



Dave Yost • Auditor of State



**FINANCIAL CONDITION  
VAN WERT COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Wert County, (the County), as of and for the year ended December 31, 2010, 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 did not audit the financial statements of the component unit, Thomas Edison Center, which represents fifty-two percent of assets, fifty-five percent of net assets, and thirty-two percent of revenues for the aggregate discretely presented component units. Other auditors audited those financial statements. They have furnished their report thereon to us and we base our opinion, insofar as it relates to the amounts included for Thomas Edison Center on the report of the other auditors.

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. The other auditors audited the financial statements of Thomas Edison Center, a discretely presented component unit, in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*. 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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Wert County, Ohio, as of December 31, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Motor Vehicle and Gas Tax, Thomas Edison, and Brumback Library Funds 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 September 16, 2011, 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.

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

We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements taken as a whole. The Schedule of Federal Awards Expenditures provides additional information 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. The Schedule of Federal Awards Expenditures is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole



**Dave Yost**  
Auditor of State

September 16, 2011

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(UNAUDITED)**

**Management's Discussion and Analysis**

Van Wert County's discussion and analysis of the annual financial report provides a review of the financial performance for the year ended December 31, 2010.

**Financial Highlights**

- The County's total net assets increased \$1,197,772 during 2010. Net assets of governmental activities increased \$1,239,483 (4%). Net assets of business-type activities decreased by \$41,711 (4%).
- In an effort to conserve County General Funds, the Commissioners adopted a resolution effective June 12, 2009, that the County Courthouse closes at noon every Friday along with Probate/Juvenile Court, Youth Bureau, Election Board and the Commissioners' Office in the County Annex Building. This measure reduced employees' pay by one day equivalent per pay period.
- The General Fund transferred out a total of \$158,155. \$97,262 was for debt service obligations and \$60,893 was to the Department of Job and Family Services.
- Business-type operations reflected an operating loss, since charges for services fell short of operating expenses. Business-type unrestricted net assets are \$304,418.
- Capital assets used in governmental activities decreased \$587,250 as depreciation exceeded capital asset additions. The County resurfaced some road and replaced bridges and completed the Engineer's salt shed during 2010.

**Overview Of The Financial Statements**

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

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

**Government-Wide Financial Statements**

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

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(UNAUDITED)  
(Continued)**

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

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

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

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

**Fund Financial Statements**

The analysis of the County's major funds begins on page 9. Fund financial statements provide detailed information about the County's major funds – not the County as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the County Auditor, with the approval of the County Commissioners, to help control, manage and report money received for a particular purpose or to show that the County is meeting legal responsibilities for use of grants. Van Wert County's major funds are General, Motor Vehicle and Gas Tax, Thomas Edison, Brumback Library, and Recycling. The County chose to present the Brumback Library as a major fund due to the unique nature of the fund.

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

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

**Government-Wide Financial Analysis**

As stated previously, the Statement of Net Assets looks at the County as a whole. The following table provides a summary of the County's net assets for 2010 compared to 2009.



**FINANCIAL CONDITION  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(UNAUDITED)  
(Continued)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2010</b>	<b>2009 - Restated</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009 - Restated</b>
<b>Assets:</b>						
Current and Other Assets	\$18,029,820	\$16,844,095	\$ 359,273	\$309,411	\$18,389,093	\$17,153,506
Capital Assets	24,161,141	24,748,391	666,794	752,904	24,827,935	25,501,295
Total Assets	<u>42,190,961</u>	<u>41,592,486</u>	<u>1,026,067</u>	<u>1,062,315</u>	<u>43,217,028</u>	<u>42,654,801</u>
<b>Liabilities:</b>						
Current and Other Liabilities	3,763,410	4,101,000	37,966	34,025	3,801,376	4,135,025
<b>Long-Term Liabilities:</b>						
Due Within One Year	891,670	833,628	9,833	7,067	901,503	840,695
Due in More Than One Year	6,268,702	6,630,162	72,056	73,300	6,340,758	6,703,462
Total Liabilities	<u>10,923,782</u>	<u>11,564,790</u>	<u>119,855</u>	<u>114,392</u>	<u>11,043,637</u>	<u>11,679,182</u>
<b>Net Assets:</b>						
Invested in Capital						
Assets, Net of Related Debt	22,536,254	23,012,115	601,794	682,904	23,138,048	23,695,019
Restricted	11,367,981	10,679,704			11,367,981	10,679,704
Unrestricted (Deficit)	(2,637,056)	(3,664,123)	304,418	265,019	(2,332,638)	(3,399,104)
Total Net Assets	<u>\$31,267,179</u>	<u>\$30,027,696</u>	<u>\$ 906,212</u>	<u>\$947,923</u>	<u>\$32,173,391</u>	<u>\$30,975,619</u>

Total assets of governmental activities increased \$598,475. Current and other assets increased \$1,185,725. Capital assets decreased \$587,250 as a result of depreciation exceeding capital additions.

The County's total net assets increased \$1,197,772 during 2010. Net assets of governmental activities increased 4% or \$1,239,483.

Net assets of the County's business-type activities decreased by \$41,711 during 2010. Business-type activities reported an operating loss during 2010. The continued depreciation of assets contributed to the operating loss.

The following table shows the changes in net assets for 2010 compared with 2009:

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 3,680,889	\$ 3,483,510	\$545,375	\$515,849	\$ 4,226,264	\$ 3,999,359
Operating Grants, Contributions and Interest	9,475,193	10,382,950			9,475,193	10,382,950
Capital Grants and Contributions	253,923	550,420		59,193	253,923	609,613
Total Program Revenues	<u>13,410,005</u>	<u>14,416,880</u>	<u>545,375</u>	<u>575,042</u>	<u>13,955,380</u>	<u>14,991,922</u>

(Continued)

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(UNAUDITED)  
(Continued)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Revenues: (Continued)</b>						
<b>General Revenues:</b>						
Property and Other Taxes	2,594,210	2,562,815			2,594,210	2,562,815
Permissive Sales Tax	3,773,437	3,268,999			3,773,437	3,268,999
Grants and Entitlements	1,599,274	1,416,563			1,599,274	1,416,563
All Other Categories	755,383	718,365		20,507	755,383	738,872
Total General Revenues	<u>8,722,304</u>	<u>7,966,742</u>		<u>20,507</u>	<u>8,722,304</u>	<u>7,987,249</u>
Total Revenues	<u>22,132,309</u>	<u>22,383,622</u>	<u>545,375</u>	<u>595,549</u>	<u>22,677,684</u>	<u>22,979,171</u>
<b>Program Expenses:</b>						
<b>General Government:</b>						
Legislative and Executive	4,551,450	4,560,556			4,551,450	4,560,556
Judicial	1,372,115	1,305,773			1,372,115	1,305,773
Public Safety	2,885,954	2,993,665			2,885,954	2,993,665
Public Works	4,347,318	4,946,521			4,347,318	4,946,521
Health	108,009	110,695			108,009	110,695
Human Services	6,261,233	6,449,771			6,261,233	6,449,771
Conservation and Recreation	5,193	20,507			5,193	20,507
Economic Development and Asst.	908,944	1,385,719			908,944	1,385,719
Intergovernmental	195,886	281,017			195,886	281,017
Debt Service Costs	259,218	262,999			259,218	262,999
Recycling			584,592	626,974	584,592	626,974
Total Expenses	<u>20,895,320</u>	<u>22,317,223</u>	<u>584,592</u>	<u>626,974</u>	<u>21,479,912</u>	<u>22,944,197</u>
Excess (Deficiency) Before Transfers	1,236,989	66,399	(39,217)	(31,425)	1,197,772	34,974
Transfers	2,494		(2,494)			
Increase (Decrease) in Net Assets	1,239,483	66,399	(41,711)	(31,425)	1,197,772	34,974
Net Assets Beginning of the Year - Restated	<u>30,027,696</u>	<u>29,961,297</u>	<u>947,923</u>	<u>979,348</u>	<u>30,975,619</u>	<u>30,940,645</u>
Net Assets End of the Year	<u>\$31,267,179</u>	<u>\$30,027,696</u>	<u>\$906,212</u>	<u>\$947,923</u>	<u>\$32,173,391</u>	<u>\$30,975,619</u>

**Governmental Activities**

Program revenues make up 61% of total governmental revenues for 2010. The major recipients of intergovernmental program revenues were the Motor Vehicle and Gas Tax, Department of Job and Family Services, Thomas Edison, and Brumback Library Funds, as well as the Children's Services and CSEA Special Revenue Funds. During 2010, the County received monies from OWDA for its sewer project that are shown as capital grants and contributions. Operating grants, contributions and interest fell due to a decrease in CDBG grants for 2010.

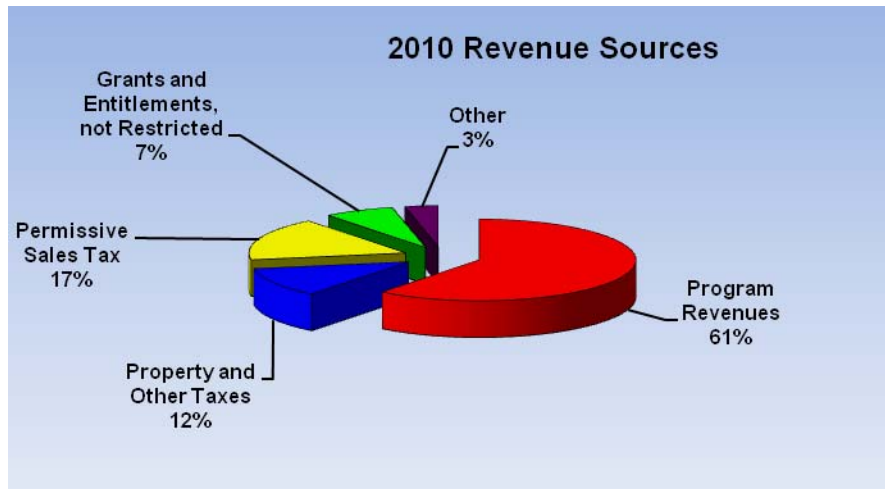
The County's direct charges to users of governmental services made up around 17% of total governmental revenues for 2010. These charges are for fees for real estate transfers, fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, and licenses and permits.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(UNAUDITED)  
(Continued)**

Permissive sales tax is the second largest source of revenue for the County. The County received \$3,773,437 in 2010 or about 17% of total governmental revenues. Permissive sales tax increase was the result of a slowly recovering economy. This is the first year of an increase after three straight years of decreases where permissive sales tax revenue fell almost \$460,000.

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



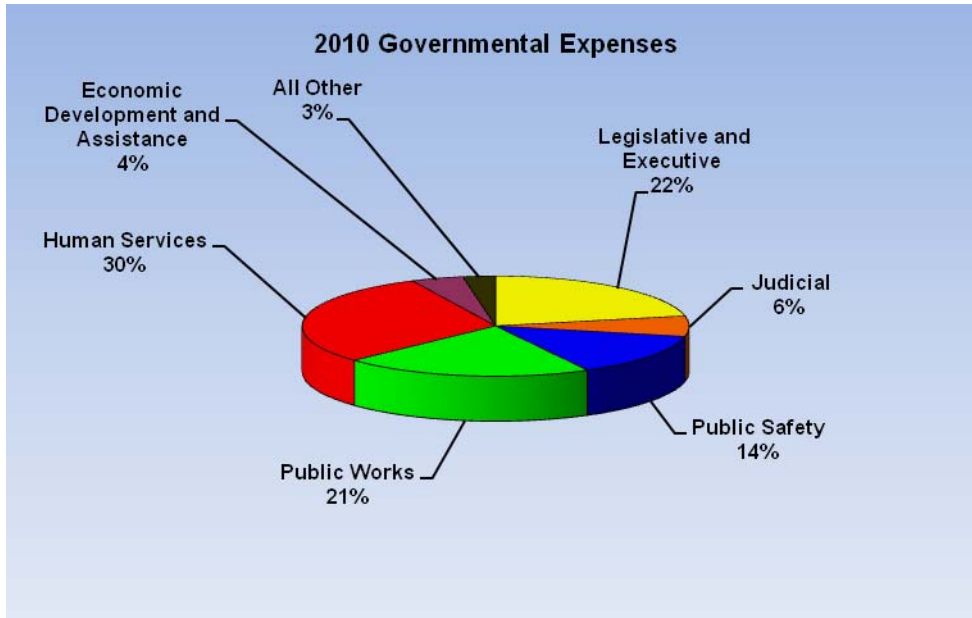
Legislative and executive, public safety and human services expenses have all decreased during 2010. As a result of the downturn in the economy and resulting decline in revenue, the County has implemented expense reduction procedures. In an effort to conserve County General Funds, the Commissioners adopted a resolution effective June 12, 2009, that the County Courthouse closes at noon every Friday along with Probate/Juvenile Court, Youth Bureau, Election Board and the Commissioners' Office in the County Annex Building. This measure reduced employees' pay by one day equivalent per pay period.

Public works expenses increased during 2010. The County is working on sewer construction projects for Rt. 127, Rt. 118, and Richey Road which are included as public works expenses. The assets built under this construction will belong to the City of Van Wert. In addition, the County is working on a sewer construction project for Overholt addition. The County has received 0% interest loans from the OWDA to cover the work along with federal ARRA monies.

Expenses for Economic Development and Assistance decreased during 2010 as a result of a decrease in CDBG expenses which are paid for by operating grants.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(UNAUDITED)  
(Continued)**



The legislative and executive expenses of the County rely heavily on general revenues to support the program. \$2.1 million of legislative and executive expenses (47%) were covered by general revenues.

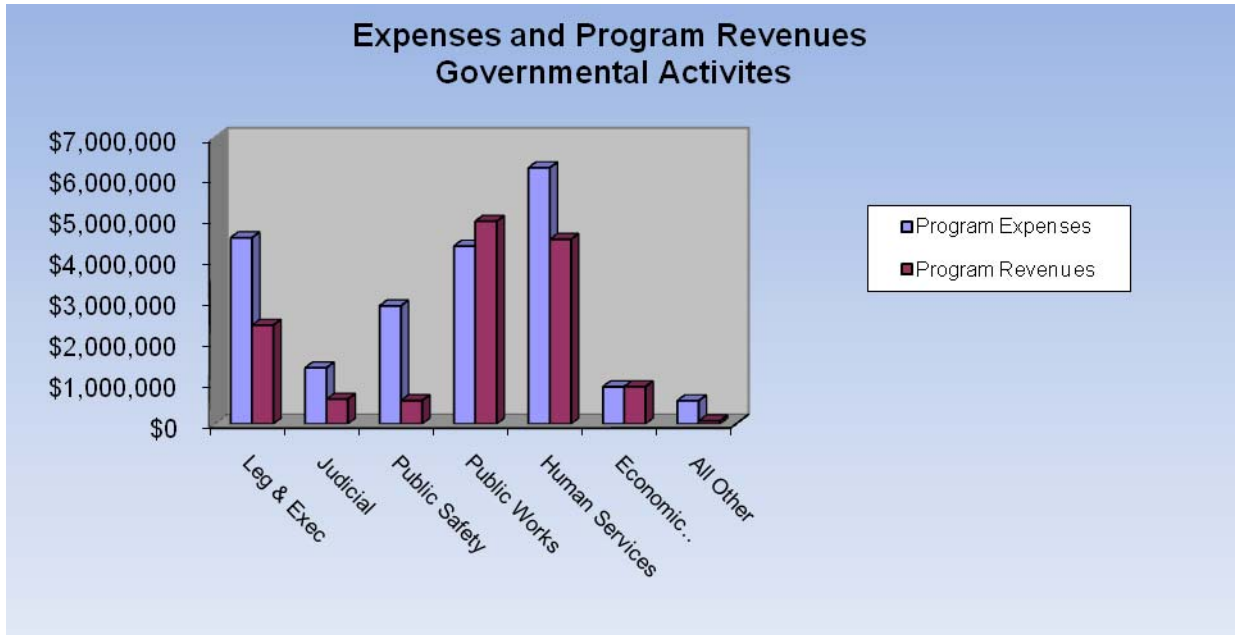
For public safety, the net cost of services of \$2.3 million indicates the general purposes property tax levy and the permissive sales tax, support the operation of the Sheriff's Department and the Jail. To help reduce the tax burden and increase program revenues, the County has contracts for the housing of prisoners from other entities outside the County. During 2009, the County increased the rate for the boarding of prisoners from \$42.50 to \$45.00.

The \$1.7 million in net cost of services for human services demonstrates the cost of services that are not supported from State and federal sources. As such, the taxpayers have approved property tax levies for the Thomas Edison Fund.

The Economic Development and Assistance program had a positive net cost of services for 2010. CDBG, HEAP, DOE Weatherization and HHS Weatherization grants from the State and Federal Government support this program.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(UNAUDITED)  
(Continued)**



**Business-Type Activities**

The net assets for business-type activities decreased by \$41,711 during 2010. Charges for services for recycling is the largest revenue source for business-type activities revenues. These charges for services fell short of the cost of operations for the recycling center for 2010, resulting in an operating loss of \$37,958. The continued depreciation of capital assets contributed to the operating loss.

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

**Financial Analysis Of The County's Funds**

**Governmental Funds**

Information about the County's major governmental funds begins on page 18. These funds are reported using the modified accrual basis of accounting. All Governmental funds had total revenues of \$22 million and expenditures of \$21 million. The General fund balance increased by \$624,759. Within the General Fund, revenues exceeded expenses by \$741,009. Transfers to other funds such as the Debt Service funds and other Special Revenue funds totaled \$158,155. The funds transferred were used for debt and support of human services programs.

Unreserved, undesignated General fund balance equals \$880,673, which is available for spending at the County's discretion. The remaining \$58,035 fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior year or a variety of other restricted purposes. While the bulk of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets due to expenditure restrictions mandated by the source of the resource, such as the State or federal government.

As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance to total fund expenditures. Unreserved fund balance represents approximately 12.7% (up from 3.8% in prior year) of total General Fund expenditures.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(UNAUDITED)  
(Continued)**

The Motor Vehicle and Gas Tax fund balance increased \$230,873. Fund balance at December 31, 2010, was \$1,900,448 of which \$2,955 is encumbrances. The Thomas Edison fund balance increased \$300,021. Fund balance at December 31, 2010, was \$2,171,559. The Brumback Library fund balance increased \$78,989, while fund balance at year-end was \$554,334.

**Enterprise Fund**

The enterprise fund reflects an operating loss for 2010. Charges for services for Recycling services have historically been established to ensure that on a cash basis, fees are adequate to cover operations. The County Commissioners have set fees with the intention of funding operating costs and debt service.

The statement of cash flows has a net cash increase of \$65,859. This occurred as result of charges for services exceeding operating expenses for 2010. Charges for services were enough to cover cash expenses but did not cover the continued depreciation expense on the capital assets.

**Major Funds Budgeting Highlights**

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

During 2010, there were numerous revisions to the General Fund budget. However, the net effect of the revisions was an increase in the appropriations of a mere \$36,899. Original General Fund budgeted revenues were also adjusted due to higher than anticipated permissive sales tax revenue. Actual receipts were \$129,532 (1.7%) higher than what were originally estimated. However, permissive sales tax actual receipts were 11% higher than what was originally anticipated.

Appropriations for the Motor Vehicle and Gas Tax fund were increased \$1,034,052. Appropriations were increased primarily for road projects.

Thomas Edison decreased anticipated receipts due to a decrease of revenues from the State and other governments.

Anticipated receipts for Brumback Library increased as funding from the State Public Library Fund increased. By monitoring expenditures, the Library's actual expenditures were \$68,683 less than appropriated.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(UNAUDITED)  
(Continued)**

**Capital Assets and Debt Administration**

**Capital Assets**

	<b>Capital Assets, Net of Depreciation</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Land	\$ 359,710	\$ 248,700			\$ 359,710	\$ 248,700
Land Improvements	20,399	20,399			20,399	20,399
Buildings	11,763,908	12,062,884	\$277,363	\$286,123	12,041,271	12,349,007
Machinery and Equipment	234,201	317,523	141,312	173,949	375,513	491,472
Furniture and Fixtures	22,586	31,148			22,586	31,148
Vehicles	1,575,033	1,752,247	248,119	292,832	1,823,152	2,045,079
Infrastructure	10,185,304	10,235,128			10,185,304	10,235,128
Construction in Progress		80,362				80,362
	<u>\$24,161,141</u>	<u>\$24,748,391</u>	<u>\$666,794</u>	<u>\$752,904</u>	<u>\$24,827,935</u>	<u>\$25,501,295</u>

Additions to governmental capital assets were primarily to road and bridges.

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

**Long-Term Debt**

At December 31, 2010, Van Wert County had \$6,425,774 long-term debt outstanding.

	<b>Outstanding Long-Term Debt at Year End</b>			
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
General Obligation Notes	\$1,592,997	\$1,766,477	\$65,000	\$70,000
OWDA Loan	665,932	727,502		
General Obligation Bonds	4,050,992	4,100,000		
Capital Leases	50,853	120,434		
	<u>\$6,360,774</u>	<u>\$6,714,413</u>	<u>\$65,000</u>	<u>\$70,000</u>

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

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

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

The County's overall legal debt margin was \$8,883,707 as of December 31, 2010. The more restrictive un-voted legal debt margin was \$3,209,198 as of the same date. See Note 12 of the notes to the basic financial statements for more detailed information.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(UNAUDITED)  
(Continued)**

**Contacting the County Auditor's Office**

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



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**FINANCIAL CONDITION  
VAN WERT COUNTY**

**STATEMENT OF NET ASSETS  
DECEMBER 31, 2010**

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$7,497,972	\$120,599	\$7,618,571
Cash and Cash Equivalents in Segregated Accounts	77,280		77,280
Cash and Cash Equivalents with Fiscal Agents	1,202		1,202
Accrued Interest Receivable	5,468		5,468
Accounts Receivable (Net, where applicable, of Uncollectible Accounts)	184,024	255,940	439,964
Permissive Sales Tax Receivable	628,178		628,178
Due from Other Governments	5,139,793		5,139,793
Internal Balances	17,399	(17,399)	
Prepaid Items	68,141	133	68,274
Supplies Inventory	416,568		416,568
Property Taxes Receivable	2,681,118		2,681,118
Permissive Motor Vehicle License Tax Receivable	7,516		7,516
Tax Increment Financing Receivable	387,412		387,412
Loans Receivable	353,697		353,697
Special Assessments Receivable	262,331		262,331
Investments in Segregated Accounts	301,721		301,721
Depreciable Capital Assets, Net	23,781,032	666,794	24,447,826
Non-depreciable Capital Assets, Net	380,109		380,109
<b>Total Assets</b>	<b>42,190,961</b>	<b>1,026,067</b>	<b>43,217,028</b>
<b>Liabilities:</b>			
Accounts Payable	267,588	13,994	281,582
Accrued Salaries Payable	309,836	10,171	320,007
Contracts Payable	4,631		4,631
Due to Other Governments	496,227	13,682	509,909
Accrued Interest Payable	20,821	119	20,940
Early Retirement Incentive Payable	5,712		
Compensatory Time Payable	58,323		58,323
Deferred Revenue	2,600,272		2,600,272
<b>Long-Term Liabilities:</b>			
Due Within One Year	891,670	9,833	901,503
Due in More Than One Year	6,268,702	72,056	6,340,758
<b>Total Liabilities</b>	<b>10,923,782</b>	<b>119,855</b>	<b>11,037,925</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	22,536,254	601,794	23,138,048
<b>Restricted for:</b>			
Other Purposes	10,923,589		10,923,589
Capital Projects	444,392		444,392
Unrestricted (Deficit)	(2,637,056)	304,418	(2,332,638)
<b>Total Net Assets</b>	<b>\$31,267,179</b>	<b>\$906,212</b>	<b>\$32,173,391</b>

See accompanying notes to the basic financial statements.

<b>Component Units</b>		
<b>Thomas Edison Center</b>	<b>Van Wert County Port Authority</b>	<b>Van Wert County Airport Authority</b>
	\$625,640	
\$56,498		\$25,186
4,755		
83,609		4,663
6,500		4,023
1,409,143		
905,632	9,117	1,365,504
	56,352	222,940
<u>2,466,137</u>	<u>691,109</u>	<u>1,622,316</u>
27,524	140,346	5,394
		647
8,925		1,132
		767
		1,813
		11,850
		128,529
<u>36,449</u>	<u>140,346</u>	<u>150,132</u>
905,632	65,469	1,448,489
61,008		
1,463,048	485,294	23,695
<u>\$2,429,688</u>	<u>\$550,763</u>	<u>\$1,472,184</u>

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants, Contributions and Interest</u>	<u>Capital Grants and Contributions</u>
<b>Governmental Activities:</b>				
<b>General Government:</b>				
Legislative and Executive	\$4,551,450	\$1,563,326	\$851,436	
Judicial	1,372,115	548,949	56,782	
Public Safety	2,885,954	357,649	215,251	
Public Works	4,347,318	707,684	3,354,838	\$253,923
Health	108,009	63,827		
Human Services	6,261,233	422,288	4,091,472	
Conservation and Recreation	5,193	2,494	5,193	
Economic Development and Assistance	908,944	11,104	900,221	
Intergovernmental	195,886			
Interest and Fiscal Charges	259,218	3,568		
<b>Total Governmental Activities</b>	<b>20,895,320</b>	<b>3,680,889</b>	<b>9,475,193</b>	<b>253,923</b>
<b>Business-Type Activity:</b>				
Recycling	584,592	545,375		
<b>Total Primary Government</b>	<b>21,479,912</b>	<b>4,226,264</b>	<b>9,475,193</b>	<b>253,923</b>
<b>Component Units:</b>				
Thomas Edison Center	\$732,128	\$458,378	\$212,474	
Van Wert County Port Authority	1,115,794	2,920		
Van Wert County Airport Authority	240,751	139,630	17,774	65,694
<b>Total Component Units</b>	<b>\$2,088,673</b>	<b>\$600,928</b>	<b>\$230,248</b>	<b>\$65,694</b>

**General Revenues:**

**Property and Other Taxes Levied for:**

General Purposes  
 Thomas Edison  
 Other Purposes  
 County Permissive Motor Vehicle License Taxes Levied for Public Works  
 Permissive Sales Taxes Levied for General Purposes  
 Grants and Entitlements not Restricted to Specific Programs  
 Unrestricted Investment Earnings  
 Tax Increment Financing  
 Other  
 Special Item - Gain on the Sale of Salvaged Track  
**Total General Revenues**

Transfers

Change in Net Assets

Net Assets Beginning of Year - Restated

Net Assets End of Year

See accompanying notes to the basic financial statements.



**FINANCIAL CONDITION  
VAN WERT COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2010**

	<b>General</b>	<b>Motor Vehicle and Gas Tax</b>
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$879,309	\$1,294,730
Cash and Cash Equivalents in Segregated Accounts	795	41,537
Cash and Cash Equivalents with Fiscal Agents		
Investments in Segregated Accounts		
<b>Receivables:</b>		
Property Taxes	975,538	
Permissive Motor Vehicle License Tax		7,516
Permissive Sales Tax	628,178	
Accounts (Net, where applicable, of Uncollectible Accounts)	169,088	1,187
Special Assessments		
Interfund	39,041	53,236
Accrued Interest	5,468	
Tax Increment Financing Receivable		
Due from Other Governments	620,565	1,721,637
Prepaid Items	13,350	
Supplies Inventory	11,856	396,525
Loans Receivable		
Total Assets	3,343,188	3,516,368
<b>Liabilities and Fund Balances:</b>		
<b>Liabilities:</b>		
Accounts Payable	\$39,953	\$59,529
Contracts Payable		
Accrued Salaries Payable	123,910	45,764
Due to Other Governments	215,561	66,136
Interfund Payable	3,912	381
Early Retirement Incentive Payable	5,712	
Deferred Revenue	2,015,432	1,444,110
Total Liabilities	2,404,480	1,615,920
<b>Fund Balances:</b>		
Reserved for Encumbrances	40,206	2,955
Reserved for Loans Receivable		
Reserved for Unclaimed Monies	17,829	
<b>Unreserved:</b>		
<b>Undesignated, Reported in:</b>		
General Fund	880,673	
Special Revenue Funds		1,897,493
Debt Service Funds		
Capital Projects Funds		
Total Fund Balances	938,708	1,900,448
Total Liabilities and Fund Balances	\$3,343,188	\$3,516,368

*See accompanying notes to the basic financial statements.*

<b>Thomas Edison</b>	<b>Brumback Library</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$2,242,687	\$170,105	\$2,911,141	\$7,497,972
	15,279	19,669	77,280
1,202			1,202
	301,721		301,721
1,550,632	154,948		2,681,118
			7,516
			628,178
4,235	26	9,488	184,024
		262,331	262,331
		86,647	178,924
			5,468
		387,412	387,412
602,763	448,811	1,746,055	5,139,831
1,541	37,552	15,698	68,141
		8,187	416,568
		353,697	353,697
<u>4,403,060</u>	<u>1,128,442</u>	<u>5,800,325</u>	<u>18,191,383</u>
\$60,257	\$6,186	\$101,663	\$267,588
		4,631	4,631
44,037	15,281	80,844	309,836
70,287	13,005	131,162	496,151
3,735		153,497	161,525
			5,712
<u>2,053,185</u>	<u>539,636</u>	<u>2,221,970</u>	<u>8,274,333</u>
<u>2,231,501</u>	<u>574,108</u>	<u>2,693,767</u>	<u>9,519,776</u>
17,445		7,356	67,962
		273,190	273,190
			17,829
			880,673
2,154,114	554,334	2,594,544	7,200,485
		16,036	16,036
		215,432	215,432
<u>2,171,559</u>	<u>554,334</u>	<u>3,106,558</u>	<u>8,671,607</u>
<u>\$4,403,060</u>	<u>\$1,128,442</u>	<u>\$5,800,325</u>	<u>\$18,191,383</u>

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2010**

Total Governmental Fund Balances	\$8,671,607
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets reported in governmental activities are not financial resources and therefore are not reported in the funds.	24,161,141
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Property and Other Taxes	\$80,808
Tax Increment Financing	387,412
Permissive Sales Tax	322,738
Intergovernmental	4,466,046
Charges for Services	35,014
Fines and Forfeitures	161,526
Special Assessments	218,551
Other	1,852
	_____

Total	5,673,947
-------	-----------

Some liabilities, including notes payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:

Accrued Interest	(20,821)
General Obligation Notes	(1,713,989)
General Obligation Bonds	(3,930,000)
Capital Leases	(50,853)
Compensatory Time Payable	(58,323)
OWDA Loan	(665,932)
Compensated Absences	(799,598)
	_____

Total	(7,239,516)
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Net Assets of Governmental Activities	<u><u>\$31,267,179</u></u>
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*See accompanying notes to the basic financial statements.*



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**FINANCIAL CONDITION  
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENT FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>General</u>	<u>Motor Vehicle and Gas Tax</u>	<u>Thomas Edison</u>
<b>Revenues:</b>			
Property Taxes	\$948,957		\$1,398,313
Permissive Sales Tax	3,695,543		
Permissive Motor Vehicle License Tax		\$101,821	
Intergovernmental	1,111,342	3,358,283	1,895,239
Charges for Services	1,096,622	234,932	82,990
Licenses and Permits	1,601		
Fines and Forfeitures	166,101	144,273	
Special Assessments			
Interest	134,571	2,308	
Tax Increment Financing			
Other	499,468	86,174	3,945
Total Revenues	<u>7,654,205</u>	<u>3,927,791</u>	<u>3,380,487</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>General Government:</b>			
Legislative and Executive	2,811,859		
Judicial	1,137,087		
Public Safety	2,421,490		
Public Works	38,381	3,696,918	
Health	48,268		
Human Services	219,928		2,929,399
Conservation and Recreation			
Economic Development and Assistance	30,500		
Intergovernmental	195,886		
<b>Debt Service:</b>			
Principal Retirement	8,740		60,841
Interest and Fiscal Charges	1,057		3,731
Total Expenditures	<u>6,913,196</u>	<u>3,696,918</u>	<u>2,993,971</u>
Excess of Revenues Over (Under) Expenditures	<u>741,009</u>	<u>230,873</u>	<u>386,516</u>
<b>Other Financing Sources (Uses):</b>			
Proceeds of OWDA Loan			
General Obligation Bonds Issued			
Transfers In	41,905		
Transfers Out	(158,155)		(86,495)
Total Other Financing Sources (Uses)	<u>(116,250)</u>		<u>(86,495)</u>
Net Change in Fund Balances	624,759	230,873	300,021
Fund Balances Beginning of Year - Restated	<u>313,949</u>	<u>1,669,575</u>	<u>1,871,538</u>
Fund Balances (Deficit) End of Year	<u>\$938,708</u>	<u>\$1,900,448</u>	<u>\$2,171,559</u>

*See accompanying notes to the basic financial statements.*

<u>Brumback Library</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$151,980		\$2,499,250
		3,695,543
		101,821
740,773	\$4,185,089	11,290,726
4,023	941,135	2,359,702
	70,860	72,461
9,097	49,795	369,266
	182,553	182,553
25,015	3,184	165,078
	373,788	373,788
79,125	222,630	891,342
<u>1,010,013</u>	<u>6,029,034</u>	<u>22,001,530</u>
931,024	688,600	4,431,483
	230,240	1,367,327
	326,996	2,748,486
	422,801	4,158,100
	55,362	103,630
	2,925,531	6,074,858
	5,193	5,193
	868,117	898,617
		195,886
	608,961	678,542
	255,718	260,506
<u>931,024</u>	<u>6,387,519</u>	<u>20,922,628</u>
<u>78,989</u>	<u>(358,485)</u>	<u>1,078,902</u>
	203,911	203,911
	120,992	120,992
	348,066	389,971
	(142,827)	(387,477)
	<u>530,142</u>	<u>327,397</u>
78,989	171,657	1,406,299
<u>475,345</u>	<u>2,934,901</u>	<u>7,265,308</u>
<u>\$554,334</u>	<u>\$3,106,558</u>	<u>\$8,671,607</u>

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

Net Change in Fund Balances - Total Governmental Funds \$1,406,299

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amount are:

Capital Outlay	\$602,265	
Depreciation	(1,189,515)	
Excess of Capital Outlay Under Depreciation Expense		(587,250)

Some revenues that will not be collected for several months after the County's year-end are not considered "available" revenues and are deferred in the governmental funds.

Deferred revenues changed by these amount this year:

Property and Other Taxes	(6,861)	
Tax Increment Financing	23,147	
Permissive Sales Tax	77,894	
Intergovernmental	(15,189)	
Charges for Services	(24,652)	
Fines and Forfeitures	23,392	
Special Assessments	52,343	
Other	629	
Total		130,703

The issuance of long-term debt provides current financial resources to governmental funds, but in the statement of net assets, the debt is reported as a liability.

General Obligation Bonds	(120,992)	
OWDA Loan	(203,911)	
Total		(324,903)

Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consisted of:

General Obligation Note Principal Payments	173,480	
General Obligation Bonds Principal Payments	170,000	
OWDA Loan	265,481	
Capital Lease Principal Payments	69,581	
Total		678,542

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:

Accrued Interest	1,288	
Compensatory Time Payable	(14,975)	
Compensated Absences	(50,221)	
Total		(63,908)

Change in Net Assets of Governmental Activities \$1,239,483

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property Taxes	\$947,000	\$947,000	\$949,144	\$2,144
Permissive Sales Tax	3,279,000	3,324,000	3,643,417	319,417
Intergovernmental	1,095,435	1,102,206	1,096,658	(5,548)
Charges for Services	1,226,059	1,251,159	1,120,502	(130,657)
Licenses and Permits	2,000	2,000	1,601	(399)
Fines and Forfeitures	136,000	136,000	167,764	31,764
Interest	240,500	150,297	141,465	(8,832)
Other	551,700	601,085	486,675	(114,410)
Total Revenues	<u>7,477,694</u>	<u>7,513,747</u>	<u>7,607,226</u>	<u>93,479</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General Government:</b>				
Legislative and Executive	2,949,331	2,967,930	2,881,100	86,830
Judicial	1,224,704	1,228,741	1,174,316	54,425
Public Safety	2,775,368	2,791,294	2,492,000	299,294
Public Works	28,075	28,075	9,156	18,919
Health	49,653	48,534	48,269	265
Human Services	237,076	238,070	220,108	17,962
Economic Development and Assistance	30,500	30,500	30,500	
Intergovernmental	203,686	203,686	202,772	914
Total Expenditures	<u>7,498,393</u>	<u>7,536,830</u>	<u>7,058,221</u>	<u>478,609</u>
Excess of Revenues Over (Under) Expenditures	<u>(20,699)</u>	<u>(23,083)</u>	<u>549,005</u>	<u>572,088</u>
<b>Other Financing Sources (Uses):</b>				
Advances In			3,644	3,644
Advances Out			(3,644)	(3,644)
Transfers - In	40,555	42,905	41,905	(1,000)
Transfers - Out	(269,693)	(268,155)	(158,155)	110,000
Total Other Financing Sources (Uses)	<u>(229,138)</u>	<u>(225,250)</u>	<u>(116,250)</u>	<u>109,000</u>
Net Change in Fund Balance	(249,837)	(248,333)	432,755	681,088
Fund Balance Beginning of Year	153,702	153,702	153,702	
Prior Year Encumbrances Appropriated	<u>109,726</u>	<u>109,726</u>	<u>109,726</u>	
Fund Balance End of Year	<u><u>\$13,591</u></u>	<u><u>\$15,095</u></u>	<u><u>\$696,183</u></u>	<u><u>\$681,088</u></u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL  
MOTOR VEHICLE AND GAS TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Permissive Motor Vehicle License Tax	\$101,000	\$101,000	\$101,669	\$669
Intergovernmental	3,368,800	3,368,800	3,349,046	(19,754)
Charges for Services	105,500	105,500	324,978	219,478
Fines and Forfeitures	65,000	65,000	141,578	76,578
Interest	5,000	5,000	2,270	(2,730)
Other			86,174	86,174
Total Revenues	<u>3,645,300</u>	<u>3,645,300</u>	<u>4,005,715</u>	<u>360,415</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Public Works	<u>3,599,636</u>	<u>4,633,688</u>	<u>3,955,631</u>	<u>678,057</u>
Net Change in Fund Balance	45,664	(988,388)	50,084	1,038,472
Fund Balance at Beginning of Year	998,633	998,633	998,633	
Prior Year Encumbrances Appropriated	<u>149,786</u>	<u>149,786</u>	<u>149,786</u>	
Fund Balance at End of Year	<u>\$1,194,083</u>	<u>\$160,031</u>	<u>\$1,198,503</u>	<u>\$1,038,472</u>

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL  
THOMAS EDISON FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property Taxes	\$1,382,000	\$1,382,000	\$1,397,775	\$15,775
Intergovernmental	2,016,939	1,672,576	1,843,100	170,524
Charges for Services	100,500	100,500	86,951	(13,549)
Other	13,500	13,500	2,732	(10,768)
Total Revenues	<u>3,512,939</u>	<u>3,168,576</u>	<u>3,330,558</u>	<u>161,982</u>
<b>Expenditures</b>				
<b>Current:</b>				
Human Services	<u>3,281,337</u>	<u>3,263,537</u>	<u>3,016,146</u>	<u>247,391</u>
Excess of Revenues Over (Under) Expenditures	231,602	(94,961)	314,412	409,373
<b>Other Financing Uses:</b>				
Transfers Out	<u>(80,000)</u>	<u>(86,495)</u>	<u>(86,495)</u>	
Net Change in Fund Balance	151,602	(181,456)	227,917	409,373
Fund Balance at Beginning of Year	1,792,373	1,792,373	1,792,373	
Prior Year Encumbrances Appropriated	<u>92,937</u>	<u>92,937</u>	<u>92,937</u>	
Fund Balance at End of Year	<u><u>\$2,036,912</u></u>	<u><u>\$1,703,854</u></u>	<u><u>\$2,113,227</u></u>	<u><u>\$409,373</u></u>

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL  
BRUMBACK LIBRARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property Taxes	\$150,000	\$150,000	\$151,831	\$1,831
Intergovernmental	640,000	676,354	737,850	61,496
Charges for Services	2,500	2,500	4,023	1,523
Fines and Forfeitures	12,000	12,000	9,100	(2,900)
Other	11,100	25,100	57,897	32,797
Total Revenues	<u>815,600</u>	<u>865,954</u>	<u>960,701</u>	<u>94,747</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General Government:</b>				
Legislative and Executive	<u>922,339</u>	<u>980,238</u>	<u>911,555</u>	<u>68,683</u>
Net Change in Fund Balance	(106,739)	(114,284)	49,146	163,430
Fund Balance at Beginning of Year	110,082	110,082	110,082	
Prior Year Encumbrances Appropriated	<u>4,739</u>	<u>4,739</u>	<u>4,739</u>	
Fund Balance at End of Year	<u>\$8,082</u>	<u>\$537</u>	<u>\$163,967</u>	<u>\$163,430</u>

*See accompanying notes to the basic financial statements.*



**FINANCIAL CONDITION  
VAN WERT COUNTY**

**STATEMENT OF FUND NET ASSETS  
ENTERPRISE FUND  
DECEMBER 31, 2010**

	<b>Recycling</b>
<b>Assets:</b>	
<b>Current Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$120,599
Accounts Receivable	255,940
Prepaid Items	133
Total Current Assets	376,672
<b>Non-current Assets:</b>	
Depreciable Capital Assets, Net	666,794
Total Assets	1,043,466
<b>Liabilities:</b>	
<b>Current Liabilities:</b>	
Accounts Payable	13,994
Accrued Salaries Payable	10,171
Interfund Payable	17,399
Due to Other Governments	13,682
Accrued Interest Payable	119
Compensated Absences Payable	6,833
Note Payable	3,000
Total Current Liabilities	65,198
<b>Long-Term Liabilities:</b>	
Compensated Absences Payable	10,056
Note Payable	62,000
Total Long-Term Liabilities	72,056
Total Liabilities	137,254
<b>Net Assets:</b>	
Invested in Capital Assets	601,794
Unrestricted	304,418
Total Net Assets	\$906,212

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**STATEMENT OF REVENUES,  
EXPENSES, AND CHANGES IN FUND NET ASSETS  
ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>Recycling</b>
<b>Operating Revenues:</b>	
Charges for Services	\$545,375
<b>Operating Expenses:</b>	
Personal Services	374,122
Contractual Services	71,519
Materials and Supplies	51,582
Depreciation	86,110
Total Operating Expenses	583,333
Operating Loss	(37,958)
<b>Non-Operating Expenses:</b>	
Interest and Fiscal Charges	(1,259)
Loss Before Transfers	(39,217)
Transfers Out	(2,494)
Change in Net Assets	(41,711)
Net Assets Beginning of Year	947,923
Net Assets End of Year	\$906,212

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>Recycling</b>
<b>Increase (Decrease) in Cash and Cash Equivalents:</b>	
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Customers and Support	\$545,443
Cash Payments for Employee Services and Benefits	(369,543)
Cash Payments to Suppliers	(101,279)
Net Received From Operating Activities	74,621
<b>Cash Flows from Noncapital Financing Activities:</b>	
Transfers Out	(2,494)
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Note Principal Payments	(5,000)
Note Interest Payments	(1,268)
Net Cash Used for Capital and Related Financing Activities	(6,268)
Net Increase in Cash and Cash Equivalents	65,859
Cash and Cash Equivalents Beginning of Year	54,740
Cash and Cash Equivalents End of Year	\$120,599
<b>Reconciliation of Operating Loss to Net Cash</b>	
<b>Received From Operating Activities:</b>	
Operating Loss	(\$37,958)
<b>Adjustments to Reconcile Operating Loss to</b>	
<b>Net Cash Received From Operating Activities:</b>	
Depreciation	86,110
<b>Changes in Assets and Liabilities:</b>	
Decrease in Accounts Receivable	68
Decrease in Prepaid Items	255
Increase in Accounts Payable	5,893
Increase in Accrued Salaries Payable	1,242
Decrease in Due to Other Governments	(3,185)
Increase in Interfund Payable	15,674
Increase in Compensated Absences Payable	6,522
Net Cash Received From Operating Activities	\$74,621

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
DECEMBER 31, 2010**

**Assets:**

Equity in Pooled Cash and Cash Equivalents	\$1,640,578
Cash and Cash Equivalents in Segregated Accounts	262,037
Investments	20,000

**Receivables:**

Property and Other Taxes	18,245,057
Accounts (Net of Uncollectible Accounts)	180,609
Special Assessments	430,829
Due from Other Governments	1,467,498
Tax Increment Financing Receivable	82,461
Total Assets	<u><u>22,329,069</u></u>

**Liabilities:**

Accounts Payable	116,248
Due to Other Governments	21,186,171
Undistributed Monies	1,026,650
Total Liabilities	<u><u>\$22,329,069</u></u>

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**1. DESCRIPTION OF THE COUNTY AND REPORTING ENTITY**

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

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

**A. Reporting Entity**

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

**B. Van Wert County Brumback Public Library**

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

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

**C. Blended Component Unit**

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**1. DESCRIPTION OF THE COUNTY AND REPORTING ENTITY (Continued)**

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

**D. Discretely Presented Component Units**

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

**Thomas Edison Center** - The Thomas Edison Center is a legally separate, not-for-profit corporation, served by a board appointed by the Van Wert County Board of MRDD. The workshop, under contractual agreement with the Van Wert County Board of Mental Retardation and Developmental Disabilities, provides sheltered employment for mentally retarded or handicapped individuals in Van Wert County. The Van Wert County Board of MRDD provides the workshop with personnel necessary for the operation of the habilitation services to the clients, land and buildings for the operation of the center, maintenance and repair of the buildings, and professional staff to supervise and train clients of the Thomas Edison Center. Based on the significant services and resources provided by the County to the workshop and the workshop's sole purpose of providing assistance to the retarded and handicapped adults of Van Wert County, the workshop is reflected as a component unit of Van Wert County. Separately issued financial statements can be obtained from the Thomas Edison Center at P.O. Box 604, Van Wert, Ohio 45891.

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**1. DESCRIPTION OF THE COUNTY AND REPORTING ENTITY (Continued)**

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

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

**Van Wert County Airport Authority** - The Van Wert County Airport Authority is a legally separate organization created by resolution of the Van Wert County Commissioners on December 20, 1974. The Board of the Airport Authority is made up of five members, each with a term of five years. The members were originally appointed by the Van Wert County Commissioners; subsequent appointments are made by the Board of Trustees of the Regional Airport Authority, subject to the approval of the Board of Van Wert County Commissioners. The County has issued debt for the Airport Authority in the County's name, making the County financially accountable for the Airport Authority. Separately issued financial statements can be obtained from Clair Dudgeon at 114 E. Main Street, Suite 200, Van Wert, Ohio 45891.

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

- Van Wert County General Health District
- Van Wert County Soil and Water Conservation District
- Van Wert County Community Action Commission
- Van Wert County Park District
- Van Wert County Family and Children First Council

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**1. DESCRIPTION OF THE COUNTY AND REPORTING ENTITY (Continued)**

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

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

The Related Organizations, the Van Wert County Hospital Commission (Commission) and the Local Emergency Planning Committee (LEPC) are presented in Note 17. A related organization is an organization for which the County appoints a majority of the governing board but for which there is no potential benefit or burden and no authority to impose the will of the County. The Insurance Pools, the Mid West Pool Risk Management Agency, Inc. (the Pool), the Midwest Employee Benefit Consortium (MEBC), and the County Commissioners' Association of Ohio Service Corporation (CCAOSC) are presented in Note 18. The Pool and the MEBC are risk-sharing pools, while the CCAOSC is an insurance purchasing pool. A risk-sharing pool is an organization formed by a group of governments to combine risks and resources and share in the cost of losses. An insurance purchasing pool is an organization formed by a group of governments to pool funds or resources to purchase commercial insurance policies.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Van Wert County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The 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 to its enterprise fund provided they do not conflict with or contradict GASB pronouncements. The County has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989, to its business-type activities and to its enterprise fund. The most significant of the County's accounting policies are described below.

**A. Basis of Presentation**

The County's basic financial statements consist of government-wide 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.



**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1. 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 statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities.

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

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

**2. Fund Financial Statements**

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

**B. Fund Accounting**

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

**1. Governmental Funds**

Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets 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** - This fund accounts for all financial resources except those required to be accounted for in another fund. The General fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**Brumback Library Fund** – This fund is used to account for the operation of the Brumback Library. Revenue is received from bequests and donations and from money received from the operations of the Library. A county-wide tax levy also provides support for the Library.

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

**2. Proprietary Fund**

Proprietary funds focus on the determination of operating income, changes in net assets, financial position, and cash flows. The County's only proprietary fund is an enterprise fund.

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

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

**3. 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 by the County to account for assets held 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 used to report resources held by the County in a purely custodial capacity. The County's only fiduciary funds are agency funds. The County's agency funds are primarily established to account for the collection of various taxes, receipts and fees and to account for funds of the County General Health District, Soil and Water Conservation District, Family and Children First Council, Regional Planning Commission, and Emergency Management Agency.

**4. Component Units**

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus**

**1. Government-wide Financial Statements**

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

**2. Fund Financial Statements**

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

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

**D. Basis of Accounting**

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

**E. Revenues - Exchange and Non-exchange Transaction**

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, sales tax, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). On an accrual basis, revenue from permissive sales tax is recognized in the period when the exchange transaction on which the tax is imposed occurs (See Note 5). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

**F. Deferred Revenues**

Deferred revenues 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, 2010, but were levied to finance 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met have also been recorded as deferred revenue.

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

**G. Expenses/Expenditures**

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

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

**H. Cash and Cash Equivalents**

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

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

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

During 2010, the County invested in certificates of deposits and a repurchase agreement. The Library Enrichment Foundation of the Brumback Library invests in Vanguard Growth and Income Fund, Vanguard Mid-Cap Index Fund, Vanguard Small-Cap Growth Index Fund, Vanguard Value Index Fund, and First Financial Bancorp common stock.

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

Interest income is distributed to the funds according to statutory requirements. Interest revenue of \$134,571 was credited to the General Fund during 2010, which includes \$127,894 assigned from other County funds.

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

**I. Receivables and Payables**

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

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

**J. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2010, are recorded as prepaid items using the consumption method. A current asset is recorded for the prepaid amount at the time of purchase and reflects the expenditure/expense in the year in which services are consumed.

**K. Inventory of Supplies**

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

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

Inventory consists of expendable supplies held for consumption.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Capital Assets**

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

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

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

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

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

The County's infrastructure consists of roads and bridges.

**M. Interfund Receivables/Payables**

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

**N. Compensated Absences**

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

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**O. Accrued Liabilities and Long-Term Obligations**

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

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

**P. Capital Contributions**

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

**Q. 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 borrowings 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 adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include funds for the operation of a school; resident homes for the mentally retarded and developmentally disabled; the medical, financial, and social support to general relief recipients; the support and placement of children; and County road and bridge repair/improvement programs.

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

**R. Operating Revenues and Expenses**

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**S. Fund Balance Reserves**

The County reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. As a result, encumbrances, loans receivable and unclaimed monies are recorded as a reservation of fund balance.

**T. Interfund Transactions**

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

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

**U. Estimates**

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

**V. Budgetary Process**

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2010.



**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**3. BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position and results of operations on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, presented for the General Fund, and Motor Vehicle and Gas Tax, CDBG, Thomas Edison and Brumback Library Special Revenue Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

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

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**3. BUDGETARY BASIS OF ACCOUNTING (Continued)**

	Net Change in Fund Balance			
	General	Motor Vehicle and Gas Tax	Thomas Edison	Brumback Library
GAAP Basis	\$624,759	\$230,873	\$300,021	\$78,989
Revenue Accruals	(56,485)	77,941	(49,391)	(17,464)
Expenditure Accruals	(11,374)	(162,748)	64,115	3,674
2010 Unrecorded Cash	(14,857)	(262)		
2009 Unrecorded Cash	53,427	245	42,414	
Change in Fair Value of Investments - 2010				(19,893)
Change in Fair Value of Investments - 2009				19,093
Agency Fund Allocation	(29,064)		(42,952)	(4,698)
Activity of Non-budgeted Funds				(8,269)
Prepaid Items	5,554		218	(846)
Encumbrances	(139,205)	(95,965)	(86,508)	(1,440)
Budget Basis	\$432,755	\$ 50,084	\$227,917	\$49,146

**4. DEPOSITS AND INVESTMENTS**

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

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 sub-divisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash, or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio; and
10. Bankers' acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio.

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

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

**A. Deposits**

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

At year-end, the carrying amount of the County's deposits was \$10,250,165, which includes \$625,640 for the Port Authority component unit's deposits and the bank balance was \$12,005,185. Of the bank balance, \$1,594,478 was covered by federal deposit insurance. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", \$10,410,707 of the County's bank balance of \$12,005,185 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the County's name.

**B. Investments**

At year-end, the County had the following investments:

<b>Investment Type</b>	<b>Fair Value</b>
First Financial Bancorp	\$ 24,431
Vanguard Growth and Income Fund	17,075
Vanguard Mid-Cap Index Fund	23,363
Vanguard Small-Cap Growth Index Fund	27,457
Vanguard Value Index Fund	18,335
Repurchase Agreement	186,203
Total	\$296,864

**C. Interest Rate Risk**

The County's investment policy states that the maximum maturity is five years from the settlement date. All of the County's investments have a maturity within one year.

**D. Credit Risk**

The County's investment policy does not address credit risk. The County's investment in a repurchase agreement is exposed to credit risk due to the underlying securities are held by the investment's counterparty or its trust department or agent, not in the County's name. The investment in First Financial Bancorp is a common stock and is not rated.

**E. Concentration of Credit Risk**

The County's investment policy states the investment authority will diversify the investments to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions. Investment percentage is as follows:

<b>Investment Type</b>	<b>Percentage</b>
First Financial Bancorp	8%
Vanguard Growth and Income Fund	6%
Vanguard Mid-Cap Index Fund	8%
Vanguard Small-Cap Growth Index Fund	9%
Vanguard Value Index Fund	6%
Repurchase Agreement	63%

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**5. RECEIVABLES**

Receivables at December 31, 2010, consisted of property and other taxes, permissive sales tax, tax increment financing, accounts (billings for user charged services), special assessments, accrued interest, interfund, intergovernmental receivables arising from grants, and loans. All receivables are considered collectible in full except Court receivables. A summary of accounts receivable for Court receivables, as well as other receivables owed to the County governmental funds is as follows:

	<b>Common Pleas/ Juvenile/Probate Court Receivable</b>	<b>Other Accounts Receivable</b>	<b>Total Accounts Receivable</b>
Receivable	\$253,997	\$22,498	\$276,495
Allowance for Un-collectibles	(92,471)		(92,471)
Net Accounts Receivable	\$161,526	\$22,498	\$184,024

For the agency funds, the total receivable for the Common Pleas Court was \$178,052, with an allowance for un-collectibles of \$547, making net accounts receivable of \$177,505. The board of health fund had a receivable of \$3,104 making the total agency funds receivable \$180,609.

**A. Property Taxes**

Property taxes include amounts levied against all real and public utility located in the County. Property tax revenue received during 2010 for real and public utility property taxes represents collections of 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility) are for 2010 taxes.

2010 real property taxes are levied after October 1, 2010, on the assessed value as of January 1, 2010, the lien date. Assessed values are established by State law at 35% of appraised market value. 2010 real property taxes are collected in and intended to finance 2010.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. 2010 public utility property taxes became a lien December 31, 2009, are levied after October 1, 2010, and are collected in 2011 with real property taxes.

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

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

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to each subdivision its portion of the taxes collected. Accrued property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2010, and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2010 operations. The receivable is therefore offset by deferred revenue. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

The full tax rate for all County operations for the year ended December 31, 2010, was \$7.15 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2010 property tax receipts were based are as follows:

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**5. RECEIVABLES (Continued)**

<u>Category</u>	<u>Assessed Value</u>	<u>Percent</u>
Agricultural/Residential Real Property	\$405,316,110	84.74%
Other Real Property	51,929,700	10.86%
Tangible Personal Property	592,350	0.12%
Public Utility Personal Property	20,462,380	4.28%
Total Assessed Valuation	<u>\$478,300,540</u>	<u>100.00%</u>

**B. Permissive Sales and Use Tax**

The County Commissioners, by resolution, imposed a 1.5% tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the 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. The State Auditor then has five days in which to draw the warrant payable to the County.

Proceeds of the tax are credited entirely to the General Fund. A receivable is recognized at year-end for amounts that will be received from sales which occurred during 2010. On a full accrual basis, the full amount of the receivable is recognized as revenue. On a modified accrual basis, the amount of the receivable that will be received outside of the available period is deferred. Sales and use tax revenue in 2010 amounted to \$3,695,543 in the General Fund.

**C. Due from Other Governments**

A summary of intergovernmental receivables follows:

<u>Governmental Activities:</u>	<u>Amounts</u>
Boarding Fees	\$ 1,125
Local Government	394,501
Homestead and Rollback	213,025
Advertising for Delinquent Taxes	4,884
Electric Deregulation Reimbursement	12,844
Personal Tax Replacement	315,474
Motor Vehicle License Tax	557,788
Gasoline Excise Tax	780,194
Gasoline Cents per Gallon	372,176
Undivided Library	435,941
Municipal Court Fees	11,646
Thomas Edison Reimbursements for Bus Drivers	31,612
Gas Tax Refund	4,728
Indigent Defense Reimbursement	14,035
Assigned Council Reimbursement	51
Attorney General Sheriff Reimbursement	1,837
Municipal Court Judge Reimbursement	1,886
Ohio Job and Family Services close-out	158,797
Home Weatherization Assistance Grant - DOE ARRA	25,700
Brownfield Assessment	200,000

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**5. RECEIVABLES (Continued)**

PSCA close-out	11,044
KPIP	300
PSCA SCPA	88,894
Feisal	15,560
Children Services Adm. & Training Reimbursement	686
DARE Grant	9,925
Thomas Edison Subsidy Payment	161,455
Thomas Edison Title XX	27,732
Thomas Edison Waivers	18,520
911 Wireless	15,000
CSEA July-Dec closeout	122,126
Youth Bureau Reclaim Ohio Grant	173,684
Community Corrections Grant	28,680
State Help Me Grow	32,326
Recycle Ohio	2,493
CDBG Grants	885,705
Federal Visitation Center	4,730
Indigent Drivers Alcohol Reimbursement	2,689
<b>Total Intergovernmental Receivables</b>	<b>\$5,139,793</b>

**D. Loans Receivable**

The County has the following loans receivable at December 31, 2010:

<u>Date of Issue</u>	<u>Description</u>	<u>Interest Rate</u>	<u>Balance at 12/31/2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at 12/31/2010</u>	<u>Due in One Year</u>
1996	Airport Construction	4.64%	\$ 24,850		\$ 3,000	\$ 21,850	\$ 3,000
1999	Airport Construction	4.98%	36,285		2,680	33,605	2,850
2003	Airport Improvement	2.20%	89,500		5,000	84,500	6,000
various	Revolving Loans	various	177,008	\$71,000	34,266	213,742	68,657
			<b>\$327,643</b>	<b>\$71,000</b>	<b>\$44,946</b>	<b>\$353,697</b>	<b>\$80,507</b>

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

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**6. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2010, was as follows:

	<b>Balance at 1/1/10</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at 12/31/10</b>
<b>Governmental Activities:</b>				
<b>Capital Assets, not being Depreciated:</b>				
Land	\$ 248,700	\$111,010		\$ 359,710
Land Improvements	20,399			20,399
Construction in Progress	80,362	30,648	(\$111,010)	
Total Assets, not being Depreciated	349,461	141,658	(111,010)	380,109
<b>Depreciable Capital Assets:</b>				
Buildings	17,710,802			17,710,802
Machinery and Equipment	990,386		(12,356)	978,030
Furniture and Fixtures	181,070			181,070
Vehicles	4,643,368	168,829	(34,091)	4,778,106
<b>Infrastructure:</b>				
Roads	4,753,317	205,710		4,959,027
Bridges	11,627,947	197,078		11,825,025
Total Depreciable Capital Assets	39,906,890	571,617	(46,447)	40,432,060
<b>Less Accumulated Depreciation:</b>				
Buildings	(5,647,918)	(298,976)		(5,946,894)
Machinery and Equipment	(672,863)	(83,322)	12,356	(743,829)
Furniture and Fixtures	(149,922)	(8,562)		(158,484)
Vehicles	(2,891,121)	(346,043)	34,091	(3,203,073)
<b>Infrastructure:</b>				
Roads	(1,979,949)	(240,771)		(2,220,720)
Bridges	(4,166,187)	(211,841)		(4,378,028)
Total Accumulated Depreciation	(15,507,960)	(1,189,515)	46,447	(16,651,028)
Depreciable Capital Assets, Net	24,398,930	(617,898)		23,781,032
Governmental Activities Capital Assets, Net	<u>\$24,748,391</u>	<u>(\$476,240)</u>	<u>(\$111,010)</u>	<u>\$24,161,141</u>
<b>Business-Type Activities:</b>				
<b>Depreciable Capital Assets:</b>				
Building	361,032			361,062
Machinery and Equipment	372,806			372,806
Furniture and Fixtures	11,357			11,357
Vehicles	615,054			615,054
Total Depreciable Capital Assets	1,360,249			1,360,249
<b>Less Accumulated Depreciation:</b>				
Buildings	(74,909)	(8,760)		(83,669)
Machinery and Equipment	(198,857)	(32,637)		(231,494)
Furniture and Fixtures	(11,357)			(11,357)
Vehicles	(322,222)	(44,713)		(366,935)
Total Accumulated Depreciation	(607,345)	(86,110)		(693,455)
Business-Type Activities Capital Assets, Net	<u>\$ 752,904</u>	<u>(\$86,110)</u>	<u>\$0</u>	<u>\$ 666,794</u>

Depreciation expense was charged to governmental programs as follows:



**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**6. CAPITAL ASSETS (Continued)**

<b>General Government:</b>	
Legislative and Executive	\$106,999
Judicial	525
Public Safety	138,829
Public Works	755,053
Health	4,058
Human Services	166,773
Economic Development and Assistance	17,278
Total Depreciation Expense	<u>\$1,189,515</u>

**7. DEFINED BENEFIT 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 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 percent 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 OPERS to provide a formula retirement benefit similar to the traditional 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 and 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 the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

**Funding Policy** - The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll and 11.1 percent for law enforcement members.

The County's contribution rate for 2010 was 14 percent of covered payroll, except for those plan members in law enforcement, for whom the County's contribution was 17.87 percent of covered payroll. For the Traditional Plan, the County's contribution equal to 5.5 percent of covered payroll was allocated to fund the postemployment health care plan for the period January 1, 2010 through February 28, 2010, and 5.0 percent for the period March 1 through December 31, 2010. For the Combined Plan, the County's contribution equal to 4.73 percent of covered payroll was allocated to fund the postemployment health care plan for the period January 1, 2010 through February 28, 2010, and 4.23 percent for the period March 1 through December 31, 2010. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the County of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**7. DEFINED BENEFIT PENSION PLANS (Continued)**

The County's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2010, 2009, and 2008 was \$854,192, \$792,539, and \$657,066, respectively; 97 percent has been contributed for 2010 and 100 percent for 2009 and 2008.

**8. POSTEMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

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

To qualify for postemployment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2010, local government employers contributed 14 percent of covered payroll (17.87 percent for law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. For the Traditional Plan, the County's contribution equal to 5.5 percent of covered payroll was allocated to fund the postemployment health care plan for the period January 1, 2010 through February 28, 2010, and 5.0 percent for the period March 1 through December 31, 2010. For the Combined Plan, the County's contribution equal to 4.73 percent of covered payroll was allocated to fund the postemployment health care plan for the period January 1, 2010 through February 28, 2010, and 4.23 percent for the period March 1 through December 31, 2010.

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

The County's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2010, 2009, and 2008 was \$459,189, \$531,708, and \$635,616, respectively; 97 percent has been contributed for 2010 and 100 percent for 2009 and 2008.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**8. POSTEMPLOYMENT BENEFITS (Continued)**

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008. Rates for law enforcement increased over a six year period beginning January 1, 2006, with a final rate increase January 1, 2011. These rates allowed additional funds to be allocated to the health care plan

**9. OTHER EMPLOYEE BENEFITS**

**A. Deferred Compensation Plans**

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

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

**B. Compensated Absences**

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

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**9. OTHER EMPLOYEE BENEFITS (Continued)**

**C. Early Retirement Incentive**

During 2010, the Recorder's office offered a retirement incentive program to its employees who retire for the first time effective September 30, 2010 through October 1, 2011. The County offered to purchase the lesser of 1.) one year service credit or 2.) an amount equal to one-fifth of the total service credit. During 2010, one employee notified the County of their pending retirement who met the requirements of the retirement incentive program. The County purchased one year of service credit that is to be paid in 4 quarterly installments. As a result, a liability of \$5,712 has been accrued for the retirement incentive associated with this individual at December 31, 2010.

**10. RISK MANAGEMENT**

**A. Insurance**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2010, the County contracted with the Mid West Pool Risk Management Agency, Inc. for liability, property and crime insurance. The listing below is a general description of insurance coverage. All policy terms, conditions, restrictions, exclusions, etc. are not included.

Coverage provided by Mid West Pool Risk Management Agency, Inc. (MRRMA) is as follows:

Property:

\$250,000,000 limit per occurrence, subject to following sub-limits:

Building and Contents at 140% of reported value for location

Flood at \$36,000,000 combined annual aggregate for all MPRMA members

Earthquake at \$36,000,000 combined annual aggregate for all MPRMA members

Boiler and Machinery:

\$50,000,000 per occurrence

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

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

Liability – Pollution

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

Crime

\$500,000

All limits except Boiler and Machinery are inclusive of MPRMA \$100,000 retention. Van Wert insurance is subject to \$1,000 property deductible. Nursing home liability insurance is still provided as insurance is on a claim made form.

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

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**10. RISK MANAGEMENT (Continued)**

**B. Health Care Benefits**

The County participates in the Midwest Employee Benefit Consortium (MEBC), a risk-sharing pool consisting of five counties (See Note 18). Each member pays premiums to the MEBC for employee medical and life insurance premiums. The MEBC is responsible for the management and operation of the program. Upon withdrawal, the County is obligated for the payment of supplementary payments attributable to years during which the County was a member of the MEBC. Such supplementary payments may include, but are not limited to, sums sufficient to pay claims, retain reserve levels and pay for continuing claims administration. In addition, the County will continue to be responsible for all other obligations of membership attributable to such prior years. The MEBC Board of Trustees has the right to return monies to an existing member subsequent to the settlement of all expenses and claims.

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

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

**C. Workers' Compensation**

For 2010, the County participated in the County Commissioners' Association of Ohio Workers' Compensation Group Rating Program provided by the County Commissioners' Association of Ohio Service Corporation (CCAOSC), a workers' compensation insurance purchasing pool (See Note 18). The intent of the CCAOSC is to achieve lower workers' compensation rates while establishing safe working conditions and environments for the participants.

The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the CCAOSC. Each participant pays its workers' compensation premium to the State based on the rate for the CCAOSC rather than its individual rate. In order to allocate the savings derived by formation of the CCAOSC, and to maximize the number of participants in the CCAOSC, annually the CCAOSC's executive committee calculates the total savings which accrued to the CCAOSC through its formation. This savings is then compared to the overall savings percentage of the CCAOSC. The CCAO's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the CCAOSC is limited to counties that can meet the CCAOSC's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the CCAOSC. Each year, the County pays an enrollment fee to the CCAOSC to cover the costs of administering the CCAOSC.

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

**11. LEASES**

**A. Operating Leases**

The County entered into several non-cancelable operating leases. The County entered into a lease with Perry Corporation for a copier. The County pays a rate of \$742 per month for 63 months. The final payment on this lease was made in 2010. In addition, the County Engineer is leasing a John Deere Loader for 5 years with an annual payment of \$20,669. Total costs paid during 2010 on these leases were \$24,382.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**11. LEASES (Continued)**

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

<b>For the Year Ending:</b>	<b>Amount</b>
2011	\$20,669
2012	20,669
2013	20,669
	<u>\$62,007</u>

**B. Capital Leases**

The County holds leases from prior years for buses for Thomas Edison and a lease for a sheriff's car. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis. Vehicles acquired by lease have been capitalized in the governmental activities general capital assets at amounts equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the governmental activities general long term debt.

Principal payments made during 2010 for the buses totaled \$60,841, in the Thomas Edison Special Revenue Fund. The Thomas Edison buses have a total historical cost of \$325,388, with accumulated depreciation of \$135,379 as of December 31, 2010, with a book value of \$189,209.

Principal payments on the Sheriff's car lease for 2010 totaled \$8,740 in the General Fund. The car was capitalized during 2009 at a cost of \$20,916, with accumulated depreciation of \$6,623 as of December 31, 2010, with a book value of \$14,293.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2010:

<b>For the Year Ending</b>	<b>Amount</b>
2011	\$29,694
2012	20,094
2013	3,349
Total	<u>53,137</u>
Less: Amount Representing Interest	<u>(2,284)</u>
Present Value of Minimum Lease Payments	<u>\$50,853</u>

**12. LONG-TERM OBLIGATIONS**

The changes in the County's long-term obligations of the governmental activities of the County during 2010 follow:

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**12. LONG-TERM OBLIGATIONS (Continued)**

Date of Issue	Description	Interest Rate	Balance at 12/31/2009	Increases	Decreases	Balance at 12/31/2010	Amounts Due in One Year
<b>General Obligation Notes:</b>							
1996	Airport Construction	4.64%	\$ 24,850		(\$ 3,000)	\$ 21,850	\$ 3,000
1999	Airport Construction	2.11%	36,285		(2,680)	33,605	2,850
2002	County Annex	1.33%	845,000		(65,000)	780,000	65,000
2002	Thomas Edison Improvement	1.33%	120,000		(40,000)	80,000	40,000
2003	Airport Improvement	1.79%	89,500		(5,000)	84,500	6,000
2003	Probate Court Computer	1.79%	3,800		(3,800)		
2003	County Annex/County Home	1.79%	378,042		(14,000)	364,042	3,000
2003	Thomas Edison Improvement	1.79%	269,000		(40,000)	229,000	27,000
	Total General Obligation Notes		<u>1,766,477</u>		<u>(173,480)</u>	<u>1,592,997</u>	<u>146,850</u>
<b>OWDA Loan:</b>							
2007	Washington Twp/Delphos Sewers	0.00%	460,855		(24,255)	436,600	24,256
2009	OWDA Loan - 127 Sewer/118 Sewer	0.00%	266,647	\$130,588	(241,226)	156,009	
2010	OWDA Loan - Overholt Addition	0.00%		73,323		73,323	
			<u>727,502</u>	<u>203,911</u>	<u>(265,481)</u>	<u>665,932</u>	<u>24,256</u>
<b>General Obligation Bonds:</b>							
2008	Capital Facilities Bond Series A	Various	3,430,000		(150,000)	3,280,000	160,000
2008	Capital Facilities Bond Series B	9.375%	670,000		(20,000)	650,000	20,000
2010	Clerk of Courts Computer	2.85%		120,992		120,992	13,680
	Total General Obligation Bonds		<u>4,100,000</u>	<u>120,992</u>	<u>(170,000)</u>	<u>4,050,992</u>	<u>193,680</u>
	Total Notes, Loans and Bonds		<u>6,593,979</u>	<u>324,903</u>	<u>(608,961)</u>	<u>6,309,921</u>	<u>364,786</u>
<b>Other Long-Term Obligations:</b>							
	Compensated Absences		749,377	474,332	(424,111)	799,598	498,823
	Capital Leases		120,434		(69,581)	50,853	28,061
	Total - Other Long-Term Obligations		<u>869,811</u>	<u>474,332</u>	<u>(493,692)</u>	<u>850,451</u>	<u>526,884</u>
	Total - General Long-Term Obligations		<u>\$7,463,790</u>	<u>\$799,235</u>	<u>(\$1,102,653)</u>	<u>\$7,160,372</u>	<u>\$891,670</u>

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

Issue	Amount
<b>General Obligation Notes:</b>	
1996 Airport Construction	\$ 49,850
1999 Airport Construction	55,390
2002 County Annex	1,300,000
2002 Thomas Edison Improvements	400,000
2003 Airport Improvement	108,000
2003 Probate Court Computer	50,000
2003 County Annex/County Home	495,334
2003 Thomas Edison Improvement	400,000
<b>General Obligation Bonds:</b>	
2008 Capital Facilities Bonds	4,265,000
2010 Clerk of Courts Computer Bonds	120,992
<b>OWDA Loan:</b>	
2007 Washington Twp/Delphos Sewers	485,111

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**12. LONG-TERM OBLIGATIONS (Continued)**

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

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

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

On March 26, 2009, the County entered into a loan agreement for with the Ohio Water Development Authority for a Wastewater Treatment Plant Upgrade (Rt. 127 & 118 Sewer). The total project is \$800,385. The County was awarded ARRA monies for this project where \$641,419 of principal has been forgiven as of December 31, 2010. The project is still ongoing. The loan is an interest free loan and will be paid semi-annually for 20 years. Once the construction has been completed and the loan has been finalized, an amortization schedule will be issued to notify the County when payments will begin on the loan. The City of Van Wert will collect a flat fee for debt retirement from those owners of the properties benefiting from the construction of the sewer system. The City of Van Wert will remit the fees to the County quarterly and these fees will be used to retire the debt.

On August 27, 2009, the County entered into a loan agreement for \$78,855 with the Ohio Water Development Authority for a Sewer Design. As of December 31, 2010, the County had received \$73,323 in loan proceeds. The loan is an interest free loan and will be paid semi-annually for 20 years. Once the construction has been completed and the loan has been finalized, an amortization schedule will be issued to notify the County when payments will begin on the loan. The City of Van Wert will collect a flat fee for debt retirement from those owners of the properties benefiting from the construction of the sewer system. The City of Van Wert will remit the fees to the County quarterly and these fees will be used to retire the debt.

In 2010, the County issued the Clerk of Courts Computer System Bonds in the amount \$120,992. The serial bonds carry an interest rate of 2.85% and will mature December 1, 2018.

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

Changes in the long-term obligations reported in business-type activities of the County during 2010 were as follows:



**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**12. LONG-TERM OBLIGATIONS (Continued)**

Date of Issue	Description	Interest Rate	Balance at 12/31/2009	Increases	Decreases	Balance at 12/31/2010	Amounts Due in One Year
2003	Recycling Bldg and Trucks	2.20%	\$70,000		(\$5,000)	\$65,000	\$3,000
	Compensated Absences		10,367	\$11,089	(4,567)	16,889	6,833
	Totals		<u>\$80,367</u>	<u>\$11,089</u>	<u>(\$9,567)</u>	<u>\$81,889</u>	<u>\$9,833</u>

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

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors should not exceed one percent of the total assessed valuation of the County. The Code further provides that the total voted and un-voted net debt of the County less the same exempt debt should not exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The effects of the debt limitations at December 31, 2010, are an overall debt margin of \$8,883,707 and an un-voted debt margin of \$3,209,198.

Principal and interest requirements to retire the County's long-term obligations outstanding at December 31, 2010, were as follows:

<b>Governmental Activities</b>				
Year	General Obligation Notes		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 159,850	\$ 35,618	\$ 193,680	\$ 221,586
2012	165,040	33,124	204,062	213,350
2013	131,250	30,577	214,471	203,977
2014	140,440	28,431	224,884	194,220
2015	148,670	26,091	230,308	183,784
2016-2020	624,705	99,801	1,313,587	727,270
2020-2025	223,042	25,813	1,670,000	313,901
Totals	<u>\$1,592,997</u>	<u>\$279,455</u>	<u>\$4,050,992</u>	<u>\$2,058,088</u>

<b>Business-type Activities</b>		
Year	General Obligation Notes	
	Principal	Interest
2011	\$3,000	\$1,650
2012	3,500	1,584
2013	4,000	1,507
2014	4,500	1,419
2015	5,000	1,320
2016-2020	34,500	4,697
2021-2022	10,500	693
Totals	<u>\$65,000</u>	<u>\$12,870</u>

During 1996, the County issued a health care facilities revenue bond with the principal amount of \$263,000 outstanding at December 31, 2010, for facilities used by the Stepping Stones Center, Inc.

During 2007, Series 2007 Health Care Facilities Revenue Bonds were issued for the Van Wert Area Visiting Nurses Association, with the principal amount of \$844,300 outstanding at December 31, 2010.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**12. LONG-TERM OBLIGATIONS (Continued)**

During 2009, \$10,755,255 in Series 2009 Hospital Facilities Revenue Refunding and Improvement Bonds were issued to refinance the 2004B Series bonds and to finance the acquisition, construction, renovation, and installation of the Hospital Facilities. The outstanding balance at 12/31/10 was \$10,400,693.

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

**13. INTERFUND ASSETS/LIABILITIES**

Interfund balances at December 31, 2010, consisted of the following amounts and resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting, and (3) payments between funds are made. All are expected to be paid within one year.

		<u>Interfund Receivable</u>			
		<u>General</u>	<u>Motor Vehicle and Gas Tax</u>	<u>Other Governmental</u>	<u>Total</u>
<b>Interfund Payable</b>	General		\$ 3,912		\$ 3,912
	Thomas Edison	\$ 233	3,502		3,735
	Motor Vehicle & Gas Tax	381			381
	Other Governmental	22,759	44,091	\$86,647	153,497
	Recycling	15,668	1,731		17,399
	<b>Total</b>	<b>\$39,041</b>	<b>\$53,236</b>	<b>\$86,647</b>	<b>\$178,924</b>

Interfund transfers for the year ended December 31, 2010, consisted of the following:

		<u>Transfers From</u>			
		<u>General</u>	<u>Thomas Edison</u>	<u>Other Governmental</u>	<u>Recycling</u>
<b>Transfers to</b>	General			\$41,905	\$ 41,905
	Other Governmental	\$158,155	\$86,495	100,922	\$2,494
	<b>Total</b>	<b>\$158,155</b>	<b>\$86,495</b>	<b>\$142,827</b>	<b>\$2,494</b>
					<b>\$389,971</b>

The General Fund transferred \$97,262 for debt service obligations. The General Fund transferred \$60,893 to the Department of Job and Family Services.

The Thomas Edison Special Revenue Fund transferred \$86,495 to the Thomas Edison Debt Service Fund for the payment of principal and interest.

The Indigent Guardianship Fund transferred \$2,350 to the General Fund for a correction of an error.

The County Home Operation Levy Special Revenue Fund transferred \$39,555 to the General Fund for reimbursement of amount needed to pay debt.

The Recycling Enterprise Fund transferred \$2,494 to the Recycle Ohio Grant fund to fund the local portion.

The remaining transfers were from federal grant funds to funds where unemployment and sick leave and vacation leave are accumulated for these federal dollars.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**14. DISCRETELY PRESENTED COMPONENT UNITS**

**Summary of Significant Accounting Policies**

**A. Nature of Organizations**

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

The Thomas Edison Center is a non-profit sheltered workshop providing residential, vocational, habilitation and family resource services to mentally retarded and developmentally disabled adults in Van Wert County and other counties. The Thomas Edison Center is primarily funded by the Van Wert County Board of MRDD as disclosed in Note 21. The Thomas Edison Center is exempt under Internal Revenue Code Section 501(c)(3) from federal income tax. It is also currently exempt from federal unemployment tax and Ohio franchise, personal property, and sales taxes. The payroll of the Thomas Edison Center became subject to the social security (FICA) coverage due to the Social Security Amendments of 1983.

Van Wert Housing Services, Inc. was organized in 1992 as a not-for-profit corporation. The purpose is to develop dwellings and provide affordable housing in Van Wert County or other counties for occupancy by disabled persons from Van Wert County. Van Wert Housing Services, Inc. is primarily funded by the Van Wert County Board of MRDD as disclosed in Note 21. Van Wert Housing Services, Inc. is exempt under Internal Revenue Code Section 501(c)(3) from federal income tax. It is also currently exempt from federal unemployment tax and Ohio franchise, personal property, and sales taxes. The payroll of Van Wert Housing Services, Inc. became subject to social security (FICA) coverage due to the Social Security Amendments of 1983.

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

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

**B. Classification of Net Assets**

Unrestricted net assets are comprised of the amount upon which donors have placed no restriction on expenditure of these assets themselves or their investment income.

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**14. DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

Permanently restricted net assets comprise those assets contributed to the component units by donors who have indicated an intention that the assets are to remain in perpetuity as permanent endowments of the component units. Investment income generated by these assets is reported as unrestricted or temporarily restricted, depending upon whether the donors have limited the expenditure of income to a particular purpose or purposes or have indicated that such income is to be available for the general purposes of the component units. At December 31, 2010, \$61,008 of the Thomas Edison Center's net assets are temporarily restricted to use by program recipients for as long as the donor's beneficiary is able to live in the house.

**C. Contributions**

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

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

**D. Accounts Receivable**

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

**E. Inventories**

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

**F. Capital Assets**

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

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

During the year ended December 31, 2010, depreciation expense for Thomas Edison Center, Port Authority, and the Airport Authority is \$58,826, 819, and \$95,187, respectively. A summary of the component units' capital assets at December 31, 2010, follows:

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**14. DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

Thomas Edison Center	
Workshop equipment	\$172,037
Workshop buildings	152,619
Deliver equipment	35,249
Houses and related improvements	965,722
Home furnishings	20,697
Total	<u>1,346,324</u>
Accumulated Depreciation	<u>(440,692)</u>
Book Value	<u><u>\$905,632</u></u>

	<b>Port Authority</b>	<b>Airport Authority</b>
<b>Capital Assets, not being depreciated:</b>		
Land	\$56,352	\$ 214,100
Construction in Progress		8,840
Total Capital Assets, not being depreciated	<u>56,352</u>	<u>222,940</u>
<b>Capital Assets, being depreciated:</b>		
Buildings	2,159	105,575
Vehicles		1,500
Furniture and Fixtures		3,035
Equipment		43,000
Fueling System		116,150
Rental Plane		62,000
Taxiways		1,494,735
Infrastructure	29,071	
Capital Assets Being Depreciated	<u>31,230</u>	<u>1,825,995</u>
<b>Less: Accumulated Depreciation:</b>		
Buildings	(1,457)	(34,166)
Vehicles		(1,500)
Furniture and Fixtures		(2,980)
Equipment		(26,788)
Fueling System		(34,846)
Rental Plane		(20,666)
Taxiways		(339,545)
Infrastructure	(20,656)	
Accumulated Depreciation	<u>(22,113)</u>	<u>(460,491)</u>
Total Capital Assets Being Depreciated, Net	<u>9,117</u>	<u>1,365,504</u>
Total Capital Assets, Net	<u><u>\$65,469</u></u>	<u><u>\$1,588,444</u></u>

**G. Use of Estimates**

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**14. DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

**H. Major Customer and Concentration of Credit Risk**

In 2010 and 2008, approximately 38% and 53% of Thomas Edison Center's workshop program revenues were derived from service contracts with one industrial customer. Due to economic conditions, this customer did not provide significant revenues to the workshop operations in 2009. The Thomas Edison Center grants credit to customers of its workshop operations most of whom are based in western Ohio.

**I. Bad Debt**

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

**J. Deposits and Investments**

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

- (1) At year-end, the carrying amount of deposits for Thomas Edison Center was \$56,498 and the bank balance was \$56,498. The entire balance was covered by federal deposit insurance. There are no statutory guidelines regarding the deposit and investment of funds for the not-for-profit corporation. The Board of Trustees has adopted an investment policy with regards to the Thomas Edison Memorial Endowment Fund. The purpose of the policy is to document fund objectives and provide guidelines for achieving those objectives. The objectives are to provide principal security, maximize income (while maintaining principal security), diversify asset holdings and have earnings available when needed for the support of the Thomas Edison Center and its affiliates. The rate of return target established by the policy is not less than 1% over annual certificate of deposit return rates. Investments primarily consist of U.S. government obligations, corporate obligations and common stocks.

	<b>Cost</b>	<b>Fair Value</b>	<b>Unrealized Gain (Loss)</b>
Money Market Funds	\$ 88,336	\$ 88,336	
Corporate Bonds	321,973	337,636	\$ 15,663
Government Securities	130,057	141,324	11,267
Common Stocks	401,908	500,546	98,638
Mutual Funds	290,578	341,301	50,723
	<b>\$1,232,852</b>	<b>\$1,409,143</b>	<b>\$176,291</b>

The stock and bonds are not rated.

- (2) Since the County Auditor is the fiscal agent for the Port Authority, the Port Authority follows the same investment guidelines as the County Treasurer. Information concerning deposits for the Port Authority can be found in Note 5.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**14. DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

(3) At year-end, the Airport Authority had \$103 in un-deposited cash on hand. The carrying amount of deposits was \$25,083, and the bank balance was \$27,877. The entire bank balance was covered by federal depository insurance. The Airport Authority follows the same investment guidelines as the County Treasurer which can be found in Note 5.

**K. Loans Payable**

A summary of the loan transactions for the component units for the year ended December 31, 2010, follows:

	<u>Interest Rate</u>	<u>Balance at December 31, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2010</u>
Airport Authority					
Airport Hangar #1	4.64%	\$ 24,850		\$ 3,000	\$ 21,850
Fuel Tank Removal	1.79%	89,500		5,000	84,500
Airport Hangar #2	2.11%	36,285		2,680	33,605
Total Loans Payable		<u>\$150,635</u>	<u>\$0</u>	<u>\$10,680</u>	<u>\$139,955</u>

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

**L. Special Item**

Special items are transactions or events that are within the control of the management and that are either unusual in nature or infrequent in occurrence. During 2010, the Port Authority officially abandoned a portion of its track which has been classified as a special item.

**15. JOINT VENTURES**

**A. Van Wert County Emergency Management Agency**

The Van Wert County Emergency Management Agency (EMA) is a joint venture among Van Wert County, the City of Van Wert, and townships and villages within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is composed of the following seven members: one County Commissioner representing the board of county commissioners entering into the agreement; five chief executives representing the municipal corporations and townships entering into the agreement; and one non-elected representative.

During 2010, the County contributed \$15,000 for the operation of the agency. The EMA is a joint venture since it cannot continue to exist without the financial support of the County. The County does not have an equity interest in the joint venture. The EMA is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Complete financial statements can be obtained from the EMA located at 1300 Old Route 30, Post Office Box 602, Van Wert, Ohio 45891.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**15. JOINT VENTURES (Continued)**

**B. Van Wert County Regional Planning Commission**

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

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. The County contributed \$2,500 during 2010 for the operations of the Commission. The Commission is a joint venture since it cannot continue to exist without the financial support of the County. The County does not have an equity interest in the joint venture. The Commission is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Complete financial statements can be obtained from the Commission located at 114 East Main Street, Van Wert, Ohio 45891.

**16. JOINTLY GOVERNED ORGANIZATIONS**

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

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

The ability to influence operations depends on the County's representation on the Board. The Board of Trustees consists of eighteen members: four members are appointed by the Director of the Ohio Department of Mental Health, four members are appointed by the Director of the Ohio Department of Alcohol and Drug Addiction Services and the remaining ten members are appointed by the County Commissioners of Mercer, Paulding and Van Wert counties in the same proportion as the County's population bears to the total population of the three counties combined. The majority of the Tri County Mental Health Board's revenue comes from a property tax levied by the Tri County Mental Health Board. During 2010, the tax levy provided \$433,780 for the operations of the organization. These monies were collected and distributed by the County on behalf of the Tri County Mental Health Board. There were no County contributions.



**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**16. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

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

The Community Improvement Corporation of the City of Van Wert and County of Van Wert, Ohio (the CIC) is a jointly governed organization between the City and the County. The general purpose of the CIC is to pursue and maintain economic development within the County. The CIC is governed by a Board of Trustees made up of fifteen members, who include: three elected or appointed officers of the City, to be designated annually by the City Council; three elected or appointed officers of the County, to be designated annually by the Board of County Commissioners; six people to be designated annually by the Board of Trustees of The Van Wert Area Chamber of Commerce; the President of the Van Wert Industrial Development Corporation (in ex officio status); and two people who are residents of the County, to be elected at the annual meeting of the members by a majority of the members listed previously. During 2010, the County contributed \$11,500 to the CIC.

**C. Van Wert County Council on Aging, Inc.**

The Van Wert County Council on Aging, Inc. (the Council) is a jointly governed organization among the County, the City of Van Wert, neighboring townships, and local related organizations. The Council was formed to secure and maintain maximum independence and dignity for older persons (1) in a home environment for older persons capable of self-care with appropriate supportive services by providing such services and to remove individual and social barriers to economic and personal independence, (2) in a home-like environment for older persons not capable of self-care with adequate institutional situations by providing assistance to these institutions in developing policy. The Board of Directors consists of thirteen members, who represent, as nearly as possible, a cross section of the entire county population. Representatives of local health services, low income persons, the clergy, government officials, consumers and other concerned citizens shall be appointed to the Board. The majority of the Council's revenue comes from a property tax levied by the Council. During 2010, the tax levy provided \$207,415 for the operations of the organization. These monies were collected and distributed by the County on behalf of the Council. There were no County contributions.

**D. West Central Partnership, Inc.**

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**16. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**E. Maumee Valley Resource Conservation and Development Area**

The Maumee Valley Resource Conservation and Development Area (the MV-RCD Area) is a jointly governed organization among the Counties of Allen, Defiance, Fulton, Henry, Paulding, Putnam, Van Wert, and Williams. The MV-RCD Area is organized to accelerate local efforts toward improving the social and economic conditions of the area through the conservation, development and utilization of natural resources. The Executive Council consists of twenty-four members. Each county appoints three members, with a member from each of the following: Board of County Commissioners, Soil and Water Conservation District, and a member at large. The member at large may represent one of the following interests: cities and villages, township trustees, Regional Planning, business, industry, labor, Chamber of Commerce, economic development, environmental groups, league of women voters, specialty growers, farm organizations, and concerned citizens. For 2010, the County contributed \$500 to the MV-RCD Area for its operation.

**F. Northwest Ohio Waiver Administration Council**

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

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

**17. RELATED ORGANIZATIONS**

**A. Van Wert County Hospital Commission**

The Van Wert County Hospital Commission (Commission) is a legally separate body politic. The nine board members of the Commission are appointed by the Van Wert County Commissioners: one member each from the townships of Willshire-Liberty, Harrison-Pleasant, Tully-Union, Hoaglin-Jackson, Ridge-Washington, and York-Jennings, along with three members from the City of Van Wert. The County is not able to impose its will on the Commission and no financial benefit and/or burden relationship exists. The Commission is responsible for approving its own budgets, appointing personnel and accounting and finance related activities. The Commission was organized under Ohio Revised Code 339.14. The purpose is to oversee the total operation of the Van Wert County Hospital to insure the residents of the County are receiving total care.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**17. RELATED ORGANIZATIONS (Continued)**

**B. Local Emergency Planning Committee**

The Local Emergency Planning Committee (LEPC) is a legally separate body politic. The fifteen committee members of the LEPC are appointed by the Van Wert County Commissioners. As near as practical, the LEPC will be comprised of an equal number of representatives from the following categories: Elected Officials, Law Enforcement, Emergency Management, Fire Fighter, First Aid/Red Cross, Health, Local Environmental, Hospital, Transportation, Broadcast or Print Media, Community Group, Facility Owner/Operator. The County is not able to impose its will on the LEPC and no financial benefit and/or burden relationship exists. The LEPC is responsible for approving its own budgets, appointing personnel and accounting and finance related activities. The LEPC was organized under the Superfund Amendments and Reauthorization Act (SARA TITLE III), United States Public Law 99-499, and the Emergency Planning and Community Right-to-Know Act (EPCRA) Section 301c. The purpose is to prepare a comprehensive and coordinated chemical emergency response plan for the County; to receive and process requests from the public for information under SARA TITLE II; to implement the LEPC rules and requirements of SARA TITLE III; and to receive and dispense funds generated by SARA TITLE III.

**18. INSURANCE POOLS**

**A. Mid West Pool Risk Management Agency, Inc.**

The Mid West Pool Risk Management Agency, Inc., (the Pool) is an Ohio nonprofit corporation established by five counties for the purpose of establishing a risk-sharing insurance program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by the Pool. Coverage includes comprehensive general liability, automobile liability, certain property insurance, and public officials' error and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Pool are managed by an elected board of not more than five trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of the Pool is limited to its voting authority and any representation it may have on the board of trustees.

**B. Midwest Employee Benefit Consortium**

The County participates in the Midwest Employee Benefit Consortium (MEBC), a risk-sharing pool consisting of five counties. The MEBC is responsible for the administration of the program and processing of all claims for each member. The County pays premiums to the MEBC for employee medical and life insurance benefits. During 2010, the County paid \$1,644,084 to MEBC.

The MEBC is governed by a Board of Trustees consisting of one county commissioner from each participating member. Each participant decides which plans offered by the Board of Trustees will be extended to its employees. Participation in the MEBC is by written application subject to acceptance by the Board of Trustees and payment of the monthly premiums.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**18. INSURANCE POOLS (Continued)**

**C. The County Commissioners' Association of Ohio Service Corporation**

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

**19. RELATED PARTY TRANSACTIONS**

Thomas Edison Center, Inc., a discretely presented component unit of Van Wert County, has entered into a contractual agreement with the Van Wert County Board of Mental Retardation/Developmental Disabilities (MRDD), whereby the MRDD provides sheltered employment for mentally retarded or handicapped individuals in Van Wert County. The MRDD provides the workshop with personnel who provide habilitation services to the clients, land and buildings for the operation of the center, maintenance and repair of the buildings and professional staff to supervise and train clients of Thomas Edison Center, Inc. The contributions and related expenses are reflected in the financial statements of the component unit. In 2010, the contributions to Thomas Edison Center, Inc. for salaries, fringes, maintenance and repairs of buildings and administrative costs were \$175,617.

Van Wert Housing Services, Inc., a discretely presented component unit of Van Wert County which has been consolidated with Thomas Edison Center, (see Note 1 D), has entered into a contractual agreement with the Van Wert County Board of MRDD. It had agreed to acquire, manage and maintain residential properties. The MRDD makes grants available to assist in the purchase of the properties and has maintained a legal interest through a note and a second mortgage in the acquired properties. In the event of default or violation of the contract terms, the MRDD has the right to assume the mortgage and the right to insist on the transfer of title.

**20. PRIOR PERIOD RESTATEMENT**

The County reclassified some fund for 2010 to reflect their current purpose. The effect of this change on fund balance is as follows:

Fund Balance 12/31/09	\$7,325,957
<b>Reclassification of Funds to Agency Funds:</b>	
Children's Trust	(6,235)
Help Me Grow	(39,761)
Help Me Grow ARRA	(14,653)
Total Change	(60,649)
Fund Balance 1/1/10	\$7,265,308

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**20. PRIOR PERIOD RESTATEMENT (Continued)**

In addition, the County restated its receivable for CDBG for funds awarded but not used. The effect of this change along with the effect of the fund structure change on net assets is as follows:

	<b>Governmental Activities</b>
Net Assets 12/31/09	\$30,320,077
<b>Reclassification of Funds:</b>	
Children's Trust	(6,235)
Help Me Grow	(88,167)
Help Me Grow ARRA	(21,979)
CDBG reduction of receivable	(176,000)
Total Change in Net Assets	(292,381)
Net Assets 1/1/10	\$30,027,696

**21. CONTINGENT LIABILITIES**

**A. Grants**

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

On October 28, 2010, the County agreed to participate in an equal share with the City of Van Wert to fund the Super Site funding gap in the amount of \$586,186, with \$293,093 being the County's share. The County plans to issue bonds to cover the funding gap. The Super Site is a 1,600 acres industrial site that would be complete with rail line and gas lines. The project is waiting on approval of a \$2.4 million dollar grant from the U.S. Economic Development Administration.

**B. Litigation**

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

**22. SUBSEQUENT EVENTS**

On February 8, 2011, the County approved an Early Retirement Incentive Plan for the Common Pleas Court for the period April 25, 2011 to April 25, 2012. The County has agreed to purchase the lesser of 1.) One year of service credit or 2.) An amount of service credit equal to one-fifth of the total service credit of record credited to the participating employee.

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**FINANCIAL CONDITION  
VAN WERT COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
(Passed through Ohio Department of Development)				
Community Development Block Grant/State's Program	BF-07-1CV-1	14.228	\$69,680	
Community Development Block Grant/State's Program	BF-08-074-1	14.228	71,526	
Community Development Block Grant/State's Program	BF-09-1CV-1	14.228	50,148	
Community Development Block Grant/State's Program	BW-08-074-1	14.228	34,185	
Community Development Block Grant/State's Program	BC-09-1CV-1	14.228	77,646	
Total Community Development Block Grant/State's Program			<u>303,185</u>	
Total United States Department of Housing and Urban Development			<u>303,185</u>	
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
(Passed through Ohio Department of Development)				
Low-Income Home Energy Assistance	09-HA-153	93.568	1,567	
Low-Income Home Energy Assistance	10-HA-153	93.568	48,424	
Low-Income Home Energy Assistance	10-HE-253	93.568	66,377	
Low-Income Home Energy Assistance	10-HC-253	93.568	21,915	
<b>ARRA</b> Low-Income Home Energy Assistance	<b>ARRA</b>	93.568	7,637	
Total Low-Income Home Energy Assistance			<u>145,920</u>	
(Passed through Ohio Department of Job and Family Services)				
Caseworker Visits Admin	JFSFMC11-3270	93.556	37	
Caseworker Visits	JFSFMC11-3270	93.556	331	
Preservation Operating Promoting Safe and Stable Families	JFSFPF10-3270	93.556	2,715	
Preservation Operating Promoting Safe and Stable Families	JFSFPF11-3270	93.556	672	
Preservation Safe and Stable Families	JFSFPF10-3270	93.556	3,007	
Preservation Safe and Stable Families	JFSFPF11-3270	93.556	2,352	
Reunification Operating Safe and Stable Families	JFSFPF10-3270	93.556	2,305	
Reunification Operating Safe and Stable Families	JFSFPF11-3270	93.556	589	
Reunification Safe and Stable Families	JFSFPF10-3270	93.556	1,386	
Reunification Safe and Stable Families	JFSFPF11-3270	93.556	382	
Total Promoting Safe and Stable Families			<u>13,776</u>	
<b>Temporary Assistance for Needy Families Cluster</b>				
Childcare Services TANF	JFSFTF10-3V60	93.558	17,848	
TANF Administration	JFSFTF10-3V60	93.558	192,445	
TANF Administration	JFSFTF11-3V60	93.558	35,183	
TANF Regular	JFSFTF10-3V60	93.558	301,797	
TANF Regular	JFSFTF11-3V60	93.558	87,112	
Total Temporary Assistance for Needy Families			<u>634,385</u>	
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program				
Total Temporary Assistance for Needy Families Cluster	JFSFTF10S-3V60	93.714	<u>114,981</u>	
			<u>749,366</u>	
<b>ARRA</b> Child Support Enforcement				
<b>ARRA</b> Child Support Enforcement	JFSFCS09S-3970	93.563	(58,162)	
<b>ARRA</b> Child Support Enforcement	JFSFCS10S-3970	93.563	163,423	
Child Support Enforcement - State Match	JFSCS10-3970	93.563	180,788	
Child Support Enforcement - State Match	JFSCS11-3970	93.563	81,325	
Total Child Support Enforcement			<u>367,374</u>	
<b>Child Care Cluster:</b>				
Child Care and Development Block Grant	JFSFCD10-3H70	93.575	155	
Child Care and Development Block Grant	JFSFCD11-3H70	93.575	115	
Total Child Care and Development Block Grant			<u>270</u>	

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures	Non-Cash Disbursements
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	JFSFCM10-3H70	93.596	1,421	
	JFSFCG10-3H70	93.596	1,495	
	JFSFCG10-3H70	93.596	6,951	
	JFSFCM10-3H70	93.596	535	
	JFSFCM11-3H70	93.596	5,662	
	JFSFCM10-3H70	93.596		
Total Child Care Mandatory and Matching Funds of the Child Care and Development Fund			16,064	
Total Child Care Cluster			16,334	
Administration Child Welfare Services Program	JFSFCW10-3270	93.645	2,489	
Administration Child Welfare Services Program	JFSFCW11-3270	93.645	641	
Child Welfare Services Program	JFSFCW10-3270	93.645	25,633	
Child Welfare Services Program	JFSFCW11-3270	93.645	6,408	
Total Child Welfare Services			35,171	
<b>ARRA</b> Foster Care Title IV-E Contract Services Payment		93.658	43	
Foster Care Title IV-E Foster Care Administration	2010	93.658	472	
	2009	93.658	19,299	
Total Foster Care Title IV-E			19,814	
Adoption Assistance Administration		93.659	11,342	
Social Services Block Grant	JFSFSS10-3960	93.667	167,163	
Social Services Block Grant	JFSFSS11-3960	93.667	51,593	
(Passed through Ohio Department of Developmental Disabilities)				
Social Services Block Grant	MR-81	93.667	22,325	
Total Social Services Block Grant			241,081	
(Passed through Ohio Department of Job and Family Services)				
Child Abuse and Neglect State Grants	JFSFSTF0-1980	93.669	1,851	
Medical Assistance Program	JFSFMT10-3F00	93.778	19,897	
Medical Assistance Program	JFSFMT11-3F00	93.778	2,078	
Medical Assistance Program	JFSFMT10-GRF (50%)	93.778	109,868	
Medical Assistance Program	JFSFMT11-GRF (50%)	93.778	36,939	
(Passed through Ohio Department of Developmental Disabilities)				
<b>ARRA</b> Medical Assistance Program	8100012	93.778	95,904	
Total Medical Assistance Program			264,686	
Total United States Department of Health and Human Services			1,866,715	
<b>U.S. ELECTION ASSISTANCE COMMISSION</b>				
(Passed through Ohio Secretary of State)				
Help America Vote Act Requirements Payments	Voter Verification Mailing	90.401	262	
Total United States Election Assistance Commission			262	
<b>UNITED STATES DEPARTMENT OF ENERGY</b>				
(Passed through the Ohio Department of Development)				
Weatherization Assistance for Low-Income Persons	09-136	81.042	2,182	
<b>ARRA</b> Weatherization Assistance for Low-Income Persons	D10-136	81.042	486,188	
Total Weatherization Assistance for Low-Income Persons			488,370	
Total United States Department of Energy			488,370	



**FINANCIAL CONDITION  
VAN WERT COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures	Non-Cash Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE FOOD AND NUTRITION SERVICES</b>				
(Passed through the Ohio Department of Education)				
<b>Nutrition Cluster:</b>				
School Breakfast Program	140285	10.553	6,556	
Food Distribution	N/A	10.555		\$5,827
National School Lunch Program	140285	10.555	10,133	
Total Nutrition Cluster			<u>16,689</u>	<u>5,827</u>
(Passed through Ohio Department of Job and Family Services)				
<b>Food Stamp Cluster:</b>				
FAET	JFSFF110-3840	10.561	7,598	
Food Assistance	JFSFFB10-3840	10.561	54,177	
Food Assistance	JFSFFB11-3840	10.561	18,031	
Food Assistance DOD SNAP	JFSFFB10-3840	10.561	30,767	
<b>ARRA</b> Food Stamp	JFSFFB10S-3840	10.561	7,450	
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			<u>118,023</u>	
Total United States Department of Agriculture			<u>134,712</u>	<u>5,827</u>
<b>UNITED STATES DEPARTMENT OF JUSTICE</b>				
(Passed through the Ohio Office of Criminal Justice Services)				
ARRA Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	2009-SB-B9-2923	16.804	19,827	
Total United States Department of Justice			<u>19,827</u>	
Total Federal Assistance			<u>\$2,813,071</u>	<u>\$5,827</u>

See Accompanying Notes to the Schedule of Federal Awards Expenditures.

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**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED DECEMBER 31, 2010**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

The County reports commodities consumed on the Schedule at the fair value. The County allocated donated food commodities to the Sheriff's department respective program that benefitted from the use of those donated food commodities.

**NOTE D - 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. 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, personal guarantees, and personal assets.

Activity in the CDBG revolving loan fund during 2010 is as follows:

Beginning loans receivable balance as of January 1, 2010	\$177,008
Loans made	71,000
Loan principal repaid	<u>30,213</u>
Ending loans receivable balance as of December 31, 2010	\$217,795
Cash balance on hand in the revolving loan fund as of December 31, 2010	\$24,312
Administrative costs expended during 2010	1,500

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2010, \$10,657 are more than 60 days past due, \$53,594 are less than 30 days past due, \$58,619 are in default status.

**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.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO SCHEDULE OF THE FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**NOTE F – CHILD CARE SERVICES ADJUSTMENT**

The Ohio Department of Job and Family Services (ODJFS) sub-awarded to Van Wert County, Federal funding from the U.S. Department of Health and Human Services. Although these programs were administered at the County level, in July 2010 ODJFS adjusted some of the County's child care expenditures to align them with available funding sources. ODJFS' adjustments were retroactive to the beginning of the grant period (October 1, 2009). Therefore, these July 2010 adjustments affect 2009 calendar-year program expenditures previously reported as follows:

<b>Child Care Cluster</b>	<b>CFDA #</b>	<b>Pass through #</b>	<b>2009 Federal Expenditures Reported</b>	<b>July 2010 Adjustment</b>	<b>Adjusted 2009 Federal Expenditures Reported</b>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	JFSFCM10-3H70	\$22,408	(\$5,308)	\$17,100
Child Care Services TANF	93.558	JFSFTF10-3V60	24,000	5,308	29,308
Total			46,408		46,408



# Dave Yost • Auditor of State

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

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

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Wert County, (the County) as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 16, 2011. 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*. Other auditors audited the financial statements of the Thomas Edison Center, a discretely presented component unit, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported.

### 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompany schedule of findings and questioned costs we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-01 described in the accompanying schedule of findings and questioned costs to be a material weakness.

### 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and question costs as item 2010-02.

We also noted certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated September 16, 2011.

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

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



**Dave Yost**  
Auditor of State

September 16, 2011



# Dave Yost • Auditor of State

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

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

To the Board of County Commissioners:

### Compliance

We have audited the compliance of Van Wert County, (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 could directly and materially affect each of Van Wert's major federal programs for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings and questioned cost identifies the County's major federal programs. 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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 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.

As described in findings 2010-03 and 2010-07 in the accompanying schedule of findings, the County did not comply with requirements regarding cash management and reporting applicable to its Community Development Block Grant major federal program. Also as described in findings 2010-04 and 2010-06 in the accompanying schedule of findings, the County did not comply with requirements regarding eligibility and equipment and real property management applicable to its ARRA Weatherization Assistance for Low-Income Persons major federal program. Compliance with these requirements is necessary, in our opinion, for the County to comply with requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the Van Wert County complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2010.

The results of our auditing procedures also disclosed another instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as finding 2010-05.

### 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 the requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and a deficiency that we consider to be a significant deficiency.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2010-03, 2010-04, 2010-06 and 2010-07 to be material weaknesses.

The County's responses to the findings we identified are described in the accompanying schedule of findings. We did not audit the County's responses and, accordingly, we express no opinion on them.

We also noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the County's management in a separate letter dated September 16, 2011.

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



**Dave Yost**  
Auditor of State

September 16, 2011



**VAN WERT COUNTY FINANCIAL CONDITION  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2010**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Qualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Community Development Block Grant/State's Program CFDA # 14.228, Temporary Assistance for Needy Families CFDA # 93.558 and ARRA Emergency Contingency Fund for Temporary Assistance for Needy Families State Program CFDA #93.714, Child Support Enforcement and ARRA Child Support Enforcement CFDA # 93.563, Weatherization Assistance for Low Income Persons and ARRA Weatherization Assistance for Low Income Persons CFDA # 81.042
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

**1. Accounting for Ohio Public Works Receipts and Expenditures**

<i>Finding Number</i>	2010-01
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**Material Weakness**

The County recorded Ohio Public Works Commission receipts and expenditures of \$637,545 in the financial records and on the 2010 annual report, which were the responsibility of the Van Wert County townships and not the County. This resulted in the overstatement of revenues and expenditures, therefore the accompanying financial statements have been adjusted to accurately state the County’s revenue and expenditures.

The County should develop policies and implement procedures which require them to verify that the County is not the benefactor of the grant in which payments are made directly to the contractor by the grantor prior to recording revenue and a corresponding expenditure.

**Official’s Response:**

When this first occurred in Van Wert Co., I was told to book it on the County Annual Report. I did not know that this had changed.

<i>Finding Number</i>	2010-02
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2. See (federal) finding # 2010-05 below; we are also required to report this finding under GAGAS.

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

**3. Ohio Department of Development Rules and Regulations – Cash Management**

<b>Finding Number</b>	2010-03
<b>CFDA Title and Number</b>	CFDA #14.228 – Community Development Block Grant/State’s Program
<b>Federal Award Number / Year</b>	BW-08-074-1, BF-08-074-1 and BF-07-074-1
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance/Material Weakness**

**Ohio Department of Development, Office of Housing and Community Partnerships Financial Management Rules and Regulations, Section (A)(3)(f)** states, in part, that the Grantee must develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within fifteen days of receipt of any funds.

<b>Finding Number</b>	2010-03 (Continued)
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On February 23, 2010, the County had a B-F-07-074-1 grant balance of \$6,876. The County maintained the balance through December 10, 2010 where it was refunded to the Treasurer of State of Ohio.

On February 16, 2010, the County had a B-F-08-074-1 grant balance of \$40,948 prior to receiving an additional \$51,400. The County maintained a balance in excess of \$58,000 during the months of March 2010 through August 2010. On September 2, 2010, the County had a balance of \$20,823. The County maintained the balance through December 10, 2010 and then it was refunded to the Treasurer of State of Ohio.

On February 16, 2010, the County had a B-W-08-074-1 grant balance of \$7,152 prior to receiving an additional \$50,000. The County maintained a balance in excess of \$20,000 through December 10, 2010 and then \$22,967 was refunded to the Treasurer of State of Ohio.

The failure to comply with the cash management requirements per the Ohio Department of Development Rules and Regulations could result in a loss of grant funding.

Procedures should be implemented by the County Grant Coordinator and Commissioners to monitor Ohio Department of Development cash management requirements. A cash management system should be developed to monitor the fifteen day rule regarding the prompt disbursement of funds. Requests for Payments should be submitted for current cash needs. Procedures should be established to monitor the receipts, disbursements, and balances of the Community Development Block Grant funds to avoid excessive federal fund cash balances.

**Official's Response:**

The Ohio Department of Development cash management requirement and the 15 day rule concerning disbursing funds will be monitored and reported per procedures approved by the Board of Commissioners. Individual grant accounting will avoid excessive federal fund cash balances. The Ohio Department of Development and the Rural Community Assistance Program will be providing technical assistance and training.

**4. Weatherization Program Eligibility and Prioritization of Services - Eligibility**

<b>Finding Number</b>	2010-04
<b>CFDA Title and Number</b>	CFDA #81.042 – ARRA Weatherization Assistance for Low-Income Persons
<b>Federal Award Number / Year</b>	D10-136
<b>Federal Agency</b>	U.S. Department of Energy
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance/Material Weakness**

**Home Weatherization Assistance Program (HWAP) Grant Agreement 10(d.)** states to be eligible for HWAP program service, client household income must be at or below 200% of the current federal poverty guidelines. The Grantee shall maintain records to document client income. **Per the State of Ohio Plan, Grant Number: EE00099, State: OH, Program Year: 2009 filed with the U.S. Department of Energy, III.1.3 Priorities,** Providers shall use an application prioritization system which, to the maximum extent practical, prioritizes weatherization assistance to program eligible persons who are elderly, disabled, a high residential energy user, or resides in a household with a high energy burden. As may be seen in section III.3.2 (Energy Audit Procedures), Ohio has adopted the re-weatherization date of September 30, 1994. However, priority will remain to serve dwelling units that have not received prior weatherization services.

The County failed to maintain the application and eligibility documentation for one out of sixty four units selected for testing. In addition, the County did not have documentation of the usage of an application prioritization system for the units serviced under the grant. Failure to maintain adequate supporting documentation for prioritization and eligibility of units serviced could result in a loss of grant funding.

The County should develop policies and procedures for the maintenance of application and eligibility documentation for each unit serviced under the grant. The County should also develop and maintain documentation for the prioritization of the servicing of units under the grant.

**Official’s Response:**

Approximately July 6, 2010, the Executive Director of the Van Wert County Community Action Commission was terminated severing employment with Van Wert County due to the lack of performance. As you mention in your Noncompliance/Material Weakness #4 some reports that were past due, the terminated Executive Director has never submitted. We were in communications with the Ohio Department of Development identifying the reporting that was past due and submitting those reports. When deadlines approached that we were not able to meet, we communicated with the Ohio Department of Development for an extension of time. The Ohio Department of Development worked closely with Van Wert County to assist with a smooth transition with the official closing of the Community Action Commission. We feel that the DJFS director did develop policies and procedures for maintenance of the application and eligibility documentation of each unit served. The department also did develop and maintain documentation for prioritization of the servicing of the units of the grant.

**5. Community Development Block Grant – Allowable Costs/Cost Principles**

<b>Finding Number</b>	2010-05
<b>CFDA Title and Number</b>	CFDA #14.228 – Community Development Block Grant/State’s Program
<b>Federal Award Number / Year</b>	BF-08-074-1
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance – Finding For Recovery – Repaid Under Audit**

**2 CFR Part 225** establishes principles for determining allowable costs incurred by state, local, and federally recognized Indian tribal governments (governmental units) under grants, cost reimbursement contracts, and other agreements with the federal Government. The principles are for the purpose of cost determination and are not intended to identify the circumstances or dictate the extent of Federal or governmental unit participation in the financing or a particular program or project. The principles are designed to provide that Federal awards bear their fair share of cost recognized under these principles except where restricted or prohibited by law.

On February 23, 2010, Van Wert County issued warrant #38373 from the 2007 Community Development Block Grant to PAB Construction, in the amount of \$83,935.77 for services rendered on pay application number 5B and 6B. The total charges for services rendered on the PAB Construction pay applications totaled \$83,614.23. The warrant was submitted for payment by the Van Wert County Grants Department with pay application number 5B and an invoice from PAB Construction for \$14,256 that had already been paid by the county on August 27, 2009 with warrant #33167 and both submitted pay application and invoice were approved by the County Commissioners and processed for payment by the County Auditor, as a result, PAB Construction was overpaid \$321.

In accordance with the foregoing facts, and pursuant to **Ohio Rev. Code Section 117.28**, a Finding for Recovery for public money illegally expended is hereby issued against PAB Construction in the amount of \$321, and in favor of the Van Wert County’s 2007 Community Development Block Grant Fund.

**Official’s Response:**

Upon notification of the error by the Auditor of State’s office, the county notified PAB Construction. They repaid the county \$321 on September 22, 2011 per pay-in 18525.

**6. Management of Weatherization ARRA Equipment – Equipment and Real Property Management**

<b>Finding Number</b>	2010-06
<b>CFDA Title and Number</b>	CFDA #81.042 – ARRA Weatherization Assistance for Low-Income Persons
<b>Federal Award Number / Year</b>	D10-136
<b>Federal Agency</b>	U.S. Department of Energy
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance/Material Weakness**

**2 CFR Section 215.34(f)** The recipient's property management standards for equipment acquired with Federal funds and federally-owned equipment shall include all of the following:

- (1) Equipment records shall be maintained accurately and shall include the following information.
  - (i) A description of the equipment.
  - (ii) Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.
  - (iii) Source of the equipment, including the award number.
  - (iv) Whether title vests in the recipient or the Federal Government.
  - (v) Acquisition date (or date received, if the equipment was furnished by the Federal Government) and cost.
  - (vi) Information from which one can calculate the percentage of Federal participation in the cost of the equipment (not applicable to equipment furnished by the Federal Government).
  - (vii) Location and condition of the equipment and the date the information was reported.
  - (viii) Unit acquisition cost.
  - (ix) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the Federal awarding agency for its share.

The County did not properly maintain an inventory record for the truck purchased with Weatherization ARRA funding in fiscal year 2010. The lack of a complete inventory listing that includes all of the applicable information could lead to misappropriation of assets and the failure to properly compensate the proper Federal agency upon disposal of the asset.

The County should maintain an updated fixed asset listing which should include, but not be limited to, a listing of assets by identifying number or serial number, source of property, who holds the title, the acquisition date, cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of the disposal and sale price of the property.

**Official's Response:**

The inventory addition of the truck to Weatherization was not received by the Auditor's officer for inventory until after the final report. The truck will be added to inventory on this year's report for last year. The truck has also since been donated to another entity – NOCAC.

**7. Ohio Department of Development Rules and Regulations - Reporting**

<b>Finding Number</b>	2010-07
<b>CFDA Title and Number</b>	CFDA #14.228 – Community Development Block Grant/States Program
<b>Federal Award Number / Year</b>	BF-07-074-1, BF-08-074-1 BW-08-074-1, BC-09-1CV-1, BF-09-1CV-1
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance/ Material Weakness**

**Ohio Department of Development Grant Agreements, B-F-07-074-1, B-F-08-074-1, B-W-08-074-1, B-C-09-1CV-1, and B-F-09-1CV-1, Attachment C** states grantees shall submit to Grantor a Status Report beginning six months after the effective date of the Agreement and the grantee shall submit a Final Performance Report at the conclusion of the program which is the subject of this Agreement. The Status Report is used to report the funds disbursed to date by project and activity number.

The effective date of the BW-08-074-1 agreement was September 1, 2008. The Status Report that was to be submitted on March 1, 2010, was not prepared, and as of our opinion date the report had not been filed. The Status Report that was to be submitted on September 1, 2010, was not prepared and as of the opinion date the report had not been filed.

The effective date of the BF-08-074-1 agreement was September 1, 2008. The final Performance Report was to be submitted on September 28, 2010, but was not prepared and submitted until December 15, 2010.

The effective date of the BF-07-074-1 agreement was September 1, 2007. The final Performance Report was to be submitted on May 31, 2010, was not prepared and submitted until October 5, 2010. The effective date of the BC-09-1CV-1 agreement was September 1, 2009. The Status Report that was to be submitted on March 1, 2010, was not prepared, and as of our opinion date the report had not been filed. The Status Report that was to be submitted on September 1, 2010, was not prepared and submitted until October 5, 2010.

The effective date of the BF-09-1CV-1 agreement was September 1, 2009. The Status Report that was to be submitted on March 1, 2010, was not prepared, and as of our opinion date the report had not been filed. The Status Report that was to be submitted on September 1, 2010, was not prepared and submitted until October 5, 2010.

Failure to comply with grant agreements could lead to un-allowed costs or loss of grant funding. Grant award letters and grant agreements should be carefully reviewed to determine that the grant requirements are understood and are performed.

Procedures should be implemented by the County Grant Coordinator and Commissioners to monitor Ohio Department of Development reporting deadlines. The Status Reports should be prepared and filed by the required dates that accurately reflect the actual expenditures incurred. In addition, the amounts reported should be reconciled to the amounts reported on the County's financial accounting system.

**Official's Response:**

The Status Reporting and Final Reports for the BF-07-074-1, BF-08-074-1, BW-08-074-1, BV-09-1CV, and BF-09-1CV-1 were not sent timely by the past administration. To correct this problem Van Wert County has made staffing changes and provided training to insure future timeliness compliance of all Grants. The Grant oversight will be conducted by one of the County Commissioner (Clair Dudgeon currently) who will provide overall management of all the CDBG Grants. The Van Wert County Auditor Nancy Dixon will be responsible for maintaining separate financial records of each individual grants. Mike Jackson has been made CDBG Grants Director and will be responsible for preparing status reports and closeout reports within the Grant agreements. Mike attended CDBG Training November 2010 and will be attending again in November 2011. Consultant Phil Snider has been hired by Van Wert County to work with Mike on Chip Grants and Julie Ward to work with Mike on Formula Grants and Ron Puthoff with Neighborhood Revitalization. All grants reporting agreements are reviewed and the requirements are understood and will be met at the required time.



**FINANCIAL CONDITION  
VAN WERT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
DECEMBER 31, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2009-001	Ohio Department of Development Cash Management Rules and Regulations Section (A)(3)(f): Community Development Block Grant CFDA # 14.228	No	Not corrected. See finding 2010-03.
2009-002	Ohio Department of Development Grant Reporting – Agreements Attachment C: Community Development Block Grant CFDA #14.228	No	Not corrected. See finding 2010-07.
2009-003	Ohio Department of Development Cash Management Rules and Regulations Section (A)(1): Community Development Block Grant	Yes	
2009-004	Ohio Department of Development Grant Reporting: 45 CFR 92.20 (a)(2) and (b)(2) Low Income Home Energy Assistance Grant CFDA # 93.568	Yes	
2009-005	Ohio Department of Development Grant Reporting Agreement: Low Income Home Energy Assistance Grant CFDA # 93.568	No	Included in separate letter to management.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 § .315 (c)  
DECEMBER 31, 2010**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2010-03	The County is working with the Ohio Department of Development on their cash management requirements for CDBG grant and also the County reassigned a new individual over the grant requirements.	12/31/11	Commissioner, Clair Dudgeon
2010-04	The County is working with the Ohio Department of Development on their eligibility requirements for HWAP and the grant is in the process of wrapping up in the County.	12/31/11	Commissioner, Clair Dudgeon
2010-05	The County is working with the PAB Construction to recover the overpaid of the CDBG contract.	9/20/11	Commissioner, Clair Dudgeon
2010-06	The County is working with the Ohio Department of Development on their equipment and real property management requirements for HWAP and the grant is in the process of wrapping up in the County.	12/31/11	Commissioner, Clair Dudgeon
2010-07	The County is working with the Ohio Department of Development on their reporting requirements for CDBG grant and also the County reassigned a new individual over the grant requirements.	12/31/11	Commissioner, Clair Dudgeon



# Dave Yost • Auditor of State

## VAN WERT COUNTY FINANCIAL CONDITION

### VAN WERT COUNTY

#### CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
NOVEMBER 10, 2011