		(14,000)	378,000	15,000
<b>Total Special Assessment Bonds</b>		<u>392,000</u>		<u>(14,000)</u>	<u>378,000</u>	<u>15,000</u>

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

<u>Business-type activities:</u>	<u>Interest Rate</u>	<u>Balance 12/31/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/08</u>	<u>Amount Due in One Year</u>
<u>OWDA loans:</u>						
1997 Danbury Sanitary Sewer (original amount \$1,246,205)	3.04%	\$ 716,395		\$ (62,310)	\$ 654,085	\$ 64,219
1997 Regional Water (original amount \$29,991,085)	2.00	21,954,665		(1,097,050)	20,857,615	1,118,991
2001 Camp Perry Western Road (original amount \$17,145)	5.74	14,166		(648)	13,518	687
2004 Danbury Township Wastewater (original amount \$4,632,743)	3.76	4,446,915		(190,976)	4,255,939	198,225
2004 Golf Lane Waterline (original amount \$69,018)	4.56	63,393		(2,434)	60,959	2,546
2004 Water Plant Expansion (original amount \$3,065,360)	4.51	3,119,372		(60,955)	3,058,417	63,736
2006 South Bass Island Waterline (original amount \$968,848)	2.00	968,848		(30,456)	938,392	39,782
2007 Sewer Construction (original amount \$245,936)	3.82	241,784		(8,543)	233,241	8,872
2008 Regional Water DIP Phase II (original amount \$960,171)	3.36		\$ 960,171		960,171	
<b>Total OWDA Loans</b>		<u>31,525,538</u>	<u>960,171</u>	<u>(1,453,372)</u>	<u>31,032,337</u>	<u>1,497,058</u>
<u>OPWC loans:</u>						
1992 Danbury Sanitary Sewer (original amount \$486,780)	4.00	159,842		(29,488)	130,354	30,679
1994 Portage Catawba Island WWTP (original amount \$168,000)	4.00	74,349		(9,402)	64,947	9,782
1999 Danbury Sewer (original amount \$169,741)	0.00	97,601		(8,487)	89,114	8,487
1999 Allen / Clay Sanitary Sewer (original amount \$23,035)	0.00	13,245		(1,151)	12,094	1,152
2003 Gypsum Water Replacements (original amount \$83,933)	0.00	67,146		(4,196)	62,950	4,197
2003 Clay Center Sanitary Sewer (original amount \$222,352)	0.00	189,000		(11,118)	177,882	11,118
2004 Regional Water System Repair (original amount \$174,000)	0.00	152,250		(8,700)	143,550	8,700
2004 State Road Sanitary Sewer (original amount \$133,798)	0.00	120,418		(6,690)	113,728	6,690
2005 State Road Sewer (original amount \$37,448)	0.00	48,924		(48,924)		
2006 S.R. 269 Sanitary Sewer Main (original amount \$143,018)	0.00	135,867		(7,151)	128,716	7,151
<b>Total OPWC loans</b>		<u>1,058,642</u>		<u>(135,307)</u>	<u>923,335</u>	<u>87,956</u>

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

<u>Business-type activities:</u>	<u>Interest Rate</u>	<u>Balance 12/31/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/08</u>	<u>Amount Due in One Year</u>
<u>Ohio Water &amp; Sewer Loans:</u>						
1991 Portage Catawba Water (original amount \$185,855)	0.00%	\$ 72,766			\$ 72,766	
1992 Danbury Sewer (original amount \$216,741)	0.00	87,862			87,862	
1992 Catawba Portage Sewer (original amount \$28,662)	0.00	9,219			9,219	
1999 Regional Water (original amount \$1,108,668)	0.00	964,702		\$ (7,578)	957,124	
2001 Camp Perry Western Road (original amount \$37,929)	0.00	28,436			28,436	
2004 Clay Center (original amount \$13,128)	0.00	13,128			13,128	
2005 State Road Sewer (original amount \$28,990)	0.00	28,990			28,990	
2008 Allen/Clay Phase IV Loan (original amount \$21,207)	0.00		\$ 21,207		21,207	
2008 SBI Waterline Loan (original amount \$28,990)	0.00		8,421		8,421	
<b>Total Ohio Water &amp; Sewer Loans</b>		<u>1,205,103</u>	<u>29,628</u>	<u>(7,578)</u>	<u>1,227,153</u>	
<u>OEPA Loans:</u>						
1999 Regional Water (original amount \$3,274,564)	4.02	2,338,289		(147,284)	2,191,005	\$ 153,264
<b>Total OEPA Loans</b>		<u>2,338,289</u>		<u>(147,284)</u>	<u>2,191,005</u>	<u>153,264</u>
<u>Other Long-Term Obligations:</u>						
Compensated Absences		487,172	416,718	(351,147)	552,743	415,444
<b>Total Other Long-Term Obligations</b>		<u>487,172</u>	<u>416,718</u>	<u>(351,147)</u>	<u>552,743</u>	<u>415,444</u>
<b>Total Business-Type Activities</b>		<u>\$ 52,894,266</u>	<u>\$ 6,648,034</u>	<u>\$ (8,374,676)</u>	<u>\$ 51,167,624</u>	<u>\$ 3,464,122</u>

**General Obligation Bonds**

General obligation bonds are supported by the full faith and credit of Ottawa County. General obligation bonds will be paid from property tax revenues to the extent that other resources are not available to meet annual principal and interest payments.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

1998 Various Improvement Bonds

The bonds maturing on September 1, 2018, are subject to mandatory sinking fund redemption on each September 1, commencing September 1, 2012, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ 250,000
2013	200,000
2014	100,000
2015	105,000
2016	110,000
2017	110,000

The remaining principal, in the amount of \$125,000, is payable at stated maturity.

The bonds maturing on September 1, 2031, are subject to mandatory sinking fund redemption on each September 1, commencing September 1, 2019, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 125,000
2020	140,000
2021	150,000
2022	150,000
2023	320,000
2024	345,000
2025	360,000
2026	385,000
2027	400,000
2028	425,000
2029	440,000
2030	460,000

The remaining principal, in the amount of \$470,000, is payable at stated maturity.

The bonds maturing on September 1, 2009, are subject to option redemption, in whole or in part, at the option of the County, in inverse order of maturity, in integral multiples of \$5,000 and by lot within a maturity, on any date commencing after September 1, 2008, at the redemption prices set forth below plus accrued interest to the redemption date:

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

Redemption Dates (Dates Inclusive)	Redemption Prices
September 1, 2008 through August 31, 2009	102%
September 1, 2009 through August 31, 2010	101
September 1, 2010 and thereafter	100

On October 1, 2008, the County refunded the \$6,059,000 portion of the 1998 general obligation bond issue. These bonds are general obligations of the County, for which its full faith and credit is pledged for repayment.

2003 Various Improvement Bonds

On June 3, 2003, the County issued \$10,615,000 in general obligation bonds with interest rates from 3.63 percent to 4.18 percent. These bonds were issued for improvements to the County/City Complex, Industrial Park Improvement, Airport Improvement, Community Resource Center construction and Port Authority Improvements.

The bonds maturing on December 1, 2015, are subject to mandatory sinking fund redemption on December 1, 2014, at a redemption price of 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

Year	Amount
2014	\$ 735,000

The remaining principal, in the amount of \$400,000, is payable at stated maturity.

The bonds maturing on December 1, 2021, are subject to mandatory sinking fund redemption on each December 1, commencing December 1, 2016, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

Year	Amount
2016	\$ 350,000
2017	370,000
2018	385,000
2019	165,000
2020	170,000

The remaining principal, in the amount of \$175,000, is payable at stated maturity.

The bonds maturing on December 1, 2027, are subject to mandatory sinking fund redemption on each December 1, commencing December 1, 2022, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

<u>Year</u>	<u>Amount</u>
2022	\$ 190,000
2023	160,000
2024	165,000
2025	175,000
2026	180,000

The remaining principal, in the amount of \$190,000, is payable at stated maturity.

2006 Various Improvement Bonds

On June 28, 2006, the County issued \$3,935,000 in general obligation bonds with interest rates from 4.00 percent to 4.40 percent. These bonds were issued for constructing a new building for Mentally Retarded and Developmentally Disabled, Riverview Industries building improvements, and various County building improvements.

The bonds maturing on December 1, 2018, are subject to mandatory sinking fund redemption on December 1, 2017, at a redemption price of 100 percent of the principal redeemed plus accrued interest to the redemption dates in the principal amounts and in the years as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 145,000

Unless otherwise called for redemption, the remaining principal, in the amount of \$155,000, is payable at stated maturity.

The bonds maturing on December 1, 2020, are subject to mandatory sinking fund redemption on each December 1, commencing December 1, 2019, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption dates in the principal amounts and in the years as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 160,000

Unless otherwise called for redemption, the remaining principal, in the amount of \$165,000, is payable at stated maturity.

The bonds maturing on December 1, 2022, are subject to mandatory sinking fund redemption on each December 1, commencing December 1, 2021, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption dates in the principal amounts and in the years as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 175,000

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

Unless otherwise called for redemption, the remaining principal, in the amount of \$180,000, is payable at stated maturity.

The bonds maturing on December 1, 2024, are subject to mandatory sinking fund redemption on each December 1, commencing December 1, 2023, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption dates in the principal amounts and in the years as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 190,000

Unless otherwise called for redemption, the remaining principal, in the amount of \$195,000, is payable at stated maturity.

The bonds maturing on December 1, 2026, are subject to mandatory sinking fund redemption on each December 1, commencing December 1, 2025, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption dates in the principal amounts and in the years as follows:

<u>Year</u>	<u>Amount</u>
2025	\$ 205,000

Unless otherwise called for redemption, the remaining principal, in the amount of \$215,000, is payable at stated maturity.

The bonds maturing on December 1, 2018 and thereafter shall be subject to optional redemption, in whole or in part, on any date, in any order of maturity as determined by the County and by lot within a maturity at the option of the County on or after December 1, 2016, at par, which is 100 percent of the face value of the bonds.

**Special Assessment Bonds**

The special assessment bonds will be paid from the proceeds of the special assessments levied against those property owners who primarily benefited from the project. In the event that property owners fail to make their special assessment payments, the County is responsible for providing the resources to meet annual principal and interest payments. Special assessment debt is supported by the full faith and credit of Ottawa County.

On October 1, 2008, the County refunded the \$2,316,000 portion of the 1998 special assessment bond issue. These bonds are special assessments of the County, for which its full faith and credit is pledged for repayment.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

**Compensated Absences Payable**

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. These funds include the general fund, the road and bridge, job and family services, mental retardation and developmental disability, dog, real estate assessment, emergency management, child support enforcement agency, Ottawa County transportation agency, and litter control special revenue funds, and the Riverview nursing home, Danbury sewer, regional water, Catawba Portage sewer and sewer district #13 enterprise funds.

**Capital Lease Obligation**

Capital lease obligations will be paid from the fund that maintains the related asset. See Note 13.

**General Obligation Revenue Bonds**

The general obligation revenue bonds are liabilities of the various enterprise funds and pledge their respective revenues for repayment. The bonds also pledge the full faith and credit and taxing ability of the County in the event that the enterprise funds' revenues are not sufficient to meet the principal and interest requirements.

**1993 Danbury Sanitary Sewer System Refunding Bonds**

The bonds maturing on October 1, 2014, are subject to mandatory sinking fund redemption on each October 1, commencing October 1, 2014, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

<u>Year</u>	<u>Amount</u>
2009	\$ 455,000
2010	485,000
2011	510,000
2012	535,000
2013	565,000

The remaining principal, in the amount of \$600,000, is payable at stated maturity.

The bonds maturing on October 1, 2003, are subject to optional redemption, in whole or in part, at the option of the County, in inverse order of maturity, in integral multiples of \$5,000 and by lot within a maturity, on any date commencing after October 1, 2002, at the redemption prices set forth below plus accrued interest to the redemption date:

<u>Redemption Dates (Dates Inclusive)</u>	<u>Redemption Prices</u>
October 1, 2002 through December 30, 2003	102%
October 1, 2003 through December 30, 2004	101
October 1, 2004 and thereafter	100

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

Fund assets, whose use are restricted under the bond indenture, are presented as restricted assets on the statement of fund net assets. Relating to the 1993 Danbury Sanitary Sewer System Refunding Bonds, restricted assets held by the trustee at December 31, 2008 were as follows:

Revenue Bond Current Debt Service	\$1,393,069
Revenue Bond Future Debt Service	1,784,663
Repairs and Replacements	1,124,414

Catawba Portage Sanitary Sewer Revenue Refunding Bonds

The bonds maturing on December 1, 2022, are subject to mandatory sinking fund redemption on each December 1, commencing December 1, 2022, at a redemption price equal to 100 percent of the principal redeemed plus accrued interest to the redemption date as follows:

<u>Year</u>	<u>Amount</u>
2014	\$ 105,000
2015	115,000
2016	120,000
2017	130,000
2018	145,000
2019	145,000
2020	160,000
2021	150,000

The remaining principal, in the amount of \$195,000, is payable at stated maturity.

The bonds maturing on December 1, 2009, are subject to optional redemption, in whole or in part, at the option of the County, in inverse order of maturity, in integral multiples of \$5,000 and by lot within a maturity, on any date commencing after December 1, 2008, at the redemption prices set forth below plus accrued interest to the redemption date:

<u>Redemption Dates (Dates Inclusive)</u>	<u>Redemption Prices</u>
December 1, 2008 through August 31, 2009	102%
December 1, 2009 through August 31, 2010	101
December 1, 2010 and thereafter	100

Fund assets, whose use are restricted under the bond indenture, are presented as restricted assets on the statement of fund net assets. Relating to the Catawba Portage Sanitary Sewer Revenue Refunding Bonds, restricted assets held by the trustee at December 31, 2008, were as follows:

Revenue Bond Current Debt Service	\$185,404
Revenue Bond Future Debt Service	514,964
Repairs and Replacements	1,497,965

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

In prior years, the County defeased certain general obligation revenue bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the County's financial statements. At December 31, 2008, \$7,949,500 of this debt was still outstanding.

Series 2008 Refunding Bonds

On October 1, 2008, the County issued general obligation and special assessment bonds (Series 2008 Refunding Bonds) to advance refund the callable portion of the Series 1998 general obligation and special assessment bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets. The balance of the refunded Series 1998 general obligation and special assessment bonds at December 31, 2008, is \$8,375,000.

The refunding issues are comprised of general obligation and special assessment bonds, par value \$8,680,000. The interest rate on the general obligation and special assessment bonds is 3.00%. Interest payments on the bonds are due on March 1 and November 1 each year. The final maturity stated in the issues range from September 1, 2011, to September 1, 2031. Payments of principal and interest are recorded as expenses of the general obligation bonds fund (a nonmajor governmental fund) and special assessment bonds fund in the governmental funds and as expenses of the Riverview nursing home fund, Danbury sewer operations fund, Catawba Portage sewer fund and Portage Catawba water fund (a nonmajor business-type fund) in the business-type funds.

The reacquisition price exceeded the net carrying amount of the old debt by \$635,677. The amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce the combined total debt service payments over the next 23 years by \$256,733 and resulted in an economic gain of \$186,417.

Ohio Water and Sewer Loans

The Ohio Water and Sewer Loans were provided to the County for the deferral of special assessment collections on agricultural land. The loan principal is being deferred as long as the land is used for agriculture purposes. If the land is ever used for other than agriculture purposes, the loan is due and payable, the special assessments are then due and collectible by the County, and the monies collected are to be remitted to the Ohio Water and Sewer Rotary Commission (OWSRC) within one year of collection.

The loans are non-interest bearing as long as the land is used for agriculture purposes. If the land is ever used for other than agriculture purposes and the required special assessments are not remitted to OWSRC, the loans become interest bearing at an interest rate to be determined by OWSRC. Several of these loans were used for purposes outside the loan and were required to submit monies to OWSRC.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

**OWDA Loans**

OWDA loans consist of monies owed to the Ohio Water Development Authority for various water and sewer projects. OWDA loans are payable solely from special assessments and the gross revenues of the enterprise funds. The 2006 South Bass Island Waterline loan was closed during 2007. The Regional Water DIP Corrosion Phase II loan was open at December, 31 2008. At year-end, final disbursements have not been made from OWDA for these loans; therefore, they are not presented in the schedule of future annual debt service requirements below.

**OPWC Loans**

OPWC loans consist of monies owed to the Ohio Public Works Commission for water projects and the improvement and replacement of sanitary sewers. OPWC loans are payable solely from the gross revenues of the enterprise funds. The 2005 State Road Sewer loan was closed during 2007. At year-end, final disbursements have not been made from OPWC for this loan; therefore, it is not presented in the schedule of future annual debt service requirements.

**OEPA Loan**

The OEPA loan consists of monies owed to the Ohio Environmental Protection Agency (OEPA) for the Regional Water Project. The OEPA loan is payable from revenues from the Regional Water enterprise fund.

**Legal Debt Margin**

The Ohio Revised Code provides that net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors, should not exceed 1 percent of the total assessed valuation of the County. The Ohio Revised Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, should not exceed a sum equal to 3 percent of the first \$100,000,000 of assessed valuation, plus 1.5 percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus 2.5 percent of such valuation in excess of \$300,000,000.

The assessed valuation used in determining the County's legal debt margins has been modified by House Bill 530, which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the County's legal debt margin calculations excluded 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 effects of these debt limitations at December 31, 2008 are a legal voted debt margin of \$34,241,497 (including available funds of \$1,903,012) and a legal unvoted debt margin of \$10,478,809.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

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

<u>Year Ended</u>	<u>General Obligation Bonds</u>		<u>Special Assessment Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 538,000	\$ 337,324	\$ 779,800	\$ 67,617
2010	540,000	322,405	792,900	49,993
2011	552,000	305,100	822,000	26,030
2012	555,000	287,395	11,600	1,193
2013	568,000	268,703	5,600	760
2014 - 2018	2,485,000	1,013,966	11,300	761
2019 - 2023	1,730,000	516,598		
2024 - 2027	1,325,000	132,039		
Total	<u>\$ 8,293,000</u>	<u>\$ 3,183,530</u>	<u>\$ 2,423,200</u>	<u>\$ 146,354</u>

<u>Year Ended</u>	<u>OWDA Loans</u>		<u>OPWC Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 847,740	\$ 481,503	\$ 27,007	
2010	882,319	446,925	27,005	
2011	918,309	410,933	27,007	
2012	955,773	373,469	27,005	
2013	994,768	334,475	27,007	
2014 - 2018	5,616,918	1,029,295	135,030	
2019 - 2023	1,912,113	77,744	135,032	
2024 - 2028			121,527	
Total	<u>\$ 12,127,940</u>	<u>\$ 3,154,344</u>	<u>\$ 526,620</u>	

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

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

Year Ended	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2009	\$ 1,295,400	\$ 611,783	\$ 15,000	\$ 18,040
2010	1,366,000	592,075	16,000	17,326
2011	1,328,900	545,272	16,000	16,565
2012	1,289,700	500,688	17,000	15,803
2013	1,289,600	456,321	18,000	14,994
2014 - 2018	2,930,500	1,724,974	105,000	61,166
2019 - 2023	1,939,600	1,260,371	131,000	33,796
2024 - 2028	2,305,400	788,209	60,000	4,380
2029 - 2033	1,832,400	227,891		
2034	113,000	5,367		
<b>Total</b>	<b>\$ 15,690,500</b>	<b>\$ 6,712,951</b>	<b>\$ 378,000</b>	<b>\$ 182,070</b>

Year Ended	OWDA Loans		OPWC Loans		OEPA Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 1,497,058	\$ 762,866	\$ 87,956	\$ 7,411	\$ 153,264	\$ 86,553
2010	1,533,132	726,790	89,587	5,777	159,487	80,330
2011	1,570,172	689,750	91,290	4,076	165,963	73,854
2012	1,608,204	651,720	93,059	2,307	172,702	67,116
2013	1,647,254	613,667	58,954	822	179,714	60,103
2014 - 2018	8,775,800	2,440,196	249,394	359	1,014,139	184,950
2019 - 2023	9,544,832	1,334,513	194,094		345,736	13,991
2024 - 2028	2,849,559	380,257	59,001			
2029 - 2033	851,794	153,204				
2034	194,361	6,599				
<b>Total</b>	<b>\$ 30,072,166</b>	<b>\$ 7,759,562</b>	<b>\$ 923,335</b>	<b>\$ 20,752</b>	<b>\$ 2,191,005</b>	<b>\$ 566,897</b>

**Industrial Revenue Bonds**

The County has issued industrial revenue bonds for the following organizations:

	Amount of Issuance	Amount Outstanding at 12/31/08
Adrian Sand and Stone, Inc.	\$ 5,000,000	
Luther Home of Mercy	5,200,000	\$ 3,150,000
Otterbein Home	85,565,000	66,625,000
Ottawa Residential Services	4,043,000	3,554,000
Magruder Hospital	6,700,000	4,330,000

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

The County is not obligated in any way to pay debt and related charges on industrial revenue bonds from any of its funds, and therefore, they have been excluded entirely from the County's debt presentation. There has not been, and there is not currently, any condition of default under the bonds or the related financing documents.

**NOTE 12 - NOTES PAYABLE**

The changes in the County's notes payable during 2008 were as follows:

<u>Bond anticipation notes</u>	<u>Interest Rate</u>	<u>Balance at 12/31/2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 12/31/2008</u>
<u>Business-Type Activities</u>					
2007 water system improvements	4.00%	\$ 665,000		\$ (665,000)	
2008 water system improvements	2.50%		\$ 665,000		\$ 665,000
Total Business-type activities		<u>\$ 665,000</u>	<u>\$ 665,000</u>	<u>\$ (665,000)</u>	<u>\$ 665,000</u>

The County's bond anticipation notes are supported by the full faith and credit of Ottawa County and have a maturity of one year.

On September 13, 2007, the County issued a bond anticipation note in the amount of \$665,000 in order to provide financial resources for water system improvements. This note matured on September 11, 2008, carried an interest rate of 4.00%, and was repaid from the regional water operations enterprise fund.

On September 11, 2008, the County issued a bond anticipation note in the amount of \$665,000 to retire the note maturing on September 11, 2008. This note matures on March 11, 2009, carries an interest rate of 2.50%, and will be repaid from the regional water operations enterprise fund.

**NOTE 13 - CAPITAL LEASES**

The County has entered into capitalized leases for equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No.13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balance for the governmental funds.

Principal payments in 2008 were \$14,733 for governmental funds.

	<u>Governmental Activities</u>
Equipment	\$ 90,196
Less: Accumulated Depreciation	<u>(41,432)</u>
Carrying Value, December 31, 2008	<u>\$ 48,764</u>

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 13 - CAPITAL LEASES – (Continued)**

The following is a schedule of the further minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2008.

<u>Year Ended</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 8,671	\$ 881
2010	7,660	292
2011	687	6
Total	<u>\$ 17,018</u>	<u>\$ 1,179</u>

**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 2008, 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:

<u>Type of Coverage</u>	<u>Amount</u>
General Liability	\$ 1,000,000
Excess Liability	10,000,000
Law Enforcement Professional Liability	1,000,000
Automobile Liability and Physical Damage:	
Liability	1,000,000
Uninsured Motorist	250,000
Public Officials Errors and Omissions	1,000,000
Ohio Stop Gap (Additional Workers' Compensation Coverage)	1,000,000
Building and Contents	103,344,819
Other Property Insurance:	
Extra Expense	1,000,000
Contractors Equipment	1,607,668
Valuable Papers and Records	1,000,000
Miscellaneous Floaters	1,089,432
Automobile Physical Damage	Actual Cash Value
Flow and Earthquake	100,000,000
Comprehensive Boiler and Machinery	100,000,000
Crime	1,000,000

With the exceptions of medical coverage 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.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 14 - RISK MANAGEMENT - (Continued)**

**B. Workers Compensation**

Workers' compensation coverage is provided by the State of Ohio. The County 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.

**C. Medical Insurance**

The County manages health, vision, dental, and drug card insurance for its employees on a self insured basis. A third party administrator processes the claims, which the County pays. The Self Insurance internal service fund allocates the cost of providing claims servicing and claims payments by charging a monthly premium to each individual enrolled in the health insurance program. These premiums, along with the premium the County pays for each employee enrolled in the program, are paid into the Self Insurance internal service fund. Claims and services are paid from the Self Insurance internal service fund.

Under the health insurance program, the Self Insurance internal service fund provides coverage for a maximum annual benefit of \$1,000,000 per individual. The County purchased commercial insurance for claims in excess of coverage provided by the Self Insurance internal service fund. Settled claims have not exceeded this commercial coverage in the past three years.

All funds of the County participate in the program and make payments to the Self Insurance internal service fund based on actuarial estimates of the amounts needed to pay prior and current-year claims. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payable at December 31, 2008 was estimated by the third party administrator at \$304,424.

The changes in the claims liability for 2008 and 2007 were:

<u>Year Liability</u>	<u>Beginning Balance</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2008	\$ 576,604	\$ 3,699,190	\$ 3,971,370	\$ 304,424
2007	403,459	4,086,913	3,913,768	576,604

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 15 - PENSION PLANS**

**Ohio Public Employees Retirement System**

Plan Description - The County participates 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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2008 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 10.10%.

The County's contribution rate for 2008 was 14.00%, except for those plan members in law enforcement or public safety, for whom the County's contribution was 17.40% of covered payroll. For 2008, a portion equal to 7.00% of covered payroll was allocated to fund the post-employment health care plan.

The County's contribution rate for pension benefits for 2008 was 7.00%, except for those plan members in law enforcement and public safety. For those classifications, the County's pension contributions were 10.40% of covered payroll. The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2008, 2007, and 2006 were \$1,667,575, \$1,787,528 and \$1,904,777, respectively; 93.66% has been contributed for 2008 and 100% has been contributed for 2007 and 2006.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 16 - POSTRETIREMENT BENEFIT PLANS**

**Ohio Public Employees Retirement System**

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14.00% of covered payroll (17.40% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The amount of the employer contributions which was allocated to fund post-employment healthcare for 2008 was 7.00% of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$1,587,743, \$1,177,414 and \$799,807, respectively; 93.66% has been contributed for 2008 and 100% has been contributed for 2007 and 2006.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING**

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (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); and,
- (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 a reservation of fund balance for that portion of outstanding encumbrances not already recognized as payables (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund and major special revenue funds are as follows:

**Net Change in Fund Balances**

	Governmental Funds				
	General	Road and Bridge	Job and Family Services	MRDD	County Senior Programs
Budget basis	\$ 419,112	\$(1,095,220)	\$ (567,217)	\$ 368,190	\$ (142,664)
Net adjustment for revenue accruals	625,425	185,938	(423,209)	(53,775)	348
Net adjustment for expenditure accruals	32,965	58,296	196,995	(239,296)	12,234
Net adjustment for other financing sources/(uses)	(1,636,352)				216
Encumbrances (budget-basis)	<u>390,350</u>	<u>122,075</u>	<u>160,047</u>	<u>262,562</u>	<u>64,374</u>
GAAP basis	<u>\$ (168,500)</u>	<u>\$ (728,911)</u>	<u>\$ (633,384)</u>	<u>\$ 337,681</u>	<u>\$ (65,492)</u>

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 18 - CONTINGENCIES**

**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.

**NOTE 19 - CONTRACTUAL COMMITMENTS**

The County had the following contractual commitments outstanding as of December 31, 2008:

<u>Contractor</u>	<u>Contractual Commitment</u>	<u>Contract Balance</u>
Poggemeyer Design Group	\$ 287,975	\$ 44,333
Brunkhorst Engineering	240,700	5,485
Speer Brothers, Inc.	1,073,596	50,000
Metcalf & Eddy	296,031	192,783
Kwest Group, LLC	3,958,289	2,069,433
Underground Utilities, Inc.	644,303	-
BBC&M	10,400	4,824
Total	<u>\$ 6,511,294</u>	<u>\$ 2,366,858</u>

**NOTE 20 - RELATED PARTY TRANSACTIONS**

During 2008, Ottawa County provided facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of its programs to Riverview Industries. Riverview Industries, a discretely presented component unit of Ottawa County, reported \$234,238 for such contributions.

**NOTE 21 - RIVERVIEW INDUSTRIES, INC.**

**A. Summary of Significant Accounting Policies**

Reporting Entity

Riverview Industries (the "Industries") utilizes the governmental model for accounting and financial reporting as established by NCGA Statement 1, "Governmental Accounting and Financial Reporting Principles", as modified by subsequent NCGA and GASB pronouncements.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 21 - RIVERVIEW INDUSTRIES, INC. - (Continued)**

Basis of Presentation

The Industries is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities are included on the statement of net assets. The Industries uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

Materials and Supplies Inventory

Inventory is presented at cost on a first-in, first-out basis and is expensed when used. Inventory consists of expendable supplies held for consumption.

**B. Deposits and Investments**

The carrying amount of Riverview Industries' deposits at year end was \$893,855 and the bank balance was \$915,327. Of the bank balance, \$691,180 was covered by the federal depository insurance and \$224,147 was uninsured and uncollateralized. There are no significant statutory restrictions regarding the deposit and investment of funds by the not-for-profit corporation.

**C. Capital Assets**

Property and equipment are recorded at cost. It is the Industries' policy to capitalize items with a useful life in excess of three years and having a value of over \$500. Donated assets are capitalized at fair value on the date donated. Depreciation is calculated on a straight-line basis over the useful life of the asset, which ranges from ten to forty years.

Capital asset activity for the year ended December 31, 2008, was as follows:

	Balance December 31, <u>2007</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2008</u>
Buildings	\$ 12,791			\$ 12,791
Building improvements	11,397			11,397
Furniture and fixtures	82,248	\$ 9,088		91,336
Equipment	114,047	16,705	\$ (1,915)	128,837
Vehicles	<u>110,561</u>			<u>110,561</u>
Total depreciable capital assets	331,044	25,793	(1,915)	354,922
Less: accumulated depreciation	<u>(191,446)</u>	<u>(41,001)</u>	<u>1,915</u>	<u>(230,532)</u>
Total depreciable capital assets, net	<u>\$ 139,598</u>	<u>\$ (15,208)</u>		<u>\$ 124,390</u>

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 21 - RIVERVIEW INDUSTRIES, INC. - (Continued)**

**D. Risk Management**

The Industries 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 2008, the Industries contracted with the Bowden Insurance Agency for commercial, directors and officers liability, individual fidelity bond, and surety bond insurance.

Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from the prior year.

**E. Accrued Vacation**

Vacation is accumulated based on length of service. Employees are eligible for two weeks paid vacation after one year of employment, three weeks paid vacation after eight years of employment, and four weeks paid vacation after fourteen years of employment.

**F. Debt**

The Industries' long-term obligations activity for the year ended December 31, 2008, was as follows:

	Balance December 31, <u>2007</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2008</u>	Amount Due Within <u>One Year</u>
Line of credit	\$ 28,000	\$ -	\$ -	\$ 28,000	\$ -
Compensated absences	108,319	-	(6,828)	101,491	-
Capital lease	<u>20,722</u>	<u>-</u>	<u>(7,776)</u>	<u>12,946</u>	<u>8,998</u>
Total	<u>\$ 157,041</u>	<u>\$ -</u>	<u>\$ (14,604)</u>	<u>\$ 142,437</u>	<u>\$ 8,998</u>

On June 1, 1999, Riverview Industries entered into an agreement with Ottawa County Board of Mental Retardation and Developmental Disabilities to assist in covering the cost of health care benefits for Riverview Industries employees. The agreement between the Industries and the MRDD stipulated that the MRDD would reserve a non-interest bearing line of credit, for the period June 1, 1999, to December 31, 2000, to be drawn upon as needed to cover additional fixed costs. The drawdowns from the account were limited to \$8,500 per month. The Industries is required to replenish the funds at such time when its profitability moves ahead of planned levels. As of December 31, 2008, \$28,000 of the line of credit had been drawn down and was outstanding.

**G. Capital Leases**

The Industries has entered into a capitalized lease for equipment. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 21 - RIVERVIEW INDUSTRIES, INC. - (Continued)**

Principal payments in 2008 were \$7,776.

Equipment	\$ 47,113
Less: accumulated depreciation	<u>(33,034)</u>
Carrying value, December 31, 2008	<u>\$ 14,079</u>

**H. Significant Concentration of Business with Customer**

One company provides approximately 37.7 percent of the service revenue to Riverview Industries, Inc. If canceled, the volume of business would have a severe impact on the production operations of Riverview Industries. However, management would still carry on mental retardation programs regardless of services it could lose until new customers were secured. Management is unsure of the risk of this company canceling during the next year or thereafter.

**I. Prior Period Adjustment**

Riverview received reimbursements from health insurance and Workers' Compensation for last year's services. The following prior year adjustments are made to net assets at December 31, 2007:

Net Assets as of December 31, 2007 as reported	\$ 907,213
Refund of health insurance	2,999
Refund of Workers' Compensation	<u>6,252</u>
Restated Net Assets as of December 31, 2007	<u>\$ 916,464</u>

**NOTE 22 - SIGNIFICANT SUBSEQUENT EVENT**

In January 2009, the County issued a \$420,319 OWDA loan that was used to partially replace the bond anticipation note that matured on March 11, 2009. This bond has an interest rate of 4.79%. This loan will mature on January 1, 2029.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>
<b>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed Through Ohio Department of Development</i>			
Community Development Block Grants	B-C-07-057-1	14.228	\$ 46,809
	B-E-05-057-1		153,723
	B-E-07-057-1		19,359
	B-F-06-057-1		14,857
	B-F-07-057-1		148,717
Community Development Block Grants Revolving Loans	N/A		267,107
Total - Community Development Block Grants			<u>650,572</u>
Home Investment Partnerships Program	B-C-07-057-2	14.239	<u>109,398</u>
Total - Department of Housing and Urban Development			<u><b>759,970</b></u>
<b>UNITED STATES DEPARTMENT OF JUSTICE</b>			
<i>Passed Through Ohio Department of Youth Services</i>			
AmeriCorps	JJWC-011-07	94.006	12,143
<i>Passed Through Ohio Attorney General's Office</i>			
Crime Victim Assistance	2008-VAGene248	16.575	28,465
	2009-VAGene248		7,503
Total - Crime Victim Assistance			<u>35,968</u>
<i>Passed Through Drug Task Force - Erie County</i>			
Edward Byrne Memorial Justice Assistance Grant Program	2007-JG-A01-6573	16.738	<u>43,200</u>
Total - Department of Justice			<u><b>91,311</b></u>
<b>UNITED STATES DEPARTMENT OF LABOR</b>			
<i>Passed Through Workforce Investment Act, Area 7</i>			
<u>Workforce Investment Act (WIA) Cluster:</u>			
Workforce Investment Act - Adult Program (FY 07)	n/a	17.258	55,822
Workforce Investment Act - Adult - Administrative (FY 07)			4,344
Workforce Investment Act - Adult Program (PY 07)			25,175
Workforce Investment Act - Adult Program (FY 08)			137,352
Workforce Investment Act - Adult - Administrative (FY 08)			8,355
Workforce Investment Act - Adult Program (PY 08)			31,174
Workforce Investment Act - Adult Program (FY 09)			48,835
Total - Workforce Investment Act - Adult			<u>311,057</u>
Workforce Investment Act - Youth Program (PY 07)	n/a	17.259	117,703
Workforce Investment Act - Youth Program (PY 08)			29,459
Workforce Investment Act - Statewide Youth Employment Program			290,442
Total - Workforce Investment Act - Youth			<u>437,604</u>

(Continued)

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>
Workforce Investment Act - Dislocated Worker (PY 06)	n/a	17.260	1,764
Workforce Investment Act - Dislocated Worker (FY 07)			25,823
Workforce Investment Act - Dislocated - Administrative (FY 07)			4,469
Workforce Investment Act - Dislocated Worker (PY 07)			44,228
Workforce Investment Act - Dislocated Worker (FY 08)			12,444
Workforce Investment Act - Dislocated - Administrative (FY 08)			5,507
Workforce Investment Act - Dislocated Worker (PY 08)			6,058
Workforce Investment Act - Dislocated Worker (FY 09)			310
Total - Workforce Investment Act - Dislocated Worker			<u>100,603</u>
Total - Department of Labor			<u><b>849,264</b></u>
<b>UNITED STATES DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed Through Ohio Department of Transportation</i>			
Formula Grants for Other Than Urbanized Areas	0062-008-081	20.509	20,765
	0062-024-053		389,603
	4062-027-081		416,132
	0062-027-082		95,411
Total - Department of Transportation			<u><b>921,911</b></u>
<b>UNITED STATES ENVIRONMENTAL PROTECTION AGENCY</b>			
<b>Direct Assistance</b>			
Congressionally Mandated Projects	XP-00E56001-0	66.202	<u>97,053</u>
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through Ohio Department of Job and Family Services</i>			
Promoting Safe and Stable Families	n/a	93.556	41,303
Child Welfare Services- State Grants	n/a	93.645	36,054
Chafee Foster Care Independent Program	n/a	93.674	1,870
<i>Passed Through Ohio Department of Developmental Disabilities</i>			
Social Services Block Grant	FY 07-08	93.667	56,898
State Children's Insurance Program (SCHIP)	6200015	93.767	134
Medical Assistance Program			
Individual Options	6200015	93.778	223,697
Targeted Case Management	6200015	93.778	134,259
Level 1 Waiver Programs	6200015	93.778	25,405
Total - Medical Assistance Program			<u>383,361</u>
Total - Department of Health and Human Services			<u><b>519,620</b></u>

(Continued)

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>			
<i>Passed Through Ohio Department Of Public Safety</i>			
State and Community Highway Safety	HVEO-2008-62-00-00-00251-00	20.600	18,864
Buffer Zone Protection Program	S06-BZPP-62-0105 2007-BZ-T7-0048	97.078	28,155 2,079
Total - Buffer Zone Protection Program			<u>30,234</u>
Emergency Management Performance Grants	2008-EM-EB-0002	97.042	44,665
Homeland Security Grant Program	2007-GE-T7-0030	97.067	<u>28,862</u>
Total - Federal Emergency Management Agency			<u>122,625</u>
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>			<b><u><u>\$ 3,361,754</u></u></b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports the County's federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE B – SUBRECIPIENTS**

The County passes certain Federal awards received from Workforce Investment Act, Area 7, to other governments or not-for-profit agencies (subrecipients). As Note A describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

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

**NOTE C – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS**

The County has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County passed through the Ohio Department of Development. The Schedule reports loans made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the property, business assets including equipment, inventory and receivables, and personal assets.

Activity in the CDBG revolving loan fund during 2008 is as follows:

Beginning loans receivable balance as of January 1, 2008:	\$678,071
Loans made:	265,844
Loan principal repaid	<u>(26,234)</u>
Ending loan receivable balance as of December 31, 2008:	<u><u>\$917,681</u></u>
Cash balance on hand in the revolving loan fund as of December 31, 2008:	\$32,245
Administrative costs expended during 2008:	\$1,263

The table above reports gross loan receivables. Of the loans receivable as of December 31, 2008, \$6,657 are more than 60 days past due.

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE D – HOME REVOLVING LOAN PROGRAM**

The County has established a revolving loan program to provide low-interest loans to low-moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) granted money for these loans to the County, passed through the Ohio Department of Development. The initial loan of this money would be recorded as a disbursement on the accompanying Federal Awards Expenditures Schedule (the Schedule). Loans repaid, including interest are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are also included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property. At December 31, 2008, the gross amount of loans outstanding under this program was \$566,513.

**NOTE E – 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 F – HOMELAND SECURITY CLUSTER**

The County reported the following federal programs for the Homeland Security Cluster on the Schedule of Federal Awards. Several programs for federal fiscal year 2006 were incorporated into the Homeland Security Grant Program (97.067) in accordance with guidance from the U.S. Department of Homeland Security.

<u>CFDA#</u>	<u>Program</u>	<u>Amount</u>
97.073	State Homeland Security Program	\$8,473
97.074	Law Enforcement Terrorism Prevention Program	<u>20,389</u>
<b>97.067</b>	<b>Homeland Security Grant Program</b>	<b><u><u>\$28,862</u></u></b>



# Mary Taylor, CPA

Auditor of State

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

Ottawa County  
315 Madison Street, Suite 103  
Port Clinton, Ohio 43452-1943

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Ottawa County, Ohio (the County) as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 12, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the County's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the County's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the County's internal control will not prevent or detect a material financial statement misstatement.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the County's management in a separate letter dated November 12, 2009.

### **Compliance and Other Matters**

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion 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*.

We did note certain noncompliance matters that we reported to the County's management in a separate letter dated November 12, 2009.

We intend this report solely for the information and use of the Board of County Commissioners, management, federal awarding agencies, and pass-through entities. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

November 12, 2009



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Ottawa County  
315 Madison Street, Suite 103  
Port Clinton, Ohio 43452-1943

To the Board of County Commissioners:

### Compliance

We have audited the compliance of Ottawa County, Ohio (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the County's major federal program. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, Ottawa County, Ohio complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2008.

### Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for

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the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that the County's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the County's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of management, the Board of County Commissioners, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

November 12, 2009

**FINANCIAL CONDITION  
OTTAWA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2008**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Formula Grants for Other Than Urbanized Areas – CFDA No. 20.509
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

FINANCIAL CONDITION  
OTTAWA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
DECEMBER 31, 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	Financial statements required several significant audit adjustments related to the GAAP conversion process	No	Partially corrected and reported as a Management Letter comment.



**Mary Taylor, CPA**  
Auditor of State

**FINANCIAL CONDITION**

**OTTAWA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 8, 2009**