



Dave Yost • Auditor of State

OTTAWA COUNTY
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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Commissioners:

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

Ohio Administrative Code § 117-2-03 (B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ottawa County, Ohio, as of December 31, 2010, and the respective changes in cash financial position and the respective budgetary comparison for the General; Road and Bridge; Jobs and Family Services; Developmental Disabilities; and Ottawa County Senior Programs funds, thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 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 20, 2011

OTTAWA COUNTY, OHIO

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

The management's discussion and analysis of Ottawa County's (the County) financial performance provides an overall review of the County's financial activities for the year ended December 31, 2010. The intent of the management's discussion and analysis is to look at the County's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2010 are as follows:

- In total, net cash assets increased \$4,051,724, which represents an 11.27% increase from fiscal year 2009.
- The 2010 general fund cash receipts and other financing sources of \$14,970,200 exceeded cash disbursements and other financing uses of \$14,022,217 by \$947,983, which represents a 48.18% increase over fiscal year 2009. The 2010 general fund beginning cash balance was \$1,967,705, whereas the ending cash balance was \$2,915,688.
- The County's major governmental funds include the General, Road and Bridge, Job and Family Services, Board of Developmental Disabilities and Ottawa County Senior Programs.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the County's cash basis of accounting.

The annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the County as a financial whole, or, as an entire operating entity.

Report Components

The Statement of Net Assets - Cash Basis and the Statement of Activities - Cash Basis provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds, with all other non-major funds presented in total in a single column. For the County, the General fund is the most significant fund. The County's major funds are the General, Road and Bridge, Job and Family Services, Board of Developmental Disabilities and Ottawa County Senior Programs funds.

OTTAWA COUNTY, OHIO

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

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The County has elected to present its financial statements on a cash basis of accounting. The County uses the cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America. Under the County's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the County as a Whole

Statement of Net Assets and Statement of Activities

The Statement of Net Assets - Cash Basis and the Statement of Activities - Cash Basis answer the question, "How did we do financially during 2010?" These statements include only net cash assets using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year receipts and disbursements if the cash is actually received or paid.

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

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

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

Governmental Activities - Most of the County's programs and services are reported here, which include legislative and executive and judicial general government, human services, health, public safety, and public works. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the cash disbursements for the goods or services provided. The Riverview Nursing Home, Danbury Sewer Operations, Regional Water Operations, and Catawba Portage Sewer are reported as major enterprise funds and are reported as business activities.

OTTAWA COUNTY, OHIO

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

Fund Financial Statements

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

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the General, Road and Bridge, Job and Family Services, Board of Developmental Disabilities and Ottawa County Senior Programs funds.

Governmental Funds

Most of the County's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various County programs. Since the County is reporting on the cash basis of accounting, the only item resulting in a difference between the amount of net cash assets and fund cash balances or changes in net cash assets and changes in fund cash balances is the consolidation of the County's internal service fund with governmental activities. As such, reconciliations are presented between such financial statements. However, differences will be apparent when comparing gross revenues and expenses on the Fund Financial Statements to the Statement of Activities - Cash Basis due to transfers between governmental funds being eliminated for reporting in the Statement of Activities - Cash Basis.

The County's budgetary process accounts for certain transactions on a cash basis. The budgetary statements for the General fund and all annually budgeted major special revenue funds are presented to demonstrate the County's compliance with annually adopted budgets.

Proprietary Funds

The County maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Riverview Nursing Home, Danbury Sewer Operations, Regional Water Operations, Catawba Portage Sewer, Portage Catawba Water, Sewer District #13 Reserve, Erie Township Sewer Planning, Plasterbed Road Water and Sewer Service, Salem Reserve, Put-In-Bay Water/Wastewater Plan, Project C Water Tower South Bass Island Park, Phase II Erie Township Sewer, and South Bass Island - Future Water and Sewer Extensions. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for a health insurance program for employees of the County.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. Agency funds are the County's only fiduciary fund type. Only the cash held at year end for the agency funds is reported.

OTTAWA COUNTY, OHIO

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

Notes to the Financial Statements

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

Government-Wide Financial Analysis

The table below provides a summary of the County's net cash assets for 2010 and 2009.

Table 1
Net Assets – Cash Basis

	Net Cash Assets					
	Governmental Activities 2010	Business-Type Activities 2010	Governmental Activities 2009	Business-Type Activities 2009	2010 Total	2009 Total
	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>	<u>Total</u>	<u>Total</u>
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 23,138,787	\$ 10,400,003	\$ 19,891,462	\$ 8,483,981	\$ 33,538,790	\$ 28,375,443
Cash in segregated accounts	196,093	-	126,195	-	196,093	126,195
Restricted equity in pooled cash and cash equivalents	72,097	5,297,461	97,985	6,453,096	5,369,558	6,551,081
Restricted cash with fiscal agent	-	895,002	-	895,000	895,002	895,000
Total assets	<u>23,406,977</u>	<u>16,592,466</u>	<u>20,115,642</u>	<u>15,832,077</u>	<u>39,999,443</u>	<u>35,947,719</u>
<u>Net Cash Assets</u>						
Restricted	20,563,386	5,297,461	17,363,394	6,453,096	25,860,847	23,816,490
Unrestricted	2,843,591	11,295,005	2,752,248	9,378,981	14,138,596	12,131,229
Total net cash assets	<u>\$ 23,406,977</u>	<u>\$ 16,592,466</u>	<u>\$ 20,115,642</u>	<u>\$ 15,832,077</u>	<u>\$ 39,999,443</u>	<u>\$ 35,947,719</u>

The total net cash assets of the County increased \$4,051,724. Net cash assets of governmental activities increased \$3,291,335, which represents a 16.36% increase from fiscal year 2009. Net cash assets of business-type activities increased \$760,389, or 4.80% from fiscal year 2009.

A portion of the County's net cash assets, \$25,860,847, represents resources that are subject to external restrictions on how they may be used. The remaining balance of government-wide unrestricted net cash assets of \$14,138,596 may be used to meet the government's ongoing obligations to citizens and creditors.

OTTAWA COUNTY, OHIO

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

The table below shows the changes in net cash assets for fiscal years 2010 and 2009.

Table 2
Change in Net Cash Assets

	Change in Net Cash Assets					
	Governmental	Business-Type	Governmental	Business-Type	2010	2009
	Activities	Activities	Activities	Activities	Total	Total
	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>	<u>Total</u>	<u>Total</u>
Cash Receipts:						
Program receipts:						
Charges for services and sales	\$ 10,956,448	\$ 17,910,746	\$ 9,173,121	\$ 17,368,963	\$ 28,867,194	\$ 26,542,084
Operating grants and contributions	13,719,472	395,170	12,718,709	1,092,419	14,114,642	13,811,128
Capital grants and contributions	<u>515,232</u>	<u>-</u>	<u>542,819</u>	<u>-</u>	<u>515,232</u>	<u>542,819</u>
Total program receipts	<u>25,191,152</u>	<u>18,305,916</u>	<u>22,434,649</u>	<u>18,461,382</u>	<u>43,497,068</u>	<u>40,896,031</u>
General receipts:						
Property taxes	7,683,627	785,706	7,494,813	104,977	8,469,333	7,599,790
Sales taxes	5,317,400	-	4,812,893	-	5,317,400	4,812,893
Other local taxes	463,814	-	453,643	-	463,814	453,643
Unrestricted grants	1,905,412	-	1,823,329	-	1,905,412	1,823,329
Issuance of debt	-	172,666	194,668	1,205,765	172,666	1,400,433
Investment receipts	819,673	-	1,008,709	-	819,673	1,008,709
Miscellaneous	2,988,575	156,475	3,397,977	313,472	3,145,050	3,711,449
Total general receipts	<u>19,178,501</u>	<u>1,114,847</u>	<u>19,186,032</u>	<u>1,624,214</u>	<u>20,293,348</u>	<u>20,810,246</u>
Total receipts	<u>44,369,653</u>	<u>19,420,763</u>	<u>41,620,681</u>	<u>20,085,596</u>	<u>63,790,416</u>	<u>61,706,277</u>

OTTAWA COUNTY, OHIO

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

Change in Net Cash Assets

	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities	2010 Total	2009 Total
	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>		
Cash Disbursements:						
General government:						
Legislative and executive	4,532,587	-	5,154,849	-	4,532,587	5,154,849
Judicial	2,743,289	-	2,834,190	-	2,743,289	2,834,190
Public safety	6,380,191	-	6,770,332	-	6,380,191	6,770,332
Public works	6,547,220	-	5,688,129	-	6,547,220	5,688,129
Health	230,609	-	222,713	-	230,609	222,713
Human services	15,875,087	-	16,648,160	-	15,875,087	16,648,160
Conservation and recreation	84,667	-	-	-	84,667	-
Economic development	1,159	-	1,441	-	1,159	1,441
Other	547,178	-	647,024	-	547,178	647,024
Capital outlay	1,627,901	-	1,121,081	-	1,627,901	1,121,081
Debt service:						
Principal retirement	2,277,921	-	2,187,714	-	2,277,921	2,187,714
Interest and fiscal charges	820,189	-	887,329	-	820,189	887,329
Riverview nursing home	-	9,104,521	-	9,189,264	9,104,521	9,189,264
Danbury sewer operations	-	2,482,315	-	4,515,340	2,482,315	4,515,340
Regional water operations	-	4,259,118	-	5,145,261	4,259,118	5,145,261
Catawba portage sewer	-	1,815,774	-	2,012,550	1,815,774	2,012,550
Nonmajor enterprise	-	408,966	-	331,028	408,966	331,028
Total cash disbursements	<u>41,667,998</u>	<u>18,070,694</u>	<u>42,162,962</u>	<u>21,193,443</u>	<u>59,738,692</u>	<u>63,356,405</u>
Advances	47,345	(47,345)	303,388	(303,388)	-	-
Transfers	<u>542,335</u>	<u>(542,335)</u>	<u>(399,374)</u>	<u>399,374</u>	-	-
Change in net cash assets	3,291,335	760,389	(638,267)	(1,011,861)	4,051,724	(1,650,128)
Net cash assets						
at beginning of year	<u>20,115,642</u>	<u>15,832,077</u>	<u>20,753,909</u>	<u>16,843,938</u>	<u>35,947,719</u>	<u>37,597,847</u>
Net cash assets at end of year	\$ 23,406,977	\$ 16,592,466	\$ 20,115,642	\$ 15,832,077	\$ 39,999,443	\$ 35,947,719

Governmental Activities

Governmental net cash assets increased by \$3,291,335 in 2010 from 2009. This increase is primarily due to increases of program specific receipts, mainly in the areas of changes for services and operating grants and contributions.

General government represents activities related to the governing body as well as activities that directly support County programs. In 2010, general government cash disbursements totaled \$7,275,876, or 17.46%, of total governmental activities cash disbursements. General government programs were supported by \$2,769,065 in direct charges to users and \$128,305 in operating grants and contributions.

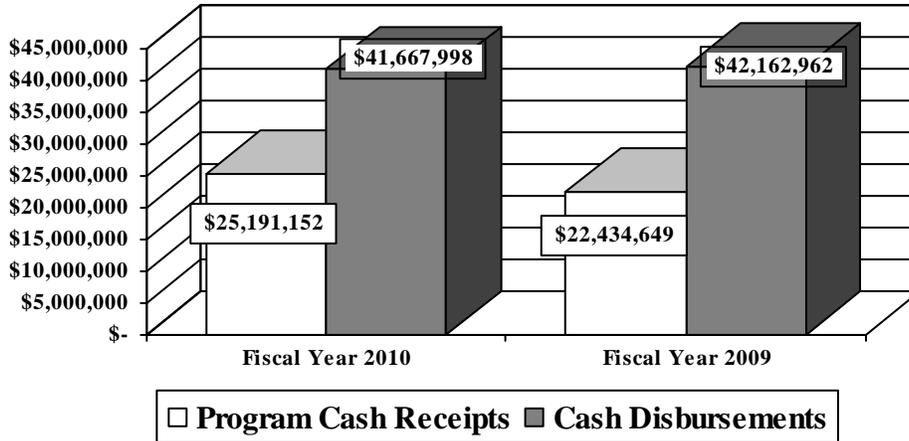
The County's human services programs accounted for \$15,875,087, or 38.10%, of total governmental activities cash disbursements. Human service programs include Public Assistance, Board of Developmental Disabilities, Child Support Enforcement, and Children Services. Human service programs are supported by \$2,170,455 in direct charges to users and \$8,622,693 operating grants and contributions.

OTTAWA COUNTY, OHIO

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

The Statement of Activities - Cash Basis shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2009 and 2010. That is, it identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

Governmental Activities - Program Cash Receipts vs. Total Cash Disbursements



The table below shows the changes in net cost of services for fiscal years 2010 and 2009.

Table 3
Governmental Activities – Cash Basis

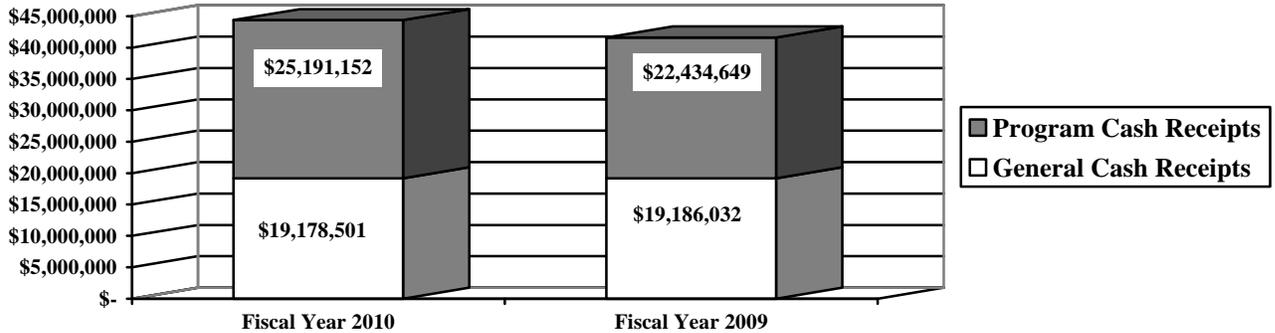
	Governmental Activities			
	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
Cash disbursements:				
General government:				
Legislative and executive	\$ 4,532,587	\$ 2,831,232	\$ 5,154,849	\$ 3,510,731
Judicial	2,743,289	1,547,274	2,834,190	2,100,254
Public safety	6,380,191	4,404,667	6,770,332	4,954,006
Public works	6,547,220	636,113	5,688,129	229,022
Health	230,609	43,964	222,713	21,332
Human services	15,875,087	5,081,939	16,648,160	7,225,283
Conservation and recreation	84,667	(2,755)	-	-
Economic development	1,159	-	1,441	-
Other	547,178	424,316	647,024	247,469
Capital outlay	1,627,901	594,743	1,121,081	553,671
Debt service:				
Principal retirement	2,277,921	673,024	2,187,714	551,322
Interest and fiscal charges	820,189	242,329	887,329	335,223
Total	\$ 41,667,998	\$ 16,476,846	\$ 42,162,962	\$ 19,728,313

The dependence upon general cash receipts for governmental activities is apparent, with 39.54% of cash disbursements supported through taxes and other general cash receipts during 2010.

OTTAWA COUNTY, OHIO

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

Governmental Activities - General and Program Cash Receipts



Business-Type Activities

The Riverview Nursing Home, Danbury Sewer Operations, Regional Water Operations, Catawba Portage Sewer, Portage Catawba Water, Sewer District #13 Reserve, Erie Township Sewer Planning, Plasterbed Road Water and Sewer Service, Salem Reserve, Put-In-Bay Water/Wastewater Plan, Project C Water Tower South Bass Island Park, Phase II Erie Township Sewer, and South Bass Island - Future Water and Sewer Extensions are the County's enterprise funds. These programs had cash receipts (both operating and non-operating) of \$19,420,763, cash disbursements (both operating and non-operating) of \$18,070,694, advances in of \$301,077, advances out of \$348,422, transfers in of \$3,173,524 and transfers out of \$3,715,859 for fiscal year 2010. The net cash assets of the programs increased \$760,389 from 2009.

Financial Analysis of the Government's Funds

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

Governmental Funds

The County's governmental funds are accounted for using the cash basis of accounting.

The County's governmental funds reported a combined fund cash balance of \$22,594,661, which is \$3,624,096 above last year's total of \$18,970,565.

The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2010 and December 31, 2009 for all major and nonmajor governmental funds.

OTTAWA COUNTY, OHIO

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

	Fund Cash Balance December 31, 2010	Fund Cash Balance December 31, 2009	Increase (Decrease)
Major Funds:			
General	\$ 2,915,688	\$ 1,967,705	\$ 947,983
Road and Bridge	3,096,491	2,863,653	232,838
Job and Family Services	175,815	439,381	(263,566)
Board of Developmental Disabilities	7,562,371	6,202,907	1,359,464
Ottawa County Senior Programs	143,874	139,037	4,837
Other Nonmajor Governmental Funds	<u>8,700,422</u>	<u>7,357,882</u>	<u>1,342,540</u>
Total	<u>\$ 22,594,661</u>	<u>\$ 18,970,565</u>	<u>\$ 3,624,096</u>

General Fund

The general fund, the County's largest major fund, had cash receipts and other financing sources of \$14,970,200 in 2010. The cash disbursements and other financing uses of the general fund totaled \$14,022,217 in 2010. The general fund's cash balance increased \$947,983 from 2009 to 2010.

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

	<u>2010 Amount</u>	<u>2009 Amount</u>	<u>Percentage Change</u>
<u>Cash Receipts:</u>			
Taxes	\$ 8,532,526	\$ 7,679,356	11.11 %
Charges for services	2,022,703	1,629,197	24.15 %
Licenses and permits	115,477	142,137	(18.76) %
Fines and forfeitures	486,190	528,578	(8.02) %
Intergovernmental	1,854,217	1,784,928	3.88 %
Investment income	819,673	1,008,709	(18.74) %
Rental income	34,861	49,137	(29.05) %
Other	<u>567,422</u>	<u>571,446</u>	(0.70) %
Total	<u>\$ 14,433,069</u>	<u>\$ 13,393,488</u>	7.76 %

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

OTTAWA COUNTY, OHIO

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

	2010 Amount	2009 Amount	Percentage Change
<u>Cash Disbursements</u>			
General government:			
Legislative and executive	\$ 3,798,146	\$ 4,083,185	(6.98) %
Judicial	2,322,783	2,476,397	(6.20) %
Public safety	5,135,895	5,248,262	(2.14) %
Public works	305,299	352,802	(13.46) %
Health	63,486	41,431	53.23 %
Human services	743,680	834,993	(10.94) %
Other	248,940	314,022	(20.73) %
Debt service	<u>9,578</u>	<u>8,988</u>	6.56 %
Total	<u>\$ 12,627,807</u>	<u>\$ 13,360,080</u>	(5.48) %

All cash disbursements decreased or remained consistent with the prior year, with the exception of health which only slightly increased. These decreases can be attributed to overall cuts implemented by the County.

Road and Bridge Fund

The road and bridge fund, a major fund, had cash receipts and other financing sources of \$5,996,002 in 2010. The road and bridge fund had cash disbursements and other financing uses of \$5,763,164 in 2010. The road and bridge fund cash balance increased \$232,838 from 2009 to 2010. This increase is the result of increased revenues for charges for services and intergovernmental revenues.

Job and Family Services Fund

The job and family services fund, a major fund, had cash receipts and other financing sources of \$2,793,621 and cash disbursements of \$3,057,187 in 2010. The job and family services fund cash balance decreased \$263,566 in 2010. This decrease is primarily the result in the increase of services being provided to recipients.

Board of Developmental Disabilities Fund

The Board of Developmental Disabilities fund, a major fund, had cash receipts and other financing sources of \$7,668,563 in 2010. The fund had cash disbursements and other financing uses of \$6,309,099 in 2010. The fund cash balance increased \$1,359,464 from 2009 to 2010. The increase in fund cash balance was the result in the implementation of budgetary changes due to the economic conditions.

Ottawa County Senior Programs Fund

The Ottawa County senior programs fund, a major fund, had cash receipts and other financing receipts of \$944,207 in 2010. The Ottawa County senior programs fund had cash disbursements of \$939,370 in 2010. The Ottawa County senior programs fund cash balance increased \$4,837 from 2009 to 2010.

Budgeting Highlights - General Fund

The County's appropriations are prepared according to Ohio law and are based on accounting for transactions on the basis of cash receipts, disbursements and encumbrances. The general fund is the most significant budgeted fund.

During each fiscal year the general fund budget is revised as needs arise. Records of the revisions are found in the Commissioners' Journals.

OTTAWA COUNTY, OHIO

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

Estimated receipts and other financing sources in the original and final budget were \$13,304,031. Actual revenues and other financing sources of \$14,970,200 were \$1,666,169 higher than final budgeted estimates. Original appropriations of \$13,447,284 were increased to \$14,038,848 in the final budget. Actual disbursements and other financing uses of \$14,420,340 were \$381,492 higher than the final budget. The variances can be attributed to not having to budget for advances between funds since they are to be repaid.

Capital Assets and Debt Administration

Capital Assets

The County does not report capital assets in the accompanying basic financial statements, but records payments for capital assets as cash disbursements. The County had capital outlay disbursements of \$1,627,901 for governmental activities and \$162,650 for business-type activities during fiscal year 2010.

Debt Administration

The County does not report debt obligations in the accompanying basic financial statements.

Economic Factors and Next Year's Budgets and Rates

The County's current population as of the 2000 census is 40,985. The County's unemployment rate as of December 31, 2010 is 16.3%, compared to the 9.6% State average and the 9.4% national average.

These economic factors were considered in preparing the County's budgets for fiscal year 2010. With the continuation of conservative budgeting practices, the County's financial position should remain strong in future years.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Honorable Jo Ellen Regal, Ottawa County Auditor, 315 Madison St., Room 202, Port Clinton, Ohio 43452.

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OTTAWA COUNTY, OHIO

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2010

	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets:				
Equity in pooled cash, cash equivalents, and investments . . .	\$ 23,138,787	\$ 10,400,003	\$ 33,538,790	\$ 810,797
Cash in segregated accounts	196,093	-	196,093	-
Restricted assets:				
Equity in pooled cash, cash equivalents, and investments . . .	72,097	5,297,461	5,369,558	-
Cash with fiscal agent	-	895,002	895,002	-
Total assets	23,406,977	16,592,466	39,999,443	810,797
Net assets:				
Restricted for:				
Capital projects	1,212,200	-	1,212,200	-
Debt service.	2,089,562	-	2,089,562	-
Public safety programs	1,193,988	-	1,193,988	-
Public works projects	3,374,562	-	3,374,562	-
Health services	127,054	-	127,054	-
Human services programs.	8,462,636	-	8,462,636	-
Economic development	1,352	-	1,352	-
Unclaimed monies	72,097	-	72,097	-
Repairs and replacements	-	2,450,969	2,450,969	-
Revenue bond current debt service.	-	1,580,088	1,580,088	-
Revenue bond future debt service	-	1,266,404	1,266,404	-
Other purposes	4,029,935	-	4,029,935	-
Unrestricted	2,843,591	11,295,005	14,138,596	810,797
Total net assets	\$ 23,406,977	\$ 16,592,466	\$ 39,999,443	\$ 810,797

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Cash Disbursements	Program Cash Receipts		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government:				
Legislative and executive.	\$ 4,532,587	\$ 1,701,355	\$ -	\$ -
Judicial.	2,743,289	1,067,710	128,305	-
Public safety.	6,380,191	1,158,183	817,341	-
Public works.	6,547,220	1,858,274	4,052,833	-
Health.	230,609	186,645	-	-
Human services.	15,875,087	2,170,455	8,622,693	-
Conservation and recreation.	84,667	-	87,422	-
Economic development and assistance.	1,159	1,159	-	-
Other.	547,178	111,984	10,878	-
Capital outlay.	1,627,901	517,926	-	515,232
Debt service:				
Principal retirement.	2,277,921	1,604,897	-	-
Interest and fiscal charges.	820,189	577,860	-	-
Total governmental activities.	41,667,998	10,956,448	13,719,472	515,232
Business-type activities:				
Riverview nursing home.	9,104,521	8,388,133	239,444	-
Danbury sewer operations.	2,482,315	2,363,042	3,012	-
Regional water operations.	4,259,118	4,922,878	21,741	-
Catawba portage sewer.	1,815,774	2,135,356	-	-
Nonmajor enterprise funds.	408,966	101,337	130,973	-
Total business-type activities.	18,070,694	17,910,746	395,170	-
Total primary government.	\$ 59,738,692	\$ 28,867,194	\$ 14,114,642	\$ 515,232
Component unit:				
Riverview Industries, Inc.	\$ 2,728,043	\$ 2,617,898	\$ 1,127	\$ -

General cash receipts, advances and transfers:

Property taxes levied for:	
General purposes.	
Developmental disabilities human services.	
Senior program human services.	
Riverview nursing home.	
Sales taxes.	
Other local taxes.	
Grants and entitlements not restricted to specific programs.	
Issuance of loans.	
Investment receipts.	
Miscellaneous.	
Total general cash receipts.	
Advances.	
Transfers.	
Total general cash receipts, advances and transfers.	
Change in net cash assets.	
Net cash assets at beginning of year.	
Net cash assets at end of year.	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net Cash Receipts (Cash Disbursements) and Changes in Net Cash Assets

Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (2,831,232)	\$ -	\$ (2,831,232)	\$ -
(1,547,274)	-	(1,547,274)	-
(4,404,667)	-	(4,404,667)	-
(636,113)	-	(636,113)	-
(43,964)	-	(43,964)	-
(5,081,939)	-	(5,081,939)	-
2,755	-	2,755	-
-	-	-	-
(424,316)	-	(424,316)	-
(594,743)	-	(594,743)	-
(673,024)	-	(673,024)	-
(242,329)	-	(242,329)	-
<u>(16,476,846)</u>	<u>-</u>	<u>(16,476,846)</u>	<u>-</u>
-	(476,944)	(476,944)	-
-	(116,261)	(116,261)	-
-	685,501	685,501	-
-	319,582	319,582	-
-	(176,656)	(176,656)	-
-	235,222	235,222	-
<u>(16,476,846)</u>	<u>235,222</u>	<u>(16,241,624)</u>	<u>-</u>
-	-	-	(109,018)
3,223,817	-	3,223,817	-
4,051,147	-	4,051,147	-
408,663	-	408,663	-
-	785,706	785,706	-
5,317,400	-	5,317,400	-
463,814	-	463,814	-
1,905,412	-	1,905,412	-
-	172,666	172,666	-
819,673	-	819,673	4,931
<u>2,988,575</u>	<u>156,475</u>	<u>3,145,050</u>	<u>200</u>
19,178,501	1,114,847	20,293,348	5,131
47,345	(47,345)	-	-
<u>542,335</u>	<u>(542,335)</u>	<u>-</u>	<u>-</u>
19,768,181	525,167	20,293,348	5,131
3,291,335	760,389	4,051,724	(103,887)
<u>20,115,642</u>	<u>15,832,077</u>	<u>35,947,719</u>	<u>914,684</u>
<u>\$ 23,406,977</u>	<u>\$ 16,592,466</u>	<u>\$ 39,999,443</u>	<u>\$ 810,797</u>

OTTAWA COUNTY, OHIO

STATEMENT OF CASH BASIS ASSETS AND FUND CASH BALANCES
 GOVERNMENTAL FUNDS
 DECEMBER 31, 2010

	<u>General</u>	<u>Road and Bridge</u>	<u>Job and Family Services</u>	<u>Board of Developmental Disabilities</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 2,661,728	\$ 3,096,491	\$ 175,815	\$ 7,557,966
Cash in segregated accounts.	181,863	-	-	4,405
Restricted assets:				
Equity in pooled cash and cash equivalents	72,097	-	-	-
Total assets	<u>\$ 2,915,688</u>	<u>\$ 3,096,491</u>	<u>\$ 175,815</u>	<u>\$ 7,562,371</u>
Fund cash balances:				
Reserved for encumbrances.	\$ 377,370	\$ 300,143	\$ 53,042	\$ 152,871
Reserved for unclaimed monies.	72,097	-	-	-
Unreserved, undesignated, reported in:				
General fund.	2,466,221	-	-	-
Special revenue funds	-	2,796,348	122,773	7,409,500
Debt service funds.	-	-	-	-
Capital projects funds.	-	-	-	-
Total fund cash balances	<u>\$ 2,915,688</u>	<u>\$ 3,096,491</u>	<u>\$ 175,815</u>	<u>\$ 7,562,371</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Ottawa County Senior Programs	Other Governmental Funds	Total Governmental Funds
\$ 143,874	\$ 8,690,597	\$ 22,326,471
-	9,825	196,093
-	-	72,097
<u>\$ 143,874</u>	<u>\$ 8,700,422</u>	<u>\$ 22,594,661</u>
\$ 57,185	\$ 1,394,195	\$ 2,334,806
-	-	72,097
-	-	2,466,221
86,689	4,626,344	15,041,654
-	2,089,562	2,089,562
-	590,321	590,321
<u>\$ 143,874</u>	<u>\$ 8,700,422</u>	<u>\$ 22,594,661</u>

OTTAWA COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND CASH BALANCES
TO NET ASSETS - CASH BASIS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2010

Total governmental fund cash balances \$ 22,594,661

*Amounts reported for governmental activities on the statement
of net assets - cash basis are different because:*

An internal service fund is used by management to charge the cost
of insurance to individual funds. The assets of the internal service
fund are included in governmental activities in the statement of
net assets - cash basis.

812,316

Net assets - cash basis of governmental activities \$ 23,406,977

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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OTTAWA COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	General	Road and Bridge	Job and Family Services	Board of Developmental Disabilities
Cash receipts:				
Property taxes	\$ 3,223,817	\$ -	\$ -	\$ 4,051,147
Sales taxes	5,308,709	-	-	-
Other local taxes	-	463,814	-	-
Charges for services	2,022,703	1,725,977	-	771,260
Licenses and permits	115,477	4,100	-	-
Fines and forfeitures	486,190	20,219	-	-
Intergovernmental	1,854,217	3,737,242	2,151,955	2,784,316
Special assessments	-	-	-	-
Investment income	819,673	-	-	-
Rental income	34,861	-	-	-
Other	567,422	6,758	145,653	41,840
Total cash receipts	<u>14,433,069</u>	<u>5,958,110</u>	<u>2,297,608</u>	<u>7,648,563</u>
Cash disbursements:				
Current:				
General government:				
Legislative and executive	3,798,146	-	-	-
Judicial	2,322,783	-	-	-
Public safety	5,135,895	-	-	-
Public works	305,299	5,427,429	-	-
Health	63,486	-	-	-
Human services	743,680	-	3,057,187	6,086,994
Conservation and recreation	-	-	-	-
Economic development and assistance	-	-	-	-
Other	248,940	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	8,711	52,991	-	-
Interest and fiscal charges	867	-	-	-
Total cash disbursements	<u>12,627,807</u>	<u>5,480,420</u>	<u>3,057,187</u>	<u>6,086,994</u>
Excess (deficiency) of cash receipts over (under) cash disbursements	<u>1,805,262</u>	<u>477,690</u>	<u>(759,579)</u>	<u>1,561,569</u>
Other financing sources (uses):				
Sale of capital assets	7,207	815	-	-
Other financing sources	-	-	-	-
Other financing (uses)	(21,967)	-	-	-
Advances in	422,633	14,019	-	-
Advances out	(616,403)	(282,744)	-	-
Transfers in	107,291	23,058	496,013	20,000
Transfers out	(756,040)	-	-	(222,105)
Total other financing sources (uses)	<u>(857,279)</u>	<u>(244,852)</u>	<u>496,013</u>	<u>(202,105)</u>
Net change in fund balance - cash basis	947,983	232,838	(263,566)	1,359,464
Fund balance - cash basis, January 1	<u>1,967,705</u>	<u>2,863,653</u>	<u>439,381</u>	<u>6,202,907</u>
Fund balance - cash basis, December 31	<u>\$ 2,915,688</u>	<u>\$ 3,096,491</u>	<u>\$ 175,815</u>	<u>\$ 7,562,371</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Ottawa County Senior Programs	Other Governmental Funds	Total Governmental Funds
\$ 408,663	\$ -	\$ 7,683,627
-	8,691	5,317,400
-	-	463,814
298,657	3,042,833	7,861,430
-	174,587	294,164
-	26,433	532,842
153,732	5,458,654	16,140,116
-	2,233,151	2,233,151
-	-	819,673
-	-	34,861
75,155	2,020,216	2,857,044
<u>936,207</u>	<u>12,964,565</u>	<u>44,238,122</u>
-	681,181	4,479,327
-	382,346	2,705,129
-	1,159,128	6,295,023
-	779,202	6,511,930
-	164,322	227,808
939,370	4,954,046	15,781,277
-	84,667	84,667
-	1,159	1,159
-	243,133	492,073
-	1,627,901	1,627,901
-	2,216,219	2,277,921
-	819,322	820,189
<u>939,370</u>	<u>13,112,626</u>	<u>41,304,404</u>
<u>(3,163)</u>	<u>(148,061)</u>	<u>2,933,718</u>
-	-	8,022
-	123,509	123,509
-	-	(21,967)
8,000	891,622	1,336,274
-	(389,782)	(1,288,929)
-	1,458,867	2,105,229
-	(593,615)	(1,571,760)
<u>8,000</u>	<u>1,490,601</u>	<u>690,378</u>
4,837	1,342,540	3,624,096
139,037	7,357,882	18,970,565
<u>\$ 143,874</u>	<u>\$ 8,700,422</u>	<u>\$ 22,594,661</u>

OTTAWA COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES OF GOVERNMENTAL FUNDS - CASH BASIS
TO THE STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

Net change in fund balance - cash basis - total governmental funds \$ 3,624,096

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

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities - cash basis. Governmental fund disbursements and the related internal service fund receipts are eliminated. The total change in net assets of the internal service fund is allocated among the governmental activities.

(332,761)

Change in net cash assets of governmental activities

\$ 3,291,335

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE
GOVERNMENTAL FUNDS - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary basis receipts:				
Property taxes	\$ 3,120,396	\$ 3,120,396	\$ 3,223,817	\$ 103,421
Sales taxes	4,750,000	4,750,000	5,308,709	558,709
Charges for services	1,775,555	1,775,555	2,022,703	247,148
Licenses and permits	166,300	166,300	115,477	(50,823)
Fines and forfeitures	538,000	538,000	486,190	(51,810)
Intergovernmental	1,773,201	1,773,201	1,854,217	81,016
Investment income	769,168	769,168	819,673	50,505
Rental income	30,000	30,000	34,861	4,861
Other	304,411	304,411	567,422	263,011
Total budgetary basis receipts	<u>13,227,031</u>	<u>13,227,031</u>	<u>14,433,069</u>	<u>1,206,038</u>
Budgetary basis disbursements:				
General government:				
Legislative and executive	3,843,455	4,165,749	4,065,641	100,108
Judicial	2,292,445	2,415,361	2,360,050	55,311
Public safety	5,138,536	5,256,844	5,195,374	61,470
Public works	307,400	308,855	306,404	2,451
Health	45,300	72,739	70,532	2,207
Human services	728,344	785,732	758,239	27,493
Other	200,772	257,614	269,690	(12,076)
Total budgetary basis disbursements	<u>12,556,252</u>	<u>13,262,894</u>	<u>13,025,930</u>	<u>236,964</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements	<u>670,779</u>	<u>(35,863)</u>	<u>1,407,139</u>	<u>1,443,002</u>
Other financing sources (uses):				
Sale of capital assets	10,000	10,000	7,207	(2,793)
Other financing uses	-	-	(21,967)	(21,967)
Transfers in	67,000	67,000	107,291	40,291
Transfers out	(891,032)	(775,954)	(756,040)	19,914
Advances in	-	-	422,633	422,633
Advances out	-	-	(616,403)	(616,403)
Total other financing sources (uses)	<u>(814,032)</u>	<u>(698,954)</u>	<u>(857,279)</u>	<u>(158,325)</u>
Net change in fund balance - cash basis	(143,253)	(734,817)	549,860	1,284,677
Fund balance - cash basis, January 1	<u>1,544,046</u>	<u>1,544,046</u>	<u>1,544,046</u>	<u>-</u>
Prior year encumbrances appropriated	<u>262,549</u>	<u>262,549</u>	<u>262,549</u>	<u>-</u>
Fund balance - cash basis, December 31	<u>\$ 1,663,342</u>	<u>\$ 1,071,778</u>	<u>\$ 2,356,455</u>	<u>\$ 1,284,677</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE
 GOVERNMENTAL FUNDS - BUDGETARY BASIS
 ROAD AND BRIDGE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary basis receipts:				
Other local taxes	\$ 400,000	\$ 400,000	\$ 463,814	\$ 63,814
Charges for services	1,866,000	1,866,000	1,725,977	(140,023)
Licenses and permits	4,000	4,000	4,100	100
Fines and forfeitures	20,000	20,000	20,219	219
Intergovernmental	3,525,000	3,525,000	3,737,242	212,242
Other	1,000	1,000	6,758	5,758
Total budgetary basis receipts	<u>5,816,000</u>	<u>5,816,000</u>	<u>5,958,110</u>	<u>142,110</u>
Budgetary basis disbursements:				
Current:				
Public works	6,883,882	7,750,117	5,727,572	2,022,545
Debt service:				
Principal retirement	58,088	58,088	52,991	5,097
Total budgetary basis disbursements	<u>6,941,970</u>	<u>7,808,205</u>	<u>5,780,563</u>	<u>2,027,642</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements	<u>(1,125,970)</u>	<u>(1,992,205)</u>	<u>177,547</u>	<u>2,169,752</u>
Other financing sources (uses):				
Sale of capital assets	-	-	815	815
Transfers in	50,000	50,000	23,058	(26,942)
Advances in	-	-	14,019	14,019
Advances out	-	-	(282,744)	(282,744)
Total other financing sources (uses)	<u>50,000</u>	<u>50,000</u>	<u>(244,852)</u>	<u>(294,852)</u>
Net change in fund balance - cash basis	(1,075,970)	(1,942,205)	(67,305)	1,874,900
Fund balance - cash basis, January 1	2,651,805	2,651,805	2,651,805	-
Prior year encumbrances appropriated	211,848	211,848	211,848	-
Fund balance - cash basis, December 31	<u>\$ 1,787,683</u>	<u>\$ 921,448</u>	<u>\$ 2,796,348</u>	<u>\$ 1,874,900</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE
 GOVERNMENTAL FUNDS - BUDGETARY BASIS
 JOB AND FAMILY SERVICES FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary basis receipts:				
Intergovernmental	\$ 3,260,876	\$ 3,260,876	\$ 2,151,955	\$ (1,108,921)
Other	81,700	81,700	145,653	63,953
Total budgetary basis receipts.	<u>3,342,576</u>	<u>3,342,576</u>	<u>2,297,608</u>	<u>(1,044,968)</u>
Budgetary basis disbursements:				
Current:				
Human services	4,065,135	4,160,167	3,110,229	1,049,938
Total budgetary basis disbursements	<u>4,065,135</u>	<u>4,160,167</u>	<u>3,110,229</u>	<u>1,049,938</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements.	<u>(722,559)</u>	<u>(817,591)</u>	<u>(812,621)</u>	<u>4,970</u>
Other financing sources:				
Transfers in	601,801	601,801	496,013	(105,788)
Total other financing sources	<u>601,801</u>	<u>601,801</u>	<u>496,013</u>	<u>(105,788)</u>
Net change in fund balance - cash basis	(120,758)	(215,790)	(316,608)	(100,818)
Fund balance - cash basis, January 1	318,629	318,629	318,629	-
Prior year encumbrances appropriated	<u>120,752</u>	<u>120,752</u>	<u>120,752</u>	<u>-</u>
Fund balance - cash basis, December 31	<u>\$ 318,623</u>	<u>\$ 223,591</u>	<u>\$ 122,773</u>	<u>\$ (100,818)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE
 GOVERNMENTAL FUNDS - BUDGETARY BASIS
 BOARD OF DEVELOPMENTAL DISABILITIES FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary basis receipts:				
Property taxes	\$ 3,348,412	\$ 3,348,412	\$ 4,051,147	\$ 702,735
Charges for services.	650,000	650,000	771,260	121,260
Intergovernmental.	2,341,588	2,341,588	2,784,316	442,728
Other	2,600	2,600	41,840	39,240
Total budgetary basis receipts	<u>6,342,600</u>	<u>6,342,600</u>	<u>7,648,563</u>	<u>1,305,963</u>
Budgetary basis disbursements:				
Current:				
Human services	6,802,037	6,704,210	6,229,107	475,103
Total budgetary basis disbursements	<u>6,802,037</u>	<u>6,704,210</u>	<u>6,229,107</u>	<u>475,103</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements.	<u>(459,437)</u>	<u>(361,610)</u>	<u>1,419,456</u>	<u>1,781,066</u>
Other financing sources (uses):				
Transfers in	-	273,088	20,000	(253,088)
Transfers out.	(905,935)	(905,935)	(222,105)	683,830
Total other financing sources (uses)	<u>(905,935)</u>	<u>(632,847)</u>	<u>(202,105)</u>	<u>430,742</u>
Net change in fund balance - cash basis	(1,365,372)	(994,457)	1,217,351	2,211,808
Fund balance - cash basis, January 1	5,925,372	5,925,372	5,925,372	-
Prior year encumbrances appropriated	<u>262,372</u>	<u>262,372</u>	<u>262,372</u>	<u>-</u>
Fund balance - cash basis, December 31	<u>\$ 4,822,372</u>	<u>\$ 5,193,287</u>	<u>\$ 7,405,095</u>	<u>\$ 2,211,808</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE
 GOVERNMENTAL FUNDS - BUDGETARY BASIS
 OTTAWA COUNTY SENIOR PROGRAMS FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary basis receipts:				
Property taxes	\$ 400,881	\$ 400,881	\$ 408,663	\$ 7,782
Charges for services	294,036	317,060	298,657	(18,403)
Intergovernmental	161,579	161,579	153,732	(7,847)
Other	721	105,617	75,155	(30,462)
Total budgetary basis receipts	<u>857,217</u>	<u>985,137</u>	<u>936,207</u>	<u>(48,930)</u>
Budgetary basis disbursements:				
Current:				
Human services	1,124,743	1,045,003	996,555	48,448
Total budgetary basis disbursements.	<u>1,124,743</u>	<u>1,045,003</u>	<u>996,555</u>	<u>48,448</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements	<u>(267,526)</u>	<u>(59,866)</u>	<u>(60,348)</u>	<u>(482)</u>
Other financing sources (uses):				
Transfers in	170,291	170,291	-	(170,291)
Transfers out.	-	(216,620)	-	216,620
Advances in	-	-	8,000	8,000
Total other financing sources (uses)	<u>170,291</u>	<u>(46,329)</u>	<u>8,000</u>	<u>54,329</u>
Net change in fund balance - cash basis	(97,235)	(106,195)	(52,348)	53,847
Fund balance - cash basis, January 1	42,524	42,524	42,524	-
Prior year encumbrances appropriated	96,513	96,513	96,513	-
Fund balance - cash basis, December 31	<u>\$ 41,802</u>	<u>\$ 32,842</u>	<u>\$ 86,689</u>	<u>\$ 53,847</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF PROPRIETARY NET ASSETS - CASH BASIS
 PROPRIETARY FUNDS
 DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds			
	Riverview Nursing Home	Danbury Sewer Operations	Regional Water Operations	Catawba Portage Sewer
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,332,434	\$ 2,031,620	\$ 5,516,124	\$ 1,347,234
Restricted assets:				
Equity in pooled cash and cash equivalents	-	3,094,126	-	2,203,335
Cash with fiscal agent.	-	604,462	-	290,540
Total assets.	<u>1,332,434</u>	<u>5,730,208</u>	<u>5,516,124</u>	<u>3,841,109</u>
Net assets:				
Restricted for:				
Repairs and replacements	-	822,277	-	1,628,692
Revenue bond current debt service. . .	-	1,393,069	-	187,019
Revenue bond future debt service . . .	-	878,780	-	387,624
Unrestricted	<u>1,332,434</u>	<u>2,636,082</u>	<u>5,516,124</u>	<u>1,637,774</u>
Total net assets.	<u>\$ 1,332,434</u>	<u>\$ 5,730,208</u>	<u>\$ 5,516,124</u>	<u>\$ 3,841,109</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 172,591	\$ 10,400,003	\$ 812,316
-	5,297,461	-
-	895,002	-
<u>172,591</u>	<u>16,592,466</u>	<u>812,316</u>
-	2,450,969	-
-	1,580,088	-
-	1,266,404	-
<u>172,591</u>	<u>11,295,005</u>	<u>812,316</u>
<u>\$ 172,591</u>	<u>\$ 16,592,466</u>	<u>\$ 812,316</u>

OTTAWA COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
 IN PROPRIETARY NET ASSETS - CASH BASIS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Business-Type Activities - Enterprise Funds			
	Riverview Nursing Home	Danbury Sewer Operations	Regional Water Operations	Catawba Portage Sewer
Operating receipts:				
Charges for services	\$ 8,388,133	\$ 2,363,042	\$ 4,922,383	\$ 2,063,882
Other	18,250	23,066	85,115	27,990
Total operating receipts.	8,406,383	2,386,108	5,007,498	2,091,872
Operating disbursements:				
Personal services	5,905,555	748,556	1,285,431	732,333
Contract services	1,601,084	344,899	624,599	227,461
Materials and supplies	826,478	186,087	172,724	223,448
Capital outlay.	162,650	-	-	-
Claims	-	-	-	-
Other	2,733	6,523	11,511	19,919
Total operating disbursements.	8,498,500	1,286,065	2,094,265	1,203,161
Operating receipts over (under) operating disbursements	(92,117)	1,100,043	2,913,233	888,711
Nonoperating receipts (disbursements):				
Debt service:				
Principal retirement	(513,000)	(920,649)	(1,451,173)	(269,018)
Interest and fiscal charges.	(93,021)	(275,601)	(713,680)	(343,595)
Issuance of loans	-	-	-	-
Intergovernmental receipts	239,444	3,012	21,741	-
Property tax receipts.	785,706	-	-	-
Special assessment receipts	-	-	495	71,474
Advances in	-	-	15,080	243,554
Advances out	(47,161)	(42,443)	(475)	-
Total nonoperating receipts (disbursements).	371,968	(1,235,681)	(2,128,012)	(297,585)
Net receipts over (under) disbursements before transfers	279,851	(135,638)	785,221	591,126
Transfers in.	10,818	163,634	2,942,088	28,167
Transfers out	-	(671,431)	(2,999,460)	(19,200)
Change in net assets.	290,669	(643,435)	727,849	600,093
Net assets at beginning of year.	1,041,765	6,373,643	4,788,275	3,241,016
Net assets at end of year.	\$ 1,332,434	\$ 5,730,208	\$ 5,516,124	\$ 3,841,109

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Enterprise Funds	Total	Governmental Activities - Internal Service Fund
\$ -	\$ 17,737,440	\$ 4,333,512
2,054	156,475	26,127
2,054	17,893,915	4,359,639
10,790	8,682,665	-
278,345	3,076,388	458,091
-	1,408,737	-
-	162,650	-
-	-	4,243,175
-	40,686	-
289,135	13,371,126	4,701,266
(287,081)	4,522,789	(341,627)
(91,507)	(3,245,347)	-
(28,324)	(1,454,221)	-
172,666	172,666	-
130,973	395,170	-
-	785,706	-
101,337	173,306	-
42,443	301,077	-
(258,343)	(348,422)	-
69,245	(3,220,065)	-
(217,836)	1,302,724	(341,627)
28,817	3,173,524	8,866
(25,768)	(3,715,859)	-
(214,787)	760,389	(332,761)
387,378	15,832,077	1,145,077
\$ 172,591	\$ 16,592,466	\$ 812,316

OTTAWA COUNTY, OHIO

**STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2010**

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 6,077,334
Cash in segregated accounts	1,125,526
	<hr/>
Total assets	\$ 7,202,860
	<hr/> <hr/>
Net assets:	
Unrestricted.	\$ 7,202,860
	<hr/>
Total net assets	\$ 7,202,860
	<hr/> <hr/>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY

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

NOTE 1 - DESCRIPTION OF THE COUNTY

Ottawa County, Ohio (the "County"), was created in 1840. The County is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, a Municipal Court Judge, and a Probate/Juvenile Court Judge.

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

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the County are not misleading.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the County are presented on a cash basis of accounting, as discussed further in section D. Basis of Accounting in this note disclosure. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. 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 proprietary funds to the extent they are applicable to the cash basis of accounting, provided that these statements and interpretations do not conflict with or contradict GASB pronouncements. The County has the option to also apply FASB statements and interpretations issued after November 30, 1989 to its business-type activities and to its proprietary funds, subject to these same limitations. The County has elected not to apply these FASB statements and interpretations.

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

A. Reporting Entity

The County's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity", and as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the basic financial statements are not misleading. The primary government includes all funds, agencies, boards, commissions, and component units for which the County and the County Commissioners are "accountable". Accountability was evaluated based on financial accountability, and the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's basic financial statements to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of the PCU's board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County.

OTTAWA COUNTY

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

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

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

DISCRETELY PRESENTED COMPONENT UNIT

The component unit column on the financial statements identifies the financial data of the County's component unit, Riverview Industries, Inc. It is reported separately to emphasize that it is legally separate from the County. Information about this component unit is presented in Note 17 to the basic financial statements.

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

POTENTIAL COMPONENT UNITS REPORTED AS AGENCY FUNDS

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

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

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

JOINT VENTURES

Joint Solid Waste District

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

OTTAWA COUNTY

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

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

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

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

The District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste. A sixteen-member policy committee, consisting of five members from each county and one at-large member appointed by the board of directors, is responsible for preparing the solid waste management plan of the District in conjunction with a sixteen-member Technical Advisory Council (members appointed by the policy committee). As of December 31, 2010, the County's equity interest in the Joint Solid Waste District was \$1,000,870. Financial information can be obtained from William Farrell, Sandusky County Auditor, 100 North Park Avenue, Fremont, Ohio, 43420.

Mental Health and Recovery Board of Erie and Ottawa Counties

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

OTTAWA COUNTY

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

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

Regional Airport Authority

The Regional Airport Authority (the "Airport Authority") is a joint venture between Ottawa and Erie Counties. The Airport Authority was formed to provide maintenance of runways and taxiways at the Airport facility. The Airport Authority operates under the direction of a seven-member board of trustees. Three members are appointed by the County Commissioners in each county. The seventh member is appointed at large by the other six. The members serve without compensation as outlined in Section 308.04 of the Ohio Revised Code. The continued existence of the Airport Authority is dependent upon Ottawa County's participation. The Airport Authority has not accumulated significant financial resources nor is the Airport Authority experiencing fiscal stress that may cause an additional financial benefit to or burden on the County in the future. During 2010, the County provided \$43,950 for airport operations. Financial information for the Airport Authority can be obtained from Valerie Gregory, Secretary, 3255 East State Road, Port Clinton, Ohio, 43452.

JOINTLY GOVERNED ORGANIZATION

Ottawa County Regional Planning Commission

The County participates in the Ottawa County Regional Planning Commission (the "Commission"), which is a statutorily created political subdivision of the State. The Commission is jointly governed among Ottawa County, the City of Port Clinton, seven villages, and twelve townships within the County. Each member's control over the operation of the Commission is limited to its representation on the Commission. The Commission makes studies, maps, plans, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. In 2010, the County contributed \$72,830 to the Regional Planning Commission.

INSURANCE POOL

County Risk Sharing Authority, Inc. (CORSA)

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

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

OTTAWA COUNTY

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

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

CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The total amount of certificates issued by CORSA for the forty-one participating counties is \$1,645,000. The County does not have an equity interest in CORSA. The County's payment for insurance to CORSA in 2010 was \$328,223.

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

B. Basis of Presentation

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

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

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

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

The financial statements for governmental funds are a statement of assets and fund cash balances, and a statement of cash receipts, disbursements and changes in fund cash balances which reports on the sources (i.e., receipts and other financing sources) and uses (i.e., disbursements and other financing uses) of current financial resources.

OTTAWA COUNTY

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

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

The financial statements for proprietary funds are a statement of net assets - cash basis, and a statements of cash basis receipts, disbursements and changes in net cash assets which presents increases (i.e., receipts) and decreases (i.e., disbursements) in net cash assets.

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

The financial statement for the agency funds is a statement of cash basis assets and net cash assets.

C. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

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

Ottawa County Board of Developmental Disabilities Fund - This fund accounts for a county-wide tax levy and federal and state grants that are used for developing and implementing programs for developmentally disabled citizens.

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

OTTAWA COUNTY

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

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

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

PROPRIETARY FUNDS

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

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

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

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

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

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

Internal Service Fund - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The County's internal service fund accounts for monies received for the activities of the self insurance program for employee health benefits.

OTTAWA COUNTY

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

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

FIDUCIARY FUNDS

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. The County's basic financial statements are prepared using the cash basis of accounting. Receipts are recorded in the County's financial records and reported in the basic financial statements when cash is received, rather than when earned. Disbursements are recorded in the County's financial records and reported in the basic financial statements when cash is paid, rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as receivables and revenues for goods and services provided and billed but not yet collected) and certain liabilities and their related expenses/expenditures (such as payables and expenses/expenditures for goods and services received but not yet paid, and accrued liabilities and expenses/expenditures) are not reported in these basic financial statements.

E. Budgetary Data

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

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

OTTAWA COUNTY

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

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

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

F. Cash and Investments

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

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

During 2010, investments were limited to federal agency securities, money market mutual funds, certificates of deposits, and the State Treasury Asset Reserve of Ohio (STAR Ohio). On the cash basis of accounting, investments are reported at cost.

The County has invested funds in STAR Ohio during 2010. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission (SEC) as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2010.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest receipts credited to the general fund during 2010 amounted to \$819,673, which includes \$776,323 assigned from other County funds.

For presentation on the basic financial statements, investments of the cash management pool of the County are considered to be cash equivalents.

G. Inventories of Materials and Supplies

On the cash basis of accounting, inventories of materials and supplies are recorded as disbursements when purchased. These items are not reported as assets in the basic financial statements.

OTTAWA COUNTY

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

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

H. Capital Assets

On the cash basis of accounting, acquisitions of capital assets are recorded as disbursements when paid. These items are not reported as assets in the basic financial statements.

I. Prepaid Items

On the cash basis of accounting, payments made to vendors for services that will benefit periods beyond December 31, 2010 are recorded as disbursements when paid. These items are not reported as assets in the basic financial statements.

J. Loss on Advance Refunding

On the cash basis of accounting, for advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is recorded as a reduction of disbursement when the transaction occurs. This amount is not reported as a reduction of a liability in the basic financial statements.

K. Compensated Absences

On the cash basis of accounting, compensated absences consisting of vacation leave and sick leave are not accrued as a liability and are recorded as disbursements when paid. These amounts are not reported as liabilities in the basic financial statements.

L. Bond Issuance Costs/Bond Discounts and Premiums

On the cash basis of accounting, bond issuance costs are recorded as disbursements when the transaction occurs. These amounts are not reported as assets in the basic financial statements. Bond discounts are also recorded as disbursements when the transaction occurs. These amounts are not reported as a reduction of a liability in the basic financial statements. Bond premiums are recorded as receipts when the transaction occurs. These amounts are not reported as an increase to a liability in the basic financial statements.

M. Fund Balance Reserves

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

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

N. Long-term Obligations

On the cash basis of accounting, issuances of debt are recorded as receipts and debt service payments of principal and interest are recorded as disbursements when these transactions occur. Long-term debt and other long-term obligations are not reported as liabilities in the basic financial statements.

OTTAWA COUNTY

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

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

O. Interfund Transactions

During the normal course of operations, the County has numerous transactions between funds. Transfers represent the movement of resources from the fund receiving those resources to the fund through which those resources will be disbursed and are recorded as other financing sources and uses in governmental funds and as transfers in proprietary funds. Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

On the cash basis of accounting, advances are reported as other financing sources and uses in governmental funds and as nonoperating receipts and disbursements in proprietary funds. Exchange transactions between funds are recorded as receipts in the fund providing the goods or services and as disbursements in the fund receiving the goods or services.

P. Operating Receipts and Disbursements

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

Q. Net 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. As of December 31, 2010, there were no net assets restricted by enabling legislation.

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

R. Restricted Assets

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

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

OTTAWA COUNTY

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

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County administration and that are either unusual in nature or infrequent in occurrence. The County had no extraordinary or special items during 2010.

NOTE 3 - COMPLIANCE

Ohio Administrative Code Section 117-2-03 (B), requires the County to prepared its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

NOTE 4 - DEPOSITS AND INVESTMENTS

Monies held by the County are classified by State statute into two categories. Active monies are public monies determined to be necessary to meet current demands upon the County treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested in the following securities provided a written investment policy has been filed with the Ohio Auditor of State:

1. United States Treasury Notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States, or any book entry zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;

OTTAWA COUNTY

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange securities, or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following:
 - a. Commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed 10 percent of the value of the outstanding commercial paper of the issuing corporation and which mature within two hundred seventy days after purchase;
 - b. Bankers acceptances eligible for purchase by the federal reserve system and which mature within one hundred eighty days after purchase;
10. Up to 15 percent of the County's average portfolio in notes issued by United States corporations or by depository institutions that are doing business under authority granted by the United States provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper; and
12. Up to 1 percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

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

OTTAWA COUNTY

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Cash on Hand

At year-end, the County had \$9,303 in undeposited cash on hand, which is included on the financial statements of the County as part of "equity in pooled cash and cash equivalents".

B. Cash in Segregated Accounts

At year-end, the County deposited \$1,321,619 in accounts separate from the County's internal investment pool. The balances in these depository accounts are included in "deposits with financial institutions" below.

C. Deposits with Financial Institutions

At December 31, 2010, the carrying amount of all County deposits was \$18,683,994. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2010, \$2,516,470 of the County's bank balance of \$20,509,854 was covered by the FDIC, while \$17,993,384 was exposed to custodial risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the County's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the County.

D. Investments

As of December 31, 2010, the County had the following investments and maturities:

OTTAWA COUNTY

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Investment type	Amount	Investment Maturities				
		6 months or less	7 - 12 months	13 - 18 months	19 - 24 months	More than 24 months
FHLB	\$ 3,286,815	\$ -	\$ -	\$ -	\$ -	\$ 3,286,815
FHLMC	8,610,350	-	-	-	-	8,610,350
FNMA	15,676,597	-	-	-	-	15,676,597
Mutual Funds	895,002	895,002	-	-	-	-
STAR Ohio	40,242	40,242	-	-	-	-
Total	\$ 28,509,006	\$ 935,244	\$ -	\$ -	\$ -	\$ 27,573,762

The weighted average maturity of investments at December 31, 2010 is 3.86 years.

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

Credit Risk: The County's investments were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAm money market rating. STAR Ohio must maintain the highest letter or numerical rating provided by at least one nationally recognized standard rating service.

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

Concentration of Credit Risk: The County places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the County at December 31, 2010:

Investment type	Amount	Percent of Total
FHLB	\$ 3,286,815	11.53%
FHLMC	8,610,350	30.20%
FNMA	15,676,597	54.99%
Mutual Funds	895,002	3.14%
STAR Ohio	40,242	0.14%
Total	\$ 28,509,006	100.00%

OTTAWA COUNTY

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

E. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note disclosure above to cash and investments as reported on the statement of net assets - cash basis as of December 31, 2010:

<u>Cash and Investments per Note Disclosure</u>	
Carrying amount of deposits	\$ 18,683,994
Investments	28,509,006
Cash on hand	<u>9,303</u>
Total	<u>\$ 47,202,303</u>
 <u>Cash and Investments per Statement of Net Assets</u>	
Governmental activities	\$ 23,406,977
Business-type activities	16,592,466
Agency funds	<u>7,202,860</u>
Total	<u>\$ 47,202,303</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Transfers for the year ended December 31, 2010 consisted of the following, as reported in the fund financial statements:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General	\$ 107,291	\$ 756,040
Road and bridge	23,058	-
Job and family services	496,013	-
Board of developmental disabilities	20,000	222,105
Nonmajor governmental funds	<u>1,458,867</u>	<u>593,615</u>
Total governmental funds	<u>2,105,229</u>	<u>1,571,760</u>
Major enterprise funds:		
Riverview nursing home	10,818	-
Danbury sewer operations	163,634	671,431
Regional water operations	2,942,088	2,999,460
Catawba portage sewer	28,167	19,200
Nonmajor enterprise funds	<u>28,817</u>	<u>25,768</u>
Total enterprise funds	<u>3,173,524</u>	<u>3,715,859</u>
Internal service fund	<u>8,866</u>	<u>-</u>
Total	<u>\$ 5,287,619</u>	<u>\$ 5,287,619</u>

OTTAWA COUNTY

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

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

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

- B.** Advances for the year ended December 31, 2010 consisted of the following, as reported in the fund financial statements:

<u>Fund</u>	<u>Advances In</u>	<u>Advances Out</u>
Major governmental funds:		
General	\$ 422,633	\$ 616,403
Road and bridge	14,019	282,744
Ottawa County senior programs	8,000	-
Nonmajor governmental funds	<u>891,622</u>	<u>389,782</u>
Total governmental funds	<u>1,336,274</u>	<u>1,288,929</u>
Major enterprise funds:		
Riverview nursing home	-	47,161
Danbury sewer operations	-	42,443
Regional water operations	15,080	475
Catawba portage sewer	243,554	-
Nonmajor enterprise funds	<u>42,443</u>	<u>258,343</u>
Total enterprise funds	<u>301,077</u>	<u>348,422</u>
Total	<u>\$ 1,637,351</u>	<u>\$ 1,637,351</u>

These advances will be repaid in the next year as resources become available. Advances between governmental funds are eliminated for reporting on the government-wide statement of net assets.

NOTE 6 - PROPERTY TAXES

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

OTTAWA COUNTY

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

NOTE 6 - PROPERTY TAXES - (Continued)

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

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, tangible personal property taxes and outstanding delinquencies which are measurable as of December 31, 2010 and for which there is an enforceable legal claim.

The full tax rate for all County operations for the year ended December 31, 2010 was \$6.40 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:

OTTAWA COUNTY

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

NOTE 6 - PROPERTY TAXES - (Continued)

<u>Real Property</u>		
Residential/Agricultural	\$ 1,386,894,700	
Commercial/Industrial/Mineral	260,176,960	
Tangible Personal Property	1,212,650	
<u>Public Utility</u>		
Real	585,220	
Personal	<u>120,108,940</u>	
Total Assessed Value	<u>\$ 1,768,978,470</u>	

NOTE 7 - PERMISSIVE SALES AND USE TAX

The County Commissioners, by resolution, imposed a 1 percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies, to the State Auditor, the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month.

NOTE 8 - LONG-TERM OBLIGATIONS

A. Long-term obligation activity for the fiscal year ended December 31, 2010 was as follows:

<u>Governmental Activities:</u>	<u>Interest Rate</u>	<u>Balance 12/31/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/10</u>	<u>Amount Due In One Year</u>
<u>General Obligation Bonds:</u>						
2003 County / City Complex (original amount \$1,385,000)	3.63%	\$ 870,000	\$ -	\$ (85,000)	\$ 785,000	\$ 85,000
2003 Industrial Park Improvements (original amount \$510,000)	3.64	435,000	-	(40,000)	395,000	40,000
2003 Airport Improvements (original amount \$695,000)	3.63	320,000	-	(30,000)	290,000	30,000
2003 Community Resource Center (original amount \$3,060,000)	4.18	2,410,000	-	(95,000)	2,315,000	95,000
2003 Port Authority Improvements (original amount \$605,000)	3.19	300,000	-	(45,000)	255,000	50,000
2003 Airport Improvements (original amount \$465,000)	3.96	325,000	-	(20,000)	305,000	20,000
2006 Board of DD Facility Bonds (original amount \$2,020,000)	4.00-4.40	1,810,000	-	(75,000)	1,735,000	80,000
2006 Riverview Industries Building (original amount \$950,000)	4.00-4.40	850,000	-	(35,000)	815,000	35,000
2008 Welfare Building Refunding (original amount \$60,000)	3.00	39,000	-	(20,000)	19,000	19,000
2008 Agriculture Building Refunding (original amount \$488,000)	3.00	396,000	-	(95,000)	301,000	98,000
Total General Obligation Bonds		<u>7,755,000</u>	<u>-</u>	<u>(540,000)</u>	<u>7,215,000</u>	<u>552,000</u>

OTTAWA COUNTY

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

<u>Governmental Activities:</u>	<u>Interest Rate</u>	<u>Balance 12/31/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/10</u>	<u>Amount Due In One Year</u>
<u>Special Assessment Bonds:</u>						
1991 LaCarne Water (original amount \$45,000)	7.00%	\$ 4,600	\$ -	\$ (2,300)	\$ 2,300	\$ 2,300
1995 Gypsum Sewer (original amount \$112,769)	4.50	33,800	-	(5,600)	28,200	5,700
2008 Catawba Sewer Refunding (original amount \$2,295,000)	3.00	1,549,000	-	(760,000)	789,000	789,000
2008 State Route 163 Refunding (original amount \$60,000)	3.00	39,000	-	(21,000)	18,000	18,000
2008 Route 269 Sewer Refunding (original amount \$22,000)	3.00	17,000	-	(5,000)	12,000	6,000
Total Special Assessment Bonds		<u>1,643,400</u>	<u>-</u>	<u>(793,900)</u>	<u>849,500</u>	<u>821,000</u>
<u>OWDA Loans:</u>						
1998 Dani-Donn (original amount \$47,710)	5.54	28,969	-	(2,401)	26,568	2,534
1999 Perryview Estates (original amount \$127,826)	6.13	85,607	-	(6,020)	79,587	6,394
1999 Regional Water (original amount \$17,942,681)	4.02	11,165,624	-	(873,898)	10,291,726	909,381
Total OWDA Loans		<u>11,280,200</u>	<u>-</u>	<u>(882,319)</u>	<u>10,397,881</u>	<u>918,309</u>
<u>OPWC Loans:</u>						
2007 Port Clinton Eastern Road (original amount \$157,431)	0.00	149,559	-	(11,808)	137,751	7,872
2007 Port Clinton Eastern Road (original amount \$382,692)	0.00	363,558	-	(28,701)	334,857	19,135
2009 Nissen Road Resurfacing (original amount \$41,777)	0.00	41,777	-	(20,889)	20,888	20,889
2009 Lemon Road Bridge Replacement (original amount \$152,891)	0.00	152,891	-	(5,096)	147,795	10,192
Total OPWC Loans		<u>707,785</u>	<u>-</u>	<u>(66,494)</u>	<u>641,291</u>	<u>58,088</u>
<u>Other Long-Term Obligations:</u>						
Capital Leases		<u>8,347</u>	<u>11,393</u>	<u>(8,711)</u>	<u>11,029</u>	<u>2,720</u>
Total Other Long-Term Obligations		<u>8,347</u>	<u>11,393</u>	<u>(8,711)</u>	<u>11,029</u>	<u>2,720</u>
Total Governmental Activities		<u>\$ 21,394,732</u>	<u>\$ 11,393</u>	<u>\$ (2,277,921)</u>	<u>\$ 19,128,204</u>	<u>\$ 2,321,036</u>

OTTAWA COUNTY

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

<u>Business-Type Activities:</u>	<u>Interest Rate</u>	<u>Balance 12/31/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/10</u>	<u>Amount Due In One Year</u>
<u>General Obligation Bonds:</u>						
1998 Catawba Portage Sanitary Sewer (original amount \$3,445,000)	4.25%	1,855,000	-	(200,000)	1,655,000	190,000
1999 Regional Water Development (original amount \$2,000,000)	4.75	1,710,100	-	(37,000)	1,673,100	38,900
2003 Danbury Sewer Refunding (original amount \$3,355,000)	3.30	2,710,000	-	(510,000)	2,200,000	525,000
2003 County Home Refunding (original amount \$3,650,000)	3.07	1,670,000	-	(315,000)	1,355,000	320,000
2003 Catawba Portage Sewer Station (original amount \$245,000)	3.66	160,000	-	(15,000)	145,000	15,000
2006 County Home Improvements (original amount \$965,000)	4.00-4.25	715,000	-	(90,000)	625,000	95,000
2008 Danbury Sewer Refunding (original amount \$148,000)	3.00	111,000	-	(36,000)	75,000	41,000
2008 County Home Refunding (original amount \$234,000)	3.00	160,000	-	(108,000)	52,000	52,000
2008 Catawba Portage Sewer Refunding (original amount \$5,272,000)	3.00	5,235,000	-	(20,000)	5,215,000	18,000
2008 Portage Catawba Water Refunding (original amount \$101,000)	3.00	69,000	-	(35,000)	34,000	34,000
Total General Obligation Bonds		<u>14,395,100</u>	<u>-</u>	<u>(1,366,000)</u>	<u>13,029,100</u>	<u>1,328,900</u>
<u>Special Assessment Bonds:</u>						
2005 Sanitary Sewer Improvements (original amount \$815,000)	5.00	363,000	-	(16,000)	347,000	16,000
Total Special Assessment Bonds		<u>363,000</u>	<u>-</u>	<u>(16,000)</u>	<u>347,000</u>	<u>16,000</u>
<u>QWDA Loans:</u>						
1997 Danbury Sanitary Sewer (original amount \$1,246,205)	3.04	589,866	-	(66,186)	523,680	68,213
1997 Regional Water (original amount \$29,991,085)	2.00	19,738,624	-	(1,141,371)	18,597,253	1,164,198
2001 Camp Perry Western Road (original amount \$17,145)	5.74	12,831	-	(726)	12,105	768
2004 Danbury Township Wastewater (original amount \$4,632,743)	3.76	4,057,714	-	(205,747)	3,851,967	213,557
2004 Golf Lane Waterline (original amount \$69,018)	4.56	58,413	-	(2,664)	55,749	2,786

OTTAWA COUNTY

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

<u>Business-Type Activities (continued):</u>	<u>Interest Rate</u>	<u>Balance 12/31/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/10</u>	<u>Amount Due In One Year</u>
<u>OWDA Loans (continued):</u>						
2004 Water Plant Expansion (original amount \$3,065,360)	4.51%	2,994,681	-	(66,642)	2,928,039	69,682
2006 South Bass Island Waterline (original amount \$968,848)	2.00	898,610	-	(40,582)	858,028	41,398
2007 Sewer Construction (original amount \$245,936)	3.82	224,369	-	(9,214)	215,155	9,570
2008 Ductile Iron Cathode Protection (original amount \$1,216,200)	3.36	1,111,838	-	(40,548)	1,071,290	44,174
2009 Phase III Water Main Corrosion (original amount \$434,264)	3.52	322,876	-	(11,358)	311,518	11,761
2009 Phase II Erie Twp. Water & Sewer (original amount \$223,761)	4.79	220,363	-	(7,042)	213,321	7,383
2009 Sand Road Waterline Replacement (original amount \$420,319)	4.79	413,936	-	(13,227)	400,709	13,869
Total OWDA Loans		<u>30,644,121</u>	<u>-</u>	<u>(1,605,307)</u>	<u>29,038,814</u>	<u>1,647,359</u>
<u>OPWC Loans:</u>						
1992 Danbury Sanitary Sewer (original amount \$486,780)	4.00	115,166	-	(31,292)	83,874	32,557
1994 Portage Catawba Island WWTP (original amount \$168,000)	4.00	60,105	-	(9,977)	50,128	10,380
1999 Danbury Sewer (original amount \$169,741)	0.00	84,870	-	(8,487)	76,383	8,487
1999 Allen / Clay Sanitary Sewer (original amount \$23,035)	0.00	11,518	-	(1,152)	10,366	1,152
2003 Gypsum Water Replacements (original amount \$83,933)	0.00	60,852	-	(4,197)	56,655	4,196
2003 Clay Center Sanitary Sewer (original amount \$222,352)	0.00	166,764	-	(5,559)	161,205	11,118
2004 Regional Water System Repair (original amount \$174,000)	0.00	139,200	-	(8,700)	130,500	8,700
2004 State Road Sanitary Sewer (original amount \$133,798)	0.00	110,383	-	(6,689)	103,694	6,690
2006 S.R. 269 Sanitary Sewer Main (original amount \$143,018)	0.00	125,141	-	(7,150)	117,991	7,151
2009 Phase III Erie Twp. Sewer Improvements (original amount \$238,440)	0.00	65,774	172,666	-	238,440	11,922
Total OPWC Loans		<u>939,773</u>	<u>172,666</u>	<u>(83,203)</u>	<u>1,029,236</u>	<u>102,353</u>

OTTAWA COUNTY

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

<u>Business-Type Activities:</u>	<u>Interest Rate</u>	<u>Balance 12/31/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/10</u>	<u>Amount Due In One Year</u>
<u>Ohio Water & Sewer Loans:</u>						
1991 Portage Catawba Water (original amount \$185,855)	0.00%	\$ 63,775	\$ -	\$ -	\$ 63,775	\$ -
1992 Danbury Sewer (original amount \$216,741)	0.00	87,862	-	-	87,862	-
1992 Catawba Portage Sewer (original amount \$28,662)	0.00	9,219	-	(1,152)	8,067	-
1999 Regional Water (original amount \$1,108,668)	0.00	944,009	-	(17,159)	926,850	-
2001 Camp Perry Western Road (original amount \$37,929)	0.00	28,436	-	-	28,436	-
2004 Clay Center (original amount \$13,128)	0.00	13,128	-	-	13,128	-
2005 State Road Sewer (original amount \$28,990)	0.00	28,990	-	-	28,990	-
2008 Allen/Clay Phase IV (original amount \$21,207)	0.00	21,207	-	-	21,207	-
2008 SBI Waterline (original amount \$8,421)	0.00	8,421	-	-	8,421	-
Total Ohio Water & Sewer Loans		<u>1,205,047</u>	<u>-</u>	<u>(18,311)</u>	<u>1,186,736</u>	<u>-</u>
<u>OEPA Loans:</u>						
1999 Regional Water (original amount \$3,274,564)	4.02	2,037,741	-	(159,487)	1,878,254	165,963
Total OEPA Loans		<u>2,037,741</u>	<u>-</u>	<u>(159,487)</u>	<u>1,878,254</u>	<u>165,963</u>
Total Business-Type Activities		<u>\$ 49,584,782</u>	<u>\$ 172,666</u>	<u>\$ (3,245,347)</u>	<u>\$ 46,512,101</u>	<u>\$ 3,217,260</u>

General Obligation Bonds

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

1998 Various Improvement Bonds

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

OTTAWA COUNTY

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

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

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

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

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

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

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

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

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

OTTAWA COUNTY

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

2003 Various Improvement Bonds

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

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

<u>Year</u>	<u>Amount</u>
2014	\$ 735,000

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

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

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

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

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

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

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

2006 Various Improvement Bonds

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

OTTAWA COUNTY

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

OTTAWA COUNTY

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

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

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

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

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

Special Assessment Bonds

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

Capital Lease Obligation

Capital lease obligations will be paid from the fund that maintains the related asset. See Note 9.

General Obligation Revenue Bonds

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

Danbury Sanitary Sewer System Refunding Bonds

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

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

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

OTTAWA COUNTY

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

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

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

Fund assets, whose use are restricted under the bond indenture, are presented as restricted assets on the statement of fund net assets. Relating to the 1993 Danbury Sanitary Sewer System Refunding Bonds, restricted assets held by the trustee at December 31, 2010 were as follows:

Revenue Bond Current Debt Service	\$ 1,393,069
Revenue Bond Future Debt Service	878,780
Repairs and Replacements	822,277

Catawba Portage Sanitary Sewer Revenue Refunding Bonds

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

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

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

The bonds maturing on December 1, 2010, are subject to optional redemption, in whole or in part, at the option of the County, in inverse order of maturity, in integral multiples of \$5,000 and by lot within a maturity, on any date commencing after December 1, 2008, at the redemption prices set forth below plus accrued interest to the redemption date:

OTTAWA COUNTY

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

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

Fund assets, whose use are restricted under the bond indenture, are presented as restricted assets on the statement of fund net assets. Relating to the Catawba Portage Sanitary Sewer Revenue Refunding Bonds, restricted assets held by the trustee at December 31, 2010 were as follows:

Revenue Bond Current Debt Service	\$ 187,019
Revenue Bond Future Debt Service	387,624
Repairs and Replacements	1,628,692

In prior years, the County defeased certain general obligation revenue bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the County's financial statements. At December 31, 2010, \$7,949,500 of this debt was still outstanding.

Series 2008 Refunding Bonds

On October 1, 2008, the County issued general obligation and special assessment bonds (Series 2008 Refunding Bonds) to advance refund the callable portion of the Series 1998 general obligation and special assessment bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets. The balance of the refunded Series 1998 general obligation and special assessment bonds at December 31, 2010 is \$8,375,000.

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

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

OTTAWA COUNTY

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

Ohio Water and Sewer Loans

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

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

OWDA Loans

OWDA loans consist of monies owed to the Ohio Water Development Authority for various water and sewer projects. OWDA loans are payable solely from special assessments and the gross revenues of the enterprise funds. As of December 31, 2010, certain OWDA loans were not finalized and, therefore, are not included in the schedule of future annual debt service requirements presented below.

The County has pledged future water and sewer revenues to repay OWDA loans. The loans are payable solely from water and sewer fund revenues and are payable through 2034. Annual principal and interest payments on the loans are expected to require 58.85 percent of net revenues and 31.91 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$34,678,947. Principal and interest paid for the current year were \$2,360,279, total net revenues were \$4,010,922 and total revenues were \$7,395,652.

OPWC Loans

OPWC loans consist of monies owed to the Ohio Public Works Commission for various water and sewer projects. OPWC loans are payable solely from the gross revenues of the enterprise funds.

OEPA Loan

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

Legal Debt Margins

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

OTTAWA COUNTY

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

The assessed valuation used in determining the County's legal debt margins has been modified by House Bill 530, which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the County's legal debt margin calculations excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

The effects of these debt limitations at December 31, 2010 are a legal voted debt margin of \$34,565,984 (including available funds of \$2,089,562) and a legal unvoted debt margin of \$16,476,569.

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

<u>Year Ended</u>	<u>General Obligation Bonds</u>		<u>Special Assessment Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 552,000	\$ 305,100	\$ 821,000	\$ 26,030
2012	555,000	287,395	11,600	1,193
2013	568,000	268,703	5,600	760
2014	485,000	248,968	5,700	509
2015	515,000	226,017	5,600	252
2016 - 2020	2,145,000	791,503	-	-
2021 - 2025	1,810,000	362,855	-	-
2026 - 2027	585,000	33,260	-	-
Total	<u>\$ 7,215,000</u>	<u>\$ 2,523,801</u>	<u>\$ 849,500</u>	<u>\$ 28,744</u>

<u>Year Ended</u>	<u>OWDA Loans</u>		<u>OPWC Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 918,309	\$ 410,933	\$ 58,088	\$ -
2012	955,773	373,469	34,650	-
2013	994,768	334,475	34,652	-
2014	1,035,356	293,886	34,650	-
2015	1,077,606	251,636	34,652	-
2016 - 2020	5,416,069	561,517	173,255	-
2021 - 2025	-	-	173,257	-
2026 - 2030	-	-	98,087	-
Total	<u>\$ 10,397,881</u>	<u>\$ 2,225,916</u>	<u>\$ 641,291</u>	<u>\$ -</u>

OTTAWA COUNTY

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

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

<u>Year Ended</u>	<u>General Obligation Bonds</u>		<u>Special Assessment Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 1,328,900	\$ 545,272	\$ 16,000	\$ 16,565
2012	1,289,700	500,688	17,000	15,803
2013	1,289,600	456,321	18,000	14,994
2014	1,349,700	411,160	19,000	14,137
2015	426,700	355,562	20,000	13,233
2016 - 2020	1,879,400	1,514,676	115,000	50,932
2021 - 2025	2,084,700	1,080,125	142,000	21,040
2026 - 2030	2,498,400	572,163	-	-
2031 - 2034	882,000	73,126	-	-
Total	<u>\$ 13,029,100</u>	<u>\$ 5,509,093</u>	<u>\$ 347,000</u>	<u>\$ 146,704</u>

<u>Year Ended</u>	<u>OWDA Loans</u>		<u>OPWC Loans</u>		<u>OEPA Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 1,647,359	\$ 765,402	\$ 102,353	\$ 4,935	\$ 165,963	\$ 73,854
2012	1,688,334	724,427	104,304	3,200	172,702	67,116
2013	1,730,445	683,314	88,322	1,396	179,714	60,103
2014	1,773,733	639,028	71,340	593	187,012	52,806
2015	1,818,226	594,534	64,764	120	194,605	45,213
2016 - 2020	9,543,050	2,269,893	287,441	-	978,258	100,922
2021 - 2025	8,726,994	1,019,434	237,031	-	-	-
2026 - 2030	1,382,634	300,926	73,681	-	-	-
2031 - 2034	728,039	75,800	-	-	-	-
Total	<u>\$ 29,038,814</u>	<u>\$ 7,072,758</u>	<u>\$ 1,029,236</u>	<u>\$ 10,244</u>	<u>\$ 1,878,254</u>	<u>\$ 400,014</u>

Industrial Revenue Bonds

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

	<u>Amount of Issuance</u>	<u>Amount Outstanding at 12/31/10</u>
Adrian Sand and Stone, Inc.	\$ 5,000,000	\$ -
Luther Home of Mercy	5,200,000	2,980,000
Otterbein Home	85,565,000	64,690,000
Ottawa Residential Services	4,043,000	3,398,789
Magruder Hospital	6,700,000	3,540,000

OTTAWA COUNTY

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

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

NOTE 9 - CAPITAL LEASES

The County has entered into capitalized leases for equipment. Each lease meets the criteria of a capital lease as defined by accounting principles generally accepted in the United States, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balance for the governmental funds.

Principal payments in 2010 were \$8,711 for governmental funds.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2010.

<u>Year Ended</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 2,720	\$ 760
2012	2,202	585
2013	2,385	402
2014	2,583	204
2015	1,139	23
Total	<u>\$ 11,029</u>	<u>\$ 1,974</u>

NOTE 10 - RISK MANAGEMENT

A. General Insurance

The County is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2010, the County contracted with County Risk Sharing Authority (CORSA) for liability, property and crime insurance. The CORSA program has a \$2,500 deductible. Coverages provided by CORSA are as follows:

<u>Type of Coverage</u>	<u>Amount</u>
General Liability	\$ 1,000,000
Excess Liability	10,000,000
Law Enforcement Professional Liability	1,000,000
Automobile Liability and Physical Damage:	
Liability	1,000,000
Uninsured Motorist	250,000
Public Officials Errors and Omissions	1,000,000
Ohio Stop Gap (Additional Workers' Compensation Coverage)	1,000,000

OTTAWA COUNTY

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

NOTE 10 - RISK MANAGEMENT - (Continued)

Building and Contents	164,694,355
Other Property Insurance:	
Extra Expense	1,000,000
Contractors Equipment	1,607,668
Valuable Papers and Records	1,000,000
Miscellaneous Floaters	1,089,432
Automobile Physical Damage	Actual cash value
Flow and Earthquake	100,000,000
Comprehensive Boiler and Machinery	100,000,000
Crime	1,000,000

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

B. Workers Compensation

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

C. Medical Insurance

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

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

All funds of the County participate in the program and make payments to the Self Insurance internal service fund based on actuarial estimates of the amounts needed to pay prior and current-year claims. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payments for the year ended December 31, 2010 were \$4,243,175.

OTTAWA COUNTY

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

NOTE 10 - RISK MANAGEMENT - (Continued)

The changes in the cash balance of the Self Insurance internal service fund for 2010 and 2009 were:

<u>Year</u>	<u>Beginning Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance</u>
2010	\$ 1,145,077	\$ 4,368,505	\$ (4,701,266)	\$ 812,316
2009	2,608,365	4,003,794	(5,467,082)	1,145,077

NOTE 11 - PENSION PLANS

Ohio Public Employees Retirement System

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

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

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2010 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 10.5% and 11.1%, respectively. The County's contribution rate for 2010 was 14.00%, except for those plan members in law enforcement or public safety, for whom the County's contribution was 17.87% of covered payroll.

OTTAWA COUNTY

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

NOTE 11 - PENSION PLANS – (Continued)

The County's contribution rate for pension benefits for members in the Traditional Plan for 2010 was 8.50% from January 1 through February 28, 2010 and 9.00% from March 1 through December 31, 2010. The County's contribution rate for pension benefits for members in the Combined Plan for 2010 was 9.27% from January 1 through February 28, 2010 and 9.77% from March 1 through December 31, 2010. For those plan members in law enforcement and public safety pension contributions were 12.37% from January 1 through February 28, 2010 and 12.87% from March 1 through December 31, 2010. The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009, and 2008 were \$1,864,340, \$1,488,690, and \$1,667,575, respectively; 92.85% has been contributed for 2010 and 100% has been contributed for 2009 and 2008. Contributions to the member-directed plan for 2010 were \$55,596 made by the County and \$39,712 made by the plan members.

NOTE 12 - POSTRETIREMENT BENEFIT PLANS

Ohio Public Employees Retirement

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2010, local government employers contributed 14.00% of covered payroll (17.87% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2010 was 5.50% from January 1 through February 28, 2010 and 5.00% from March 1 through December 31, 2010. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2010 was 4.73% from January 1 through February 28, 2010 and 4.23% from March 1 through December 31, 2010.

OTTAWA COUNTY

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

NOTE 12 - POSTRETIREMENT BENEFIT PLANS – (Continued)

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

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$1,005,929, \$1,076,437, and \$1,587,743, respectively; 92.85% has been contributed for 2010 and 100% has been contributed for 2009 and 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

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

- (a) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund cash balance for that portion of outstanding encumbrances (cash basis).

The adjustments necessary to convert the net change in fund cash balance for the year on the budget basis to the cash basis for the general fund and major special revenue funds are as follows:

OTTAWA COUNTY

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

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING – (Continued)

Net Change in Fund Balances

	Governmental Funds				
	General	Road and Bridge	Job and Family Services	Board of Developmental Disabilities	County Senior Programs
Budget basis	\$ 549,860	\$ (67,305)	\$ (316,608)	\$ 1,217,351	\$ (52,348)
Net adjustment for					
cash in segregated accounts	20,753	-	-	(10,758)	-
Encumbrances (budget-basis)	377,370	300,143	53,042	152,871	57,185
Cash basis	\$ 947,983	\$ 232,838	\$ (263,566)	\$ 1,359,464	\$ 4,837

NOTE 14 - CONTINGENCIES

A. Grants

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

B. Litigation

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

NOTE 15 - RELATED PARTY TRANSACTIONS

During 2010, Ottawa County provided facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of its programs to Riverview Industries. Riverview Industries, a component unit of Ottawa County, reported \$234,776 for such contributions.

NOTE 16 - RIVERVIEW INDUSTRIES, INC.

A. Description of Entity

Riverview Industries, Inc. (the "Industries") provides a meaningful work experience and quality of life for the benefit of adults with developmental disabilities. The Industries is a not for profit organization as described in section 501 C (3) of the Internal Revenue Code and is exempt from federal and state income taxes.

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

OTTAWA COUNTY

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

NOTE 16 - RIVERVIEW INDUSTRIES, INC. - (Continued)

B. Summary of Significant Accounting Policies

The financial statements of the Industries have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to a nonprofit organization. The Industries also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on its business-type activities. The following are the more significant of the Industries accounting policies.

Basis of Presentation

The Industries financial statements consist of a statement of financial position, statement of activity, and statement of cash flows.

Measurement Focus

The financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the Industries are included on the statement of financial position. The statement of activities presents changes in net assets, and the statement of cash flows provides information about how the Industries finances and meets the cash flow needs of its activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The financial statements are prepared using the accrual basis of accounting.

Support and Revenue

The Industries receives revenue from the Ottawa County Board of Developmental Disabilities (OCBDD) and other government and nongovernmental entities by providing services to them at competitive rates. The two primary types of services are production - providing value-added services to others' products and janitorial services. The fees for these services are determined by contract, based on service hours or units produced by adults with developmental disabilities. Because all of its revenue is generated by services provided, there are no temporary or permanent restrictions imposed by these entities on the monies paid to the Industries.

The Industries entered into an agreement with the OCBDD as a sub-recipient of Title XX federal assistance funds. This agreement was renewed in 2010. The Industries is required to maintain books, records, payroll, documents, accounting producers, and practices, which sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of the agreement. Such records shall be subject for inspection, review, or audit by duly authorized Federal, State, and OCBDD personnel.

Cash and Cash Equivalents

The Industries considers all highly liquid investments with a maturity date of three months or less when purchased to be cash equivalents.

OTTAWA COUNTY

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

NOTE 16 - RIVERVIEW INDUSTRIES, INC. - (Continued)

Bad Debts

An allowance for bad debts was established in 2009 for \$10,000. In the past, an account was charged to bad debt when it was determined to be uncollectible.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

C. Cash and Cash Equivalents

At year-end, the carrying amount (book balance) of the Industries' deposits and cash on hand was \$810,797 and the unadjusted bank balance (before outstanding checks were deducted) was \$850,412. At December 31, 2010, the FDIC insured \$699,448 and \$150,964 was held uninsured and uncollateralized.

<u>Depository</u>	<u>Description</u>	<u>2010</u>	<u>2009</u>
U.S. Bank	Operating checking	\$ 362,369	\$ 468,051
Key Bank	Money market	107,214	106,812
National Bank	Money market	118,250	116,935
Huntington National Bank	Money market	110,699	110,299
Commodore Perry Credit Union	Savings	109,732	108,763
Commodore Perry Credit Union	Savings	5	-
U.S. Bank	Employee council	2,278	3,554
Change fund for kitchen	-	-	20
Petty cash	-	250	250
		<u>\$ 810,797</u>	<u>\$ 914,684</u>
Total		<u>\$ 810,797</u>	<u>\$ 914,684</u>

D. Debt

The changes in the Industries' long-term obligations during the year consist of the following:

	<u>Principal Outstanding 12/31/2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding 12/31/2010</u>	<u>Amount Due Within One Year</u>
Line of credit	\$ 28,000	\$ -	\$ (28,000)	\$ -	\$ -
Capital lease payable	3,928	-	(3,928)	-	-
Total	<u>\$ 31,928</u>	<u>\$ -</u>	<u>\$ (31,928)</u>	<u>\$ -</u>	<u>\$ -</u>

OTTAWA COUNTY

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

NOTE 16 - RIVERVIEW INDUSTRIES, INC. - (Continued)

On June 1, 1999, the Industries entered into an agreement with the OCBDD to assist in covering the cost of health care benefits for the Industries' employees. The agreement between the Industries and the OCBDD stipulated that the OCBDD would reserve a \$50,000 non-interest bearing line of credit for the period June 1, 1999 to December 31, 2000, to be drawn upon as needed to cover additional fixed costs. The draw-downs from the account were limited to \$8,500 per month. The Industries is required to replenish the funds at such time when its profitability moves ahead of planned levels. In March 2010, the OCBDD forgave the note payable and the Industries has recognized it as a contribution.

E. Federal Taxes

The entity has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Internal Revenue Code and is exempt from federal income tax under Section 501(c)3.

F. In-Kind Contributions

Contributions of donated services that create or enhance non-financial assets, or that require specialized skills and are provided by individuals possessing those skills, and that typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

For the year ended December 31, 2010, the OCBDD provided services and the use of their building to the Industries at no charge. The value of the services for the year ended December 31, 2010 was \$234,776. In-kind rent was \$199,080 that was based on \$9 per square foot on 22,120 square feet. The Industries also had in-kind supplies and contractual services in the amount of \$30,072 that the OCBDD provided this year.

G. Employee Benefit Plans

In December 2002, the Industries adopted, for the benefit of their employees, a cafeteria plan under Section 125 of the Internal Revenue Code. The pretax benefits offered allow employees to avoid income taxes on a portion of their gross wages. The following are the plan options:

Health and Accident Insurance Premium Payment Plan (Anthem and Medical Mutual)
Supplemental coverage of dental, disability, and sickness (AFLAC)
Vision Insurance (Pan American)

Employees are eligible to participate in the plan the first full month after 30 days of continuous full-time employment. The full-time employment eligibility requirement is based on a 32-hour workweek. The Industries pays 76% of the health insurance premium while each employee pays the following average amounts toward their monthly health insurance premiums:

Individual	\$ 338
Individual with single child	\$ 645
Individual with children	\$ 717
Family	\$ 1,003

OTTAWA COUNTY

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

NOTE 16 - RIVERVIEW INDUSTRIES, INC. - (Continued)

The Industries pays life insurance entirely.

Internal Revenue Code Section 403(b)(7) Annuity Plan

In December 2002, the Industries adopted, for the benefit of their employees, a tax-sheltered annuity plan under Internal Revenue Code 403(b)(7). At present, only voluntary employee contributions to this plan are being made.

Employees are eligible to participate in the plan the first full month after 30 days of continuous full-time employment. The full-time employment eligibility requirement is based on a 32-hour workweek.

H. Risk Management

The Industries is exposed to various risks of loss related to torts; theft, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2010, the Industries contracted through the Bowden Insurance Agency for commercial, Directors and Officers Liability, Individual Fidelity Bond, and Surety Bond Insurance.

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

OTTAWA COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through Ohio Department of Development</i>			
Community Development Block Grants	B-F-09-1CE-1	14.228	\$ 126,698
	B-C-09-1CE-1		89,199
	B-F-08-1CE-1		60,114
Community Development Block Grants Revolving Loans	N/A		80,891
Total - Community Development Block Grants			<u>356,902</u>
Home Investment Partnerships Program	B-C-09-1CE-1	14.239	<u>100,260</u>
Total - Department of Housing and Urban Development			<u>457,162</u>
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			
<i>Direct Assistance</i>			
ARRA - Brownfield Assessment and Cleanup Cooperative Agreement	N/A	66.818	<u>30,283</u>
UNITED STATES DEPARTMENT OF JUSTICE			
<i>Passed Through Ohio Attorney General's Office</i>			
Crime Victim Assistance	2010-VAGene248	16.575	27,453
	2011-VAGene248		8,325
Total - Crime Victim Assistance			<u>35,778</u>
<i>Passed Through Drug Task Force - Erie County</i>			
Edward Byrne Memorial Justice Assistance Grant Program	2009-JG-A01-6718	16.738	<u>67,643</u>
Total - Department of Justice			<u>103,421</u>
UNITED STATES DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Transportation</i>			
ARRA - Billman Road Bridge Project	86328	20.205	1,613
LPA Bridge Load Rating Agreement	87270		60,960
Total - Highway Planning and Construction			<u>62,573</u>
Formula Grants for Other Than Urbanized Areas			
Operating	RPT-4062-030-101	20.509	691,832
Capital Maintenance	RPT-0062-030-102		193,081
Capital Equipment - Bus and Laptop	RPT-0062-030-102		80,866
ARRA - Rural Transit - Buses	RPT-0062-003-095		185,353
ARRA - Rural Transit - Software	RPT-0062-003-095		471,888
ARRA - Rural Transit - A & E Design	RPT-0062-003-095		58,944
			<u>1,681,964</u>
Total - Department of Transportation			<u>1,744,537</u>
UNITED STATES DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Job and Family Services</i>			
<u>Supplemental Nutrition Assistance Cluster</u>			
FAET	N/A	10.561	(3,321)
DOD - Supplemental Nutrition Assistance Program	N/A	10.561	40,905
Food Assistance Refunds	N/A	10.561	5,974
Food Assistance	N/A	10.561	128,562
ARRA - SNAP - Food Assistance Stimulus	N/A	10.561	10,753
Total - Department of Agriculture			<u>182,873</u>

(Continued)

OTTAWA COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF LABOR			
<i>Passed Through Workforce Investment Act, Area 7</i>			
<u>Workforce Investment Act (WIA) Cluster:</u>			
Workforce Investment Act - Adult Program (SFY 09)	N/A	17.258	851
Workforce Investment Act - Adult - Administrative (SFY 09)			4,919
Workforce Investment Act - Adult Program (SFY 10)			90,729
Workforce Investment Act - Adult - Administrative (SFY 10)			2,671
Workforce Investment Act - Adult Program (SFY 11)			22,266
Workforce Investment Act - Adult - Administrative (SFY 11)			3,203
ARRA - Workforce Investment Act - Adult Program			94,582
ARRA - Workforce Investment Act - Adult Program - Admin			5,515
One Stop Resource Sharing SFY10			54
One Stop Resource Sharing SFY11			148
Special Project			18,697
ARRA - Stimulus Project HIRE			3,022
Total - Workforce Investment Act - Adult			246,657
Workforce Investment Act - Youth Program (SFY 09)	N/A	17.259	19,364
Workforce Investment Act - Youth Program (SFY 10)			12,493
ARRA - Workforce Investment Act - Youth Program			45,740
ARRA - Workforce Investment Act - Youth Program - Admin			18,977
Total - Workforce Investment Act - Youth			96,574
Workforce Investment Act - Dislocated Worker (SFY 09)	N/A	17.260	3,119
Workforce Investment Act - Dislocated Worker (SFY 09) - Admin			9,291
Workforce Investment Act - Dislocated Worker (SFY 10)			48,834
Workforce Investment Act - Dislocated - Administrative (SFY 10)			9,737
ARRA - Workforce Investment Act - Dislocated Worker			220,702
ARRA - Workforce Investment Act - Dislocated Worker - Admin			15,165
Rapid Response			19,356
ARRA - Rapid Response Stimulus			7,532
Total - Workforce Investment Act - Dislocated Worker			333,736
Workforce Investment Act - Dislocated Worker (SFY 11)	N/A	17.278	12,501
Workforce Investment Act - Dislocated - Administrative (SFY 11)			42,317
Total - Workforce Investment Act - Dislocated Worker			54,818
Total - Workforce Investment Act Cluster			731,785
ARRA - One Stop Resource Sharing SFY10	N/A	17.207	10,569
ARRA - One Stop Resource Sharing SFY11			11,540
Total - Employment Service/Wagner-Peyser Funded Activities			22,109
One Stop Resource Sharing SFY10	N/A	17.801	2,912
One Stop Resource Sharing SFY11			2,811
Total - Disabled Veterans' Outreach Program			5,723
One Stop Resource Sharing SFY10	N/A	17.804	137
One Stop Resource Sharing SFY11			296
Total - Local Veterans' Employment Representative Program			433
Total - Department of Labor			760,050
UNITED STATES ELECTION ASSISTANCE COMMISSION			
<i>Passed Through Ohio Secretary of State</i>			
Help America Vote Act Requirements Payments	N/A	90.401	609

(Continued)

OTTAWA COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF HOMELAND SECURITY			
<i>Passed Through Ohio Department of Public Safety/ Emergency Management Agency</i>			
Buffer Zone Protection Program	2007-BZ-T7-0048	97.078	9,353
FY08 State Homeland Security Program	E130	97.067	436
FY07 State Homeland Security Program	E102	97.067	63,342
FY07 Law Enforcement Terrorism Prevention Program	2007-GE-T7-0030	97.067	103,025
Total - State Homeland Security Program			166,803
FY09 Emergency Management Performance Grants	DPSFE138	97.042	47,023
Total - Department of Homeland Security			223,179
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Job and Family Services</i>			
Caseworker Visits - Admin	N/A	93.556	121
Caseworker Visits	N/A	93.556	476
ESSA Preservation	N/A	93.556	3,835
ESSA Reunification	N/A	93.556	20,844
Family Preservation Operating	N/A	93.556	3,282
Family Reunification Operating	N/A	93.556	12,109
Total - Promoting Safe and Stable Families			40,667
Child Care Services	N/A	93.558	40,332
Temporary Assistance for Needy Families - ANF ADC Collections	N/A	93.558	(3,167)
Temporary Assistance for Needy Families - Administration	N/A	93.558	419,012
Temporary Assistance for Needy Families - Earn/Collections	N/A	93.558	2,202
Temporary Assistance for Needy Families	N/A	93.558	544,994
Total - Temporary Assistance for Needy Families			1,003,373
ARRA - Temporary Assistance for Needy Families - Summer Youth	N/A	93.714	66,433
Total - Temporary Assistance for Needy Families Cluster			1,069,806
Federal Child Support Enforcement	N/A	93.563	231,463
ARRA - Child Support County Incentives Stimulus	N/A	93.563	139,436
Total - Federal Child Support Enforcement			370,899
<u>Child Care Cluster</u>			
Quality Child Care	N/A	93.575	2,161
Child Care Administrative	N/A	93.596	12,311
Child Care Non-Administrative	N/A	93.596	33,939
Total - Child Care Services CCDF			46,250
Total - Child Care Cluster			48,411
IV-B Administration	N/A	93.645	4,417
IV-B Child Welfare Services	N/A	93.645	36,292
Total - Child Welfare Services			40,709
IV-E Juvenile Court	N/A	93.658	38,278
IV-E FCM			385,735
IV-E Administrative and Training			21,637
ARRA - IV-E FCM			25,496
Total - Foster Care			471,146

(Continued)

OTTAWA COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
Chafee Foster Care Independent Program	N/A	93.674	2,186
Administrative and Training	N/A	93.659	11,993
Non-Recurring Adoption	N/A	93.659	2,940
Total - Adoption Assistance			<u>14,933</u>
Child Abuse Prevention	N/A	93.669	1,946
Social Services Block Grant - Title XX Base	N/A	93.667	143,086
Social Services Block Grant - TANF Transfer	N/A	93.667	244,801
Total - Social Service Block Grant			<u>387,887</u>
Voting Access for Individuals with Disabilities - Grants to States	N/A	93.617	2,965
SCHIP	N/A	93.767	618
Medicaid	N/A	93.778	188,822
Medicaid Refunds/Collections	N/A	93.778	(21,463)
Medicaid NET (Transportation)	N/A	93.778	130,017
Total - Medical Assistance Program			<u>297,376</u>
Total Passed Through Ohio Job and Family Services			<u>2,749,549</u>
<i>Passed Through Ohio Department of Developmental Disabilities</i>			
Social Services Block Grant	N/A	93.667	39,080
Medical Assistance Program			
MAC	N/A	93.778	75,831
Targeted Case Management - EFMAP	N/A	93.778	59,627
Transportation - EFMAP	N/A	93.778	1,657
Day HAB EFMAP	N/A	93.778	66,317
Total - Medical Assistance Program			<u>203,432</u>
Total Passed Through Ohio Developmental Disabilities			<u>242,512</u>
Total All Social Services Block Grant - CFDA # 93.667			426,967
Total All Medical Assistance Programs - CFDA # 93.778			<u>500,808</u>
Total - Department of Health and Human Services			<u>2,992,061</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$6,494,175</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE.

OTTAWA COUNTY

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

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

Program Title	Federal CFDA Numbers	Amount Provided to Subrecipients
Workforce Investment Act (WIA) Cluster	17.258, 17.259, 17.260, 17.278	\$282,188

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

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

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

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

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

Beginning loans receivable balance as of January 1, 2010	\$872,672	
Loans made	75,000	
Loan principal repaid	45,293	
Ending loans receivable balance as of December 31, 2010	\$902,379	
Cash balance on hand in the revolving loan fund as of December 31, 2010	\$84,974	
Administrative costs expended during 2010	\$5,891	*

* - This amount includes a footing error that occurred in 2009. \$4,469 has been included and reported in 2010 disbursements.

NOTE D - HOME REVOLVING LOAN PROGRAM

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

These loans are collateralized by mortgages on the property. At December 31, 2010, the gross amount of loans outstanding under this program was \$876,660.

NOTE E - MATCHING REQUIREMENTS

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

NOTE F - TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2010, the County made allowable transfers of \$146,270 from the Temporary Assistance for Needy Families (TANF) (93.558) program to the Social Services Block Grant (SSBG) (93.667) program. The Schedule shows the County spent approximately \$1,069,806 on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 2010 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$1,216,076
Transfer to Social Services Block Grant	<u>(146,270)</u>
Total Temporary Assistance for Needy Families	<u>\$ 1,069,806</u>

NOTE G - CHILD CARE CLUSTER ADJUSTMENT

The Ohio Department of Job and Family Services (ODJFS) sub-awarded to Ottawa 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:

Child Care Cluster	CFDA #	Pass through #	2009 Federal Expenditures Reported	July 2010 Adjustment	Adjusted 2009 Federal Expenditures Reported
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		395,143	(94,126)	301,017



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*

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

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ottawa County, Ohio (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 20, 2011, wherein, we noted the County uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our audit procedures for 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and timely corrected.

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

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 an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2010-001.

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 20, 2011.

The County's response to the finding identified in our audit is described in the accompanying schedule of findings. 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 Board of County Commissioners, federal awarding agencies and pass-through entities, and others within the County. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

September 20, 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

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

To the Board of County Commissioners:

Compliance

We have audited the compliance of Ottawa County, Ohio (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the County's major federal programs for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings 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.

In our opinion Ottawa 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. However, the results of our auditing procedures disclosed an 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 2010-002.

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.

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies, described in the accompanying schedule of findings as items 2010-002 and 2010-003. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

We also noted matters involving 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 20, 2011.

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



Dave Yost
Auditor of State

September 20, 2011

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Community Development Block Grants – CFDA # 14.228 Supplemental Nutrition Assistance Program Cluster – CFDA # 10.561, Formula Grants for Other Than Urbanized Areas – CFDA # 20.509, Workforce Investment Act Cluster – CFDA # 17.258, 17.259, 17.260, and 17.278, Temporary Assistance for Needy Families (TANF) – CFDA # 93.558 and 93.714, Child Support Enforcement – CFDA # 93.563
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

FINDING NUMBER 2010-001

Noncompliance Finding

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

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

For 2010, the County prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the cash basis of accounting. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). There would be variances on the financial statements between the County's accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

We recommend the County take the necessary steps to ensure the financial report is prepared in accordance with generally accepted accounting principles.

Officials' Response:

Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient and does not present a higher risk for the County's assets and debt.

3. FINDINGS FOR FEDERAL AWARDS

FINDING NUMBER 2010-002

Finding Number	2010-002
CFDA Title and Number	Formula Grants for Other than Urbanized Areas – CFDA 20.509
Federal Award Number / Year	2010
Federal Agency	United States Department of Transportation
Pass-Through Agency	Ohio Department of Transportation

Real Property Management - Noncompliance / Significant Deficiency

49 CFR Section 18.32(d)(1) requires grantees to maintain property records that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition date including the date of disposal and sale price of the property. We noted 57% of the Federal equipment purchases could not be located on a property record maintained by the Ottawa County Transportation Authority, nor does the Authority have a written policy governing the procedures for handling Equipment and Real Property records.

**FINDING NUMBER 2010-002
 (Continued)**

Management was advised the failure accurate maintain an inventory record of Federal equipment purchases could result in the misappropriation of assets to go undetected.

We recommend the Ottawa County Transportation Authority create an up-to-date listing of all equipment purchases with federal or non-federal monies on an annual basis. We further recommend the Ottawa County Transportation Authority adopt a formal written policy with procedures for handling Equipment and Real Property purchases, such as serial numbers, date of acquisition date and costs, disposition dates and values received, and any additional information.

Officials' Response:

Management of the Ottawa County Transportation Authority is currently establishing guidelines for a written Equipment and Real Property inventory policy and ensuring all equipment purchases have been appropriately tagged and enter on the an inventory list.

FINDING NUMBER 2010-003

Finding Number	2010-003
CFDA Title and Number	Temporary Assistance for Needy Families – Prevention, Retention, and Contingency – CFDA 93.558 and 93.714
Federal Award Number / Year	2010
Federal Agency	United States Department of Health and Human Services
Pass-Through Agency	Ohio Department of Job and Family Services

Eligibility - Significant Deficiency

45 CFR 92.20(3) require non-Federal entities receiving Federal awards (i.e., auditee management) to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

It is management's responsibility to design and implement internal control policies and procedures to reasonably ensure specific objectives will be achieved. A sound internal control structure requires procedures performed to be thoroughly documented to provide management with reasonable assurance they are being performed timely and consistently. To be effective, the performance of an internal control must be evidenced in some manner to document the control is in place and functioning as intended.

In 30% of the benefit recipient files examined the files lacked either an approved application or the approval occurred after the distribution of benefits. The results of alternative audit procedures performed indicated all benefit recipients met the applicable eligibility requirements.

Without approved policies and procedures to address the review and approval of PRC applications, there is an increased risk that procedures may not be working as intended, are not consistently applied, or that management's objectives will not be achieved. Additionally, if control procedures are not performed and documented thoroughly and consistently, management is unable to provide reasonable assurance the reports submitted to the grantor agency were properly completed with the correct information.

We recommend the Ottawa County Job and Family Services establish the appropriate internal control policies and procedures to ensure the supervisory approval process for all federal grant programs are being accomplished in a timely and efficient manner to the clients.

**FINDING NUMBER 2010-003
(Continued)**

Officials' Response:

The Director of the Ottawa County Job and Family Services is currently reviewing internal policies and procedures to address the supervisory approval process and ensuring any needed modifications are being incorporated.

OTTAWA COUNTY

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	OAC §117-2-3(B) reporting on basis other than generally accepted accounting principles.	No	Repeated as finding number 2010-001 in this report.

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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2010-002	Management of the Ottawa County Transportation Authority is currently establishing guidelines for a written Equipment and Real Property inventory policy and ensuring all equipment purchases have been appropriately tagged and enter on the an inventory list.	12/31/2011	Bill Lowe, Executive Director, Ottawa County Transportation Authority
2010-003	Director of the Ottawa County Job and Family Services is currently reviewing internal policies and procedures to address the supervisory approval process and ensuring any needed modifications are being incorporated.	12/31/2011	Stephanie Kowal, Director, Ottawa County Job and Family Services

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Dave Yost • Auditor of State

OTTAWA COUNTY FINANCIAL CONDITION

OTTAWA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 29, 2011