



Dave Yost · Auditor of State



**FINANCIAL CONDITION  
VAN WERT COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position .....	14
Statement of Activities.....	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	20
Statement of Revenues, Expenditures, and Changes In Fund Balances - Governmental Funds .....	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	24
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual - General Fund .....	25
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual – Motor Vehicle and Gas Tax Fund .....	26
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual – Thomas Edison Fund .....	27
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual – Brumback Library Fund.....	28
Statement of Fund Net Position - Enterprise Fund .....	29
Statement of Revenues, Expenses, and Changes in Fund Net Position – Enterprise Fund .....	30
Statement of Cash Flows - Enterprise Fund .....	31
Statement of Fiduciary Assets and Liabilities - Agency Funds .....	32

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**TABLE OF CONTENTS  
(Continued)**

<b>TITLE</b>	<b>PAGE</b>
Notes to the Basic Financial Statements .....	33
Schedule of Federal Awards Expenditures.....	77
Notes to the Schedule of Federal Awards Expenditures .....	80
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	81
Independent Auditors' Report on Compliance with Requirements Applicable to Major Federal Programs and on Internal Control Over Compliance Required by OMB Circular A-133 .....	83
Schedule of Findings.....	87
Schedule of Prior Audit Findings.....	89
Corrective Action Plan.....	90



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of County Commissioners:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Wert County, Ohio (the County), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of Thomas Edison Center, a major component unit, which represent 56% of total assets, 57% of net position, and 52% of revenue of the aggregate discretely presented component units. The financial statements of Thomas Edison Center were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for Thomas Edison Center, is based solely on the report of other auditors. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

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

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

***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Wert County, Ohio, as of December 31, 2012, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Motor Vehicle and Gas Tax, Thomas Edison, and Brumback Library Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 20 to the financial statements, during the year ended December 31, 2012, the County adopted the provisions of Governmental Accounting Standard No. 57, *OPEB Measurements by Agent Employers an Agent Multiple-Employer Plans*; No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; No. 62, *codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. Our opinion is not modified with respect to these matters.

***Other Matters***

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

The Schedule of Federal Award Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The Schedule of Federal Award 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. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule 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 schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Financial Condition  
Van Wert County  
Independent Auditor' Report  
Page 3

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2013, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

August 9, 2013

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**FINANCIAL CONDITION  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(UNAUDITED)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Van Wert County's discussion and analysis of the annual financial report provides a review of the financial performance for the year ended December 31, 2012.

**FINANCIAL HIGHLIGHTS**

The County's total net position decreased \$260,814 during 2012. The net position of governmental activities decreased \$199,388 (.6%). The repayment of CDBG/HUD grant monies resulted in the decrease in net position. The net position of business-type activities decreased by \$61,426 (6.6%).

The General Fund's fund balance decreased \$272,299 during 2012. The General Fund owed \$365,562 to the Ohio Development Services Agency for repayment of grant dollars. The General Fund transferred \$132,797 for debt service obligations. The General Fund also transferred \$49,712 to the Department of Job and Family Services.

Business-type operations reflected an operating loss of \$60,338. A decrease of approximately \$75,000 in charges for services revenue resulted in the operating loss and the decrease in the net position of business-type activities. Business-type unrestricted net assets are \$388,356.

Capital assets used in governmental activities increased \$1,052,859. During 2012, the County renovated the Common Pleas Courtroom. In addition, the County resurfaced some road and replaced bridges. In addition a number of vehicles were added to capital assets during 2012.

During 2012, the County issued \$737,000 in general obligation bonds to implement energy conservation measures. The County replaced numerous light fixtures in order to decrease its energy consumption.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

*Statement of Net Position and the Statement of Activities*

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(UNAUDITED)  
(Continued)**

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

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

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

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

**FUND FINANCIAL STATEMENTS**

The analysis of the County's major funds begins on page 11. Fund financial statements provide detailed information about the County's major funds – not the County as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the County Auditor, with the approval of the County Commissioners, to help control, manage and report money received for a particular purpose or to show that the County is meeting legal responsibilities for use of grants. Van Wert County's major funds are General, Motor Vehicle and Gas Tax, Thomas Edison, Brumback Library, and Recycling. The County chose to present the Brumback Library as a major fund due to the unique nature of the fund.

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

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(UNAUDITED)  
(Continued)**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As stated previously, the Statement of Net Position looks at the County as a whole. The following table provides a summary of the County's net position for 2012 compared to 2011.

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Assets:</b>						
Current and Other Assets	\$17,788,722	\$18,552,625	\$431,432	\$ 448,287	\$18,220,154	\$19,000,912
Capital Assets	25,012,686	23,959,827	533,646	583,230	25,546,332	24,543,057
Total Assets	<u>42,801,408</u>	<u>42,512,452</u>	<u>965,078</u>	<u>1,031,517</u>	<u>43,766,486</u>	<u>43,543,969</u>
<b>Liabilities:</b>						
Current and Other Liabilities	1,763,770	1,446,497	27,808	28,874	1,791,578	1,475,371
Long-Term Liabilities:						
Due Within One Year	769,175	812,119	10,570	9,605	779,745	821,724
Due in More Than One Year	6,174,980	5,954,247	59,698	64,610	6,234,678	6,018,857
Total Liabilities	<u>8,707,925</u>	<u>8,212,863</u>	<u>98,076</u>	<u>103,089</u>	<u>8,806,001</u>	<u>8,315,952</u>
<b>Deferred Inflows of Resources</b>	<u>3,633,944</u>	<u>3,640,662</u>			<u>3,633,944</u>	<u>3,640,662</u>
<b>Net Position:</b>						
Invested in Capital Assets,						
, Net of Related Debt	23,727,535	22,447,174	478,646	523,230	24,206,181	22,970,404
Restricted	9,929,715	10,799,935			9,929,715	10,799,935
Unrestricted (Deficit)	(3,197,711)	(2,588,182)	388,356	405,198	(2,809,355)	(2,182,984)
Total Net Position	<u>\$30,459,539</u>	<u>\$30,658,927</u>	<u>\$867,002</u>	<u>\$ 928,428</u>	<u>\$31,326,541</u>	<u>\$31,587,355</u>

Total assets of governmental activities increased \$288,956. Current and other assets decreased \$763,903. Capital assets increased \$1,052,859. The County renovated the Common Pleas Courtroom. In addition, the County resurfaced roads, improved bridges and purchased some vehicles during 2012. The County owed \$365,562 to the Ohio Development Services Agency for repayment of grant dollars.

Net assets of governmental activities decreased \$199,388 (.6%). The County received more sales tax revenue during 2012. The County owed \$365,562 to the Ohio Development Services Agency for repayment of grant dollars.

Net assets of business-type activities decreased by \$61,426 (6.6%). Business-type activities reported an operating loss in 2012, an operating income in 2011 and an operating loss during 2010. Fluctuations in charges for services are resulting in the fluctuations in operating income or loss.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(UNAUDITED)  
(Continued)**

The following table shows the changes in net position for 2012 compared with 2011:

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 3,699,516	\$ 3,407,486	\$572,638	\$648,763	\$ 4,272,154	\$ 4,056,249
Operating Grants, Contributions and Interest	8,672,936	8,875,017			8,672,936	8,875,017
Capital Grants and Contributions	414,549	802,641			414,549	802,641
Total Program Revenues	<u>12,787,001</u>	<u>13,085,144</u>	<u>572,638</u>	<u>648,763</u>	<u>13,359,639</u>	<u>13,733,907</u>
<b>General Revenues:</b>						
Property and Other Taxes	3,455,875	3,274,843			3,455,875	3,274,843
Permissive Sales Tax	4,073,387	3,558,204			4,073,387	3,558,204
Grants and Entitlements	1,318,524	1,424,540			1,318,524	1,424,540
All Other Categories	537,904	568,777		13	537,904	568,790
Total General Revenues	<u>9,385,690</u>	<u>8,826,364</u>		<u>13</u>	<u>9,385,690</u>	<u>8,826,377</u>
Total Revenues	<u>22,172,691</u>	<u>21,911,508</u>	<u>572,638</u>	<u>648,776</u>	<u>22,745,329</u>	<u>22,560,284</u>
<b>Program Expenses:</b>						
<b>General Government:</b>						
Legislative and Executive	5,046,079	4,804,675			5,046,079	4,804,675
Judicial	1,252,439	1,336,297			1,252,439	1,336,297
Public Safety	3,196,612	3,060,993			3,196,612	3,060,993
Public Works	4,690,905	4,502,116			4,690,905	4,502,116
Health	115,780	117,410			115,780	117,410
Human Services	6,914,706	7,083,004			6,914,706	7,083,004
Conservation and Recreation	35,210	4,711			35,210	4,711
Economic Development and Assistance	806,284	1,342,120			806,284	1,342,120
Intergovernmental	71,452	80,347			71,452	80,347
Debt Service Costs	242,612	247,863			242,612	247,863
Recycling			634,064	626,560	634,064	626,560
Total Expenses	<u>22,372,079</u>	<u>22,579,536</u>	<u>634,064</u>	<u>626,560</u>	<u>23,006,143</u>	<u>23,206,096</u>
Excess (Deficit) Before Transfers	(199,388)	(668,028)	(61,426)	22,216	(260,814)	(645,812)
<b>Transfers</b>						
Increase (Decrease) in Net Position	(199,388)	(668,028)	(61,426)	22,216	(260,814)	(645,812)
Net Position Beginning of Year	<u>30,658,927</u>	<u>31,326,955</u>	<u>928,428</u>	<u>906,212</u>	<u>31,587,355</u>	<u>32,233,167</u>
Net Position End of Year	<u>\$30,459,539</u>	<u>\$30,658,927</u>	<u>\$867,002</u>	<u>\$928,428</u>	<u>\$31,326,541</u>	<u>\$31,587,355</u>

## **FINANCIAL CONDITION VAN WERT COUNTY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2012 (UNAUDITED) (Continued)**

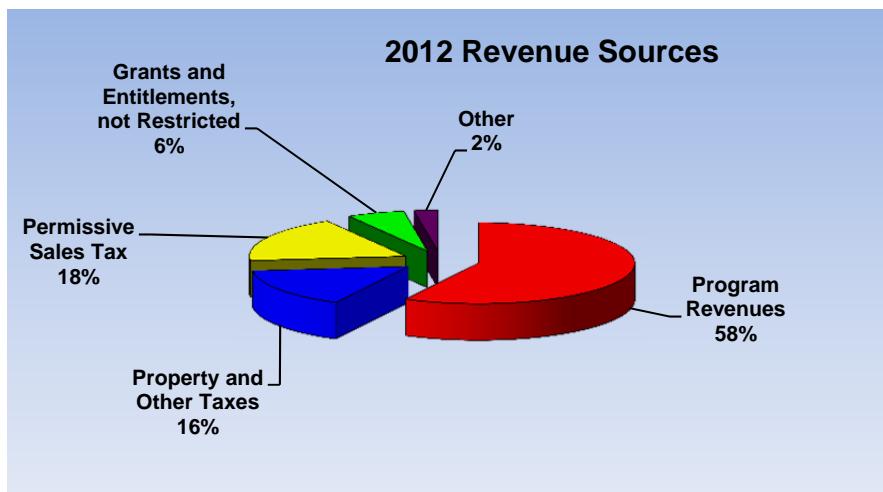
#### **Governmental Activities**

Program revenues make up 58% of total governmental revenues for 2012 and 60% of total governmental revenues for 2011. The major recipients of intergovernmental program revenues were the Motor Vehicle and Gas Tax, Department of Job and Family Services, Thomas Edison, and Brumback Library Funds, as well as the Children's Services and CSEA Special Revenue Funds. During 2012, the County received monies from the Ohio Department of Transportation LPA program for the resurfacing of roads which are shown as capital grants and contributions. Operating grants, contributions and interest fell due to a decrease in CDBG grants. The County receives the Community HOME Investment Program (CHIP) grant every other year.

The County's direct charges to users of governmental services made up around 17% and 16% of total governmental revenues for 2012 and 2011, respectively. These charges are for fees for real estate transfers, fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, and licenses and permits.

Permissive sales tax is the second largest source of revenue for the County. The County received \$4,073,387 for 2012 or about 18% of total governmental revenues. The County received \$3,558,204 in 2011 or about 16% of total governmental revenues.

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



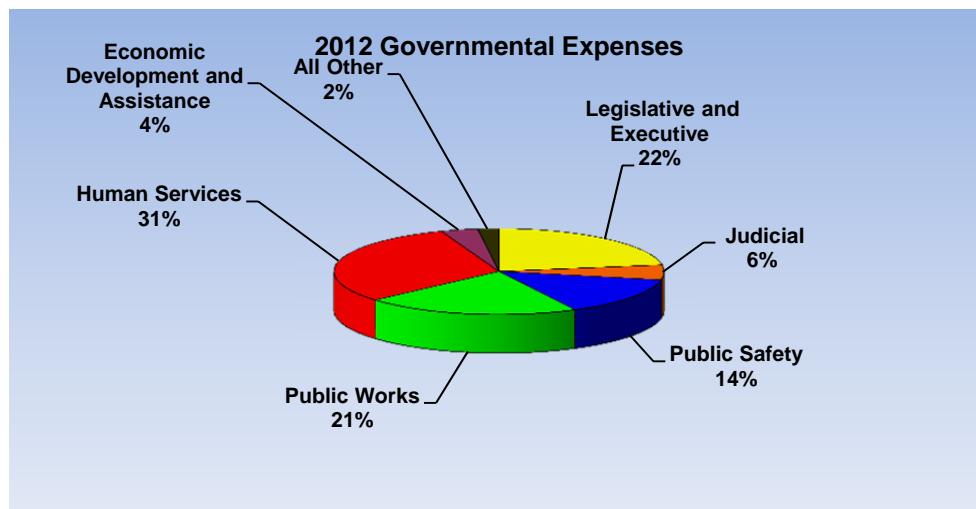
Legislative and executive expenses increased in 2012. Monies spent on energy conservation measures for light fixtures that did not meet the capital asset criteria are recorded as legislative and executive expenses.

Economic development and assistance expenses fell for 2012 due to the bi-annual funding cycle of some grants. The \$365,562 that the County owed at year-end for the repayment of grant dollars has been shown as economic development and assistance expense.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(UNAUDITED)  
(Continued)**

When comparing 2012 expenses to 2011 expenses, it is also important to be aware of that as a result of a recovering economy and previous cost cutting measures, effective April 1, 2011, the County was able to eliminate their furlough program. In an effort to conserve County General Funds, the Commissioners adopted a resolution effective June 12, 2009, that the County Courthouse closed at noon every Friday along with Probate/Juvenile Court, Youth Bureau, Election Board and the Commissioners' Office in the County Annex Building. This measure reduced employees' pay by one day equivalent per pay period.



The legislative and executive expenses of the County rely heavily on general revenues to support the program. \$2.5 million of legislative and executive expenses (50%) were covered by general revenues.

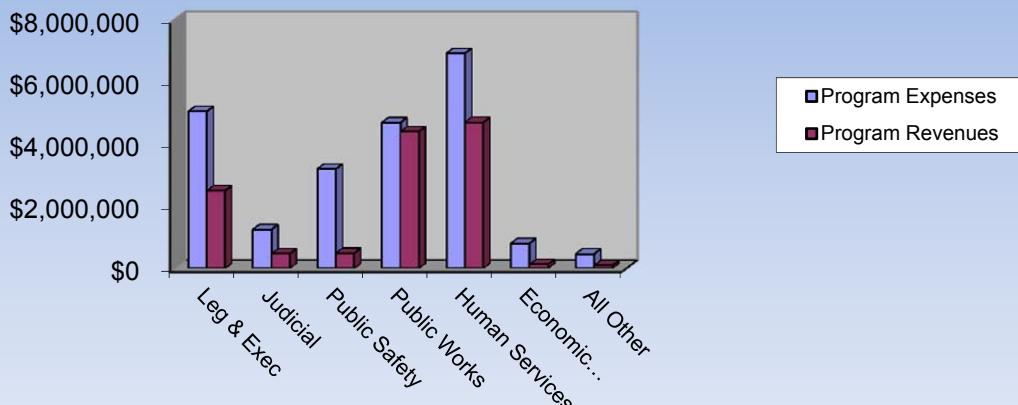
For public safety, the net cost of services of \$2.7 million indicates the general purposes property tax levy and the permissive sales tax, support the operation of the Sheriff's Department and the Jail. To help reduce the tax burden and increase program revenues, the County has contracts for the housing of prisoners from other entities outside the County.

The \$2.2 million in net cost of services for human services demonstrates the cost of services that are not supported from State and federal sources. As such, the taxpayers have approved property tax levies for the Thomas Edison Center, Brumback, the Senior Citizens Center, Tri-County Mental Health and the Cooperative Extension Service.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(UNAUDITED)  
(Continued)**

**Expenses and Program Revenues  
Governmental Activities**



***Business-Type Activities***

The net position for business-type activities decreased by \$61,426 during 2012. Charges for services for recycling is the largest revenue source for business-type activities revenues. These charges for services fell during 2012 and therefore were unable to cover the cost of operations.

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

**FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

***Governmental Funds***

Information about the County's major governmental funds begins on page 18. These funds are reported using the modified accrual basis of accounting. All Governmental funds had total revenues of \$22.6 million and expenditures of \$24 million. The General fund balance decreased by \$272,299. Within the General Fund, expenditures exceeded revenues by \$147,482. This was the result of the repayment of CDBG dollars. Transfers to other funds such as the Debt Service funds and other Special Revenue funds totaled \$182,509. The General Fund transferred \$132,797 for debt service obligations. The General Fund transferred \$49,712 to the Department of Job and Family Services.

Unrestricted General fund balance equals \$574,579, which is available for spending at the County's discretion. The non-spendable fund balance in the general fund consists of amounts for prepaid items, supplies inventory and amounts required to be held for unclaimed monies.

As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted fund balance to total fund expenditures. Unreserved fund balance represents approximately 7% (12% in prior year) of total General Fund expenditures.

The Motor Vehicle and Gas Tax fund balance decreased \$793,887 due to an increase in expenditures of over \$800,000. Fund balance at December 31, 2012, was \$1,198,550. The Thomas Edison fund balance increased \$512,198. Fund balance at December 31, 2012, was \$2,570,445. The Brumback Library fund balance decreased \$81,237, while fund balance at year-end was \$435,159.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(UNAUDITED)  
(Continued)**

***Enterprise Fund***

The enterprise fund reflects an operating loss for 2012. Charges for services for Recycling services have historically been established to ensure that on a cash basis, fees are adequate to cover operations. The County Commissioners have set fees with the intention of funding operating costs and debt service. The statement of cash flows has a net cash decrease of \$647.

***Major Funds Budgeting Highlights***

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

During 2012, there were numerous revisions to the General Fund budget. However, the net effect of the revisions was an increase in the appropriations of a mere \$70,378. Original General Fund budgeted revenues were also adjusted due to higher than anticipated permissive sales tax revenue. Permissive sales tax actual receipts were \$169,540 (.4%) higher than what was originally anticipated.

Appropriations for the Motor Vehicle and Gas Tax fund were increased \$1,146,802. Appropriations were increased primarily for road projects.

Thomas Edison decreased anticipated receipts due to an expected decrease of revenues from the State and other governments. However, revenues from State and other governments were about \$20,000 more than was originally anticipated.

Anticipated receipts for Brumback Library increased as funding from the State Public Library Fund increased. By monitoring expenditures, the Library's actual expenditures were \$61,226 less than appropriated.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

	Capital Assets, Net of Depreciation					
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 301,510	\$ 301,510			\$ 301,510	\$ 301,510
Land Improvements	20,399	20,399			20,399	20,399
Buildings	12,002,926	11,535,222	\$259,843	\$268,603	12,262,769	11,803,825
Machinery and Equipment	542,604	249,855	79,301	110,305	621,905	360,160
Furniture and Fixtures	6,854	14,025			6,854	14,025
Vehicles	1,320,020	1,367,671	194,502	204,322	1,514,522	1,571,993
Infrastructure	10,818,373	10,471,145			10,818,373	10,471,145
	<u>\$25,012,686</u>	<u>\$23,959,827</u>	<u>\$533,646</u>	<u>\$583,230</u>	<u>\$25,546,332</u>	<u>\$24,543,057</u>

Additions to governmental capital assets were primarily to building for courtroom renovations, roads, vehicles and bridges.

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(UNAUDITED)  
(Continued)**

***Long-Term Debt***

At December 31, 2012, Van Wert County had \$6,351,442 total long-term debt outstanding.

	<b>Outstanding Long-Term Debt at Year End</b>			
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
General Obligation Notes	\$1,240,568	\$1,420,147	\$55,000	\$60,000
OWDA Loan	598,226	634,245		
General Obligation Bonds	4,374,331	3,849,431		
Capital Leases	83,317	121,180		
	<b>\$6,296,442</b>	<b>\$6,025,003</b>	<b>\$55,000</b>	<b>\$60,000</b>

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

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

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

The effects of the debt limitations at December 31, 2012, are an overall debt margin of \$10,736,512 and an un-voted debt margin of \$4,173,504. See Note 12 of the notes to the basic financial statements for more detailed information.

**CONTACTING THE COUNTY AUDITOR'S OFFICE**

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

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

**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2012**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$7,677,679	\$206,899	\$7,884,578
Cash and Cash Equivalents in Segregated Accounts	50,166		50,166
Cash and Cash Equivalents with Fiscal Agents	13,057		13,057
Accrued Interest Receivable	3,781		3,781
Accounts Receivable (Net, where applicable, of Uncollectible Accounts)	266,390	231,931	498,321
Permissive Sales Tax Receivable	705,211		705,211
Due from Other Governments	3,773,837		3,773,837
Internal Balances	7,666	(7,666)	
Prepaid Items	67,088	268	67,356
Supplies Inventory	262,265		262,265
Property Taxes Receivable	3,692,332		3,692,332
Permissive Motor Vehicle License Tax Receivable	7,290		7,290
Tax Increment Financing Receivable	399,077		399,077
Loans Receivable	284,236		284,236
Special Assessments Receivable	278,602		278,602
Investments in Segregated Accounts	300,045		300,045
Depreciable Capital Assets, Net	24,690,777	533,646	25,224,423
Nondepreciable Capital Assets, Net	321,909		321,909
<b>Total Assets</b>	<b>42,801,408</b>	<b>965,078</b>	<b>43,766,486</b>
<b>Liabilities:</b>			
Accounts Payable	460,711	4,848	465,559
Accrued Salaries Payable	311,799	12,016	323,815
Contracts Payable	58,115		58,115
Due to Other Governments	749,044	10,862	759,906
Matured Compensated Absences Payable	133,000		133,000
Accrued Interest Payable	18,753	82	18,835
Compensatory Time Payable	32,348		32,348
<b>Long-Term Liabilities:</b>			
Due Within One Year	769,175	10,570	779,745
Due in More Than One Year	6,174,980	59,698	6,234,678
<b>Total Liabilities</b>	<b>8,707,925</b>	<b>98,076</b>	<b>8,806,001</b>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	3,633,944		3,633,944
Hanger Rent			
<b>Total Deferred Inflows of Resources</b>	<b>3,633,944</b>	<b></b>	<b>3,633,944</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	23,727,535	478,646	24,206,181
<b>Restricted for:</b>			
Other Purposes	9,455,155		9,455,155
Capital Projects	474,560		474,560
Unrestricted (Deficit)	(3,197,711)	388,356	(2,809,355)
<b>Total Net Position</b>	<b>\$30,459,539</b>	<b>\$867,002</b>	<b>\$31,326,541</b>

*See accompanying notes to the basic financial statements.*

Component Units		
Thomas Edison Center	Van Wert County Port Authority	Van Wert County Airport Authority
	\$4,065	
\$97,794		\$27,561
4,339		
42,883	1,416	9,459
12,742		
6,657		20,420
1,550,129		
970,815	7,479	1,176,862
646,425		228,633
<u>2,672,617</u>	<u>672,127</u>	<u>1,462,935</u>
28,510		7,073
		792
3,670		1,544
		594
5,361		13,250
13,258		102,815
<u>50,799</u>	<u></u>	<u>126,068</u>
910		
910		
952,196	653,904	1,289,430
57,852		
1,611,770	18,223	46,527
<u>\$2,621,818</u>	<u>\$672,127</u>	<u>\$1,335,957</u>

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

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions
<b>Governmental Activities:</b>				
<b>General Government:</b>				
Legislative and Executive	\$5,046,079	\$1,705,389	\$794,165	
Judicial	1,252,439	400,503	71,775	
Public Safety	3,196,612	359,751	132,975	
Public Works	4,690,905	602,507	3,384,724	\$414,549
Health	115,780	58,033		
Human Services	6,914,706	570,196	4,127,397	
Conservation and Recreation	35,210		32,000	
Economic Development and Assistance	806,284	155	129,900	
Intergovernmental	71,452			
Interest and Fiscal Charges	242,612	2,982		
Total Governmental Activities	22,372,079	3,699,516	8,672,936	414,549
<b>Business-Type Activity:</b>				
Recycling	634,064	572,638		
Total Primary Government	23,006,143	4,272,154	8,672,936	414,549
<b>Component Units:</b>				
Thomas Edison Center	\$830,248	\$550,970	\$267,141	
Van Wert County Port Authority	2,781	10,920		590,000
Van Wert County Airport Authority	376,506	221,813	77,648	
Total Component Units	\$1,209,535	\$783,703	\$344,789	\$590,000

**General Revenues:**

**Property and Other Taxes Levied for:**

General Purposes

Thomas Edison

Other Purposes

County Permissive Motor Vehicle License Taxes Levied for Public Works

Permissive Sales Taxes Levied for General Purposes

Grants and Entitlements not Restricted to Specific Programs

Unrestricted Investment Earnings

Tax Increment Financing

Other

Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

*See accompanying notes to the basic financial statements.*

## **Net (Expense) Revenue and Changes in Net Position**

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

	<u>General</u>	<u>Motor Vehicle and Gas Tax</u>
<b>Assets and Deferred Outflows of Resources:</b>		
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$1,133,986	\$840,018
Cash and Cash Equivalents in Segregated Accounts	8,493	6,963
Cash and Cash Equivalents with Fiscal Agents		
Investments in Segregated Accounts		
<b>Receivables:</b>		
Property Taxes	1,315,583	
Permissive Motor Vehicle License Tax		7,290
Permissive Sales Tax	705,211	
Accounts (Net, where applicable, of Uncollectible Accounts)	253,366	9,188
Special Assessments		
Interfund	29,795	53,395
Accrued Interest	3,781	
Tax Increment Financing Receivable		
Due from Other Governments	504,498	1,687,712
Prepaid Items	11,664	1,587
Supplies Inventory	12,903	239,805
Loans Receivable		
Total Assets	3,979,280	2,845,958
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>		
<b>Liabilities:</b>		
Accounts Payable	186,652	79,361
Contracts Payable		
Accrued Salaries Payable	138,876	47,790
Due to Other Governments	524,047	47,980
Matured Compensated Absences Payable	48,456	15,288
Interfund Payable	5,767	
Total Liabilities	903,798	190,419
<b>Deferred Inflows of Resources:</b>		
Property Taxes	1,297,434	
Unavailable Revenue - Delinquent Property Taxes	18,149	
Unavailable Revenue - Payments in Lieu of Taxes		
Unavailable Revenue - Sales Taxes	378,978	
Unavailable Revenue - Grants	23,174	
Unavailable Revenue - Local Government	194,930	
Unavailable Revenue - Gasoline Taxes and Vehicle License		1,394,406
Unavailable Revenue - Public Library Funds		
Unavailable Revenue - Other	445,042	62,583
Total Deferred Inflows of Resources	2,357,707	1,456,989
<b>Fund Balances:</b>		
Nonspendable	35,722	241,392
Restricted		957,158
Committed		
Assigned	107,474	
Unrestricted	574,579	
Total Fund Balances	717,775	1,198,550
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$3,979,280	\$2,845,958

*See accompanying notes to the basic financial statements.*

<b>Thomas Edison</b>	<b>Brumback Library</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$2,470,698	\$85,300	\$3,147,677	\$7,677,679
	11,800	22,910	50,166
13,057			13,057
	300,045		300,045
1,450,191	153,709	772,849	3,692,332
			7,290
			705,211
1,200		2,636	266,390
		278,602	278,602
100,000		29,293	212,483
			3,781
		399,077	399,077
334,167	390,929	856,531	3,773,837
10,222	40,910	2,705	67,088
		9,557	262,265
		284,236	284,236
<b>4,379,535</b>	<b>982,693</b>	<b>5,806,073</b>	<b>17,993,539</b>
67,669	2,451	124,578	460,711
		58,115	58,115
42,885	13,813	68,435	311,799
48,871	9,281	118,865	749,044
10,005	35,761	23,490	133,000
4,195	1,796	193,059	204,817
<b>173,625</b>	<b>63,102</b>	<b>586,542</b>	<b>1,917,486</b>
1,425,286	151,188	760,036	3,633,944
24,905	2,521	12,775	58,350
		399,077	399,077
			378,978
73,465		561,389	658,028
			194,930
			1,394,406
	247,987		247,987
111,809	82,736	290,021	992,191
<b>1,635,465</b>	<b>484,432</b>	<b>2,023,298</b>	<b>7,957,891</b>
10,222	40,910	296,498	624,744
2,560,223	394,249	2,746,755	6,658,385
		180,134	180,134
			107,474
		(27,154)	547,425
<b>2,570,445</b>	<b>435,159</b>	<b>3,196,233</b>	<b>8,118,162</b>
<b>\$4,379,535</b>	<b>\$982,693</b>	<b>\$5,806,073</b>	<b>\$17,993,539</b>

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**RECONCILIATION OF TOTAL GOVERMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2012**

Total Governmental Fund Balances	\$8,118,162
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets reported in governmental activities are not financial resources and therefore are not reported in the funds.	25,012,686
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Property and Other Taxes	\$58,350
Tax Increment Financing	399,077
Permissive Sales Tax	378,978
Intergovernmental	2,932,364
Charges for Services	101,812
Fines and Forfeitures	203,403
Special Assessments	215,424
Other	34,539
Total	4,323,947
Some liabilities, including notes payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:	
Accrued Interest	(18,753)
General Obligation Notes	(1,240,568)
General Obligation Bonds	(4,374,331)
Capital Leases	(83,317)
Compensatory Time Payable	(32,348)
OWDA Loan	(598,226)
Compensated Absences	(647,713)
Total	(6,995,256)
Net Position of Governmental Activities	<u>\$30,459,539</u>

See accompanying notes to the basic financial statements.

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**FINANCIAL CONDITION  
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>General</b>	<b>Motor Vehicle and Gas Tax</b>
<b>Revenues:</b>		
Property Taxes	\$1,073,721	
Permissive Sales Tax	4,007,790	
Permissive Motor Vehicle License Tax		\$102,457
Intergovernmental	980,886	3,382,148
Charges for Services	1,233,530	211,057
Licenses and Permits	1,895	
Fines and Forfeitures	136,469	63,931
Special Assessments		
Interest	102,165	1,217
Tax Increment Financing		
Other	368,086	30,623
Total Revenues	<u>7,904,542</u>	<u>3,791,433</u>
<b>Expenditures:</b>		
<b>Current:</b>		
<b>General Government:</b>		
Legislative and Executive	3,221,783	
Judicial	1,195,245	
Public Safety	2,787,875	
Public Works	25,196	4,585,320
Health	51,420	
Human Services	270,312	
Conservation and Recreation		
Economic Development and Assistance	401,062	
Capital Outlay	27,679	
Intergovernmental	71,452	
<b>Debt Service:</b>		
Principal Retirement		
Interest and Fiscal Charges		
Total Expenditures	<u>8,052,024</u>	<u>4,585,320</u>
Excess of Revenues Over (Under) Expenditures	<u>(147,482)</u>	<u>(793,887)</u>
<b>Other Financing Sources (Uses):</b>		
Sale of Capital Assets	3,242	
Bonds Issued		
Transfers In	54,450	
Transfers Out	(182,509)	
Total Other Financing Sources (Uses)	<u>(124,817)</u>	<u></u>
Net Change in Fund Balances	(272,299)	(793,887)
Fund Balances Beginning of Year	990,074	1,992,437
Fund Balances (Deficit) End of Year	<u>\$717,775</u>	<u>\$1,198,550</u>

*See accompanying notes to the basic financial statements.*

<b>Thomas Edison</b>	<b>Brumback Library</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$1,423,425	\$154,944	\$698,843	\$3,350,933
			4,007,790
			102,457
2,099,390	726,563	3,787,822	10,976,809
209,998	4,705	786,331	2,445,621
		64,759	66,654
	7,893	50,645	258,938
		253,525	253,525
	14,909	18,315	136,606
		387,543	387,543
15,433	46,866	130,697	591,705
<b>3,748,246</b>	<b>955,880</b>	<b>6,178,480</b>	<b>22,578,581</b>

	1,037,117	419,975	4,678,875
	88,267	1,283,512	
	310,973	3,098,848	
	595,293	5,205,809	
	60,558	111,978	
3,110,546	3,394,434	6,775,292	
	35,210	35,210	
	503,675	904,737	
	1,092,984	1,120,663	
		71,452	
37,863	427,698	465,561	
3,645	240,051	243,696	
<u>3,152,054</u>	<u>1,037,117</u>	<u>7,169,118</u>	<u>23,995,633</u>
596,192	(81,237)	(990,638)	(1,417,052)

			3,242
	737,000		737,000
	664,529		718,979
(83,994)	(452,476)		(718,979)
<u>(83,994)</u>	<u>949,053</u>		<u>740,242</u>
512,198	(81,237)	(41,585)	(676,810)
<u>2,058,247</u>	<u>516,396</u>	<u>3,237,818</u>	<u>8,794,972</u>
\$2,570,445	\$435,159	\$3,196,233	\$8,118,162

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Net Change in Fund Balances - Total Governmental Funds	(\$676,810)
--	-------------

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

Governmental funds report capital outlays as expenditures.

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

Capital Outlay	\$2,286,148
Depreciation	<u>(1,164,732)</u>
Excess of Capital Outlay Over Depreciation Expense	1,121,416

Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.

(68,557)

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

Deferred revenues changed by these amount this year:

Property and Other Taxes	2,485
Tax Increment Financing	6,768
Permissive Sales Tax	65,597
Intergovernmental	<u>(532,563)</u>
Charges for Services	7,308
Fines and Forfeitures	7,546
Special Assessments	178
Other	<u>33,549</u>
Total	(409,132)

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

Bonds Payable (737,000)

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

General Obligation Note Principal Payments	179,579
General Obligation Bonds Principal Payments	212,100
OWDA Loan	36,019
Capital Lease Principal Payments	<u>37,863</u>
Total	465,561

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

Accrued Interest	1,084
Compensatory Time Payable	10,400
Compensated Absences	<u>93,650</u>
Total	105,134

Change in Net Position of Governmental Activities (\$199,388)

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property Taxes	\$1,101,700	\$1,076,817	\$1,076,817	
Permissive Sales Tax	3,825,000	3,948,000	3,994,540	\$46,540
Intergovernmental	993,641	937,082	937,671	589
Charges for Services	950,525	986,858	1,014,478	27,620
Licenses and Permits	1,500	2,000	1,895	(105)
Fines and Forfeitures	158,000	145,361	139,212	(6,149)
Interest	120,500	110,100	103,993	(6,107)
Other	411,273	336,630	349,574	12,944
Total Revenues	<u>7,562,139</u>	<u>7,542,848</u>	<u>7,618,180</u>	<u>75,332</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General Government:</b>				
Legislative and Executive	3,353,497	3,306,411	3,137,263	169,148
Judicial	1,294,718	1,315,571	1,215,282	100,289
Public Safety	2,975,160	3,043,907	2,884,465	159,442
Public Works	28,940	58,940	25,641	33,299
Health	53,113	53,113	51,333	1,780
Human Services	384,441	385,160	272,086	113,074
Economic Development and Assistance	35,500	35,500	35,500	
Intergovernmental	85,025	77,300	76,800	500
Total Expenditures	<u>8,210,394</u>	<u>8,275,902</u>	<u>7,698,370</u>	<u>577,532</u>
Excess of Revenues Over (Under) Expenditures	<u>(648,255)</u>	<u>(733,054)</u>	<u>(80,190)</u>	<u>652,864</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Capital Assets	5,000	5,000	3,242	(1,758)
Advances Out		(2,299)	(2,299)	
Transfers - In	28,000	79,964	79,450	(514)
Transfers - Out	(191,740)	(194,311)	(182,509)	11,802
Total Other Financing Sources (Uses)	<u>(158,740)</u>	<u>(111,646)</u>	<u>(102,116)</u>	<u>9,530</u>
Net Change in Fund Balance	(806,995)	(844,700)	(182,306)	662,394
Fund Balance Beginning of Year	645,968	645,968	645,968	
Prior Year Encumbrances Appropriated	180,375	180,375	180,375	
Fund Balance End of Year	<u>\$19,348</u>	<u>(\$18,357)</u>	<u>\$644,037</u>	<u>\$662,394</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL  
MOTOR VEHICLE AND GAS TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Permissive Motor Vehicle License Tax	\$101,000	\$101,000	\$103,101	\$2,101
Intergovernmental	3,330,800	3,353,800	3,386,642	32,842
Charges for Services	105,500	205,500	217,202	11,702
Fines and Forfeitures	65,000	65,000	65,369	369
Interest	2,000	2,000	1,272	(728)
Other			8,117	8,117
Total Revenues	<u>3,604,300</u>	<u>3,727,300</u>	<u>3,781,703</u>	<u>54,403</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Public Works	<u>4,171,017</u>	<u>5,317,819</u>	<u>4,735,026</u>	<u>582,793</u>
Net Change in Fund Balance	(566,717)	(1,590,519)	(953,323)	637,196
Fund Balance at Beginning of Year	1,350,087	1,350,087	1,350,087	
Prior Year Encumbrances Appropriated	<u>285,517</u>	<u>285,517</u>	<u>285,517</u>	
Fund Balance at End of Year	<u>\$1,068,887</u>	<u>\$45,085</u>	<u>\$682,281</u>	<u>\$637,196</u>

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL  
THOMAS EDISON FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Property Taxes	\$1,395,000	\$1,395,000	\$1,428,002	\$33,002
Intergovernmental	1,988,695	1,886,771	2,010,112	123,341
Charges for Services	70,500	70,500	209,342	138,842
Other	6,500	6,500	14,416	7,916
Total Revenues	<u>3,460,695</u>	<u>3,358,771</u>	<u>3,661,872</u>	<u>303,101</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Human Services	3,580,635	3,416,791	3,259,482	157,309
Excess of Revenues Over (Under) Expenditures	(119,940)	(58,020)	402,390	460,410
<b>Other Financing Uses:</b>				
Advances Out		(200,000)	(100,000)	100,000
Transfers Out	(80,000)	(83,994)	(83,994)	
Net Change in Fund Balance	<u>(199,940)</u>	<u>(342,014)</u>	<u>218,396</u>	<u>560,410</u>
Fund Balance at Beginning of Year	1,977,726	1,977,726	1,977,726	
Prior Year Encumbrances Appropriated	<u>142,235</u>	<u>142,235</u>	<u>142,235</u>	
Fund Balance at End of Year	<u>\$1,920,021</u>	<u>\$1,777,947</u>	<u>\$2,338,357</u>	<u>\$560,410</u>

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL  
BRUMBACK LIBRARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property Taxes	\$150,000	\$150,000	\$155,334	\$5,334
Intergovernmental	675,000	727,000	726,486	(514)
Charges for Services	3,000	3,000	4,705	1,705
Fines and Forfeitures	10,000	10,000	7,893	(2,107)
Other	18,500	37,255	46,366	9,111
Total Revenues	<u>856,500</u>	<u>927,255</u>	<u>940,784</u>	<u>13,529</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General Government:</b>				
Legislative and Executive	<u>979,738</u>	<u>1,055,096</u>	<u>993,870</u>	<u>61,226</u>
Net Change in Fund Balance	(123,238)	(127,841)	(53,086)	74,755
Fund Balance at Beginning of Year	125,526	125,526	125,526	
Prior Year Encumbrances Appropriated	<u>3,238</u>	<u>3,238</u>	<u>3,238</u>	
Fund Balance at End of Year	<u>\$5,526</u>	<u>\$923</u>	<u>\$75,678</u>	<u>\$74,755</u>

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**STATEMENT OF FUND NET POSITION  
ENTERPRISE FUND  
DECEMBER 31, 2012**

	<u><b>Recycling</b></u>
<b>Assets:</b>	
<b>Current Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$206,899
Accounts Receivable	231,931
Prepaid Items	268
Total Current Assets	439,098
<b>Non-current Assets:</b>	
Depreciable Capital Assets, Net	533,646
Total Assets	972,744
<b>Liabilities:</b>	
<b>Current Liabilities:</b>	
Accounts Payable	4,848
Accrued Salaries Payable	12,016
Interfund Payable	7,666
Due to Other Governments	10,862
Accrued Interest Payable	82
Compensated Absences Payable	6,570
Note Payable	4,000
Total Current Liabilities	46,044
<b>Long-Term Liabilities:</b>	
Compensated Absences Payable	8,698
Note Payable	51,000
Total Long-Term Liabilities	59,698
Total Liabilities	105,742
<b>Net Position:</b>	
Net Investment in Capital Assets	478,646
Unrestricted	388,356
Total Net Position	\$867,002

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN FUND NET POSITION  
ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Recycling</u>
<b>Operating Revenues:</b>	
Charges for Services	<u>\$572,638</u>
<b>Operating Expenses:</b>	
Personal Services	406,125
Contractual Services	77,883
Materials and Supplies	60,619
Depreciation	79,450
Other	<u>8,899</u>
<b>Total Operating Expenses</b>	<u>632,976</u>
 Operating Loss	 (60,338)
 <b>Non-Operating Expenses:</b>	
Interest and Fiscal Charges	<u>(1,088)</u>
 Change in Net Position	 (61,426)
 Net Position Beginning of Year	 <u>928,428</u>
 Net Position End of Year	 <u>\$867,002</u>

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u><b>Recycling</b></u>
<b>Increase (Decrease) in Cash and Cash Equivalents:</b>	
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Customers and Support	\$583,896
Cash Payments for Employee Services and Benefits	(376,888)
Cash Payments to Suppliers	(162,794)
Cash Payments for Other Operating Expenses	(8,899)
Net Received From Operating Activities	<u>35,315</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Acquisition and Construction of Capital Assets	(29,866)
Note Principal Payments	(5,000)
Note Interest Payments	(1,096)
Net Cash Used for Capital and Related Financing Activities	<u>(35,962)</u>
Net Decrease in Cash and Cash Equivalents	(647)
Cash and Cash Equivalents Beginning of Year	<u>207,546</u>
Cash and Cash Equivalents End of Year	<u>\$206,899</u>
<b>Reconciliation of Operating Loss to Net Cash Received From Operating Activities:</b>	
Operating Loss	(\$60,338)
<b>Adjustments to Reconcile Operating Loss to Net Cash Received From Operating Activities:</b>	
Depreciation	79,450
<b>Changes in Assets and Liabilities:</b>	
Decrease in Accounts Receivable	11,258
Increase in Prepaid Items	(134)
Increase in Accounts Payable	624
Increase in Accrued Salaries Payable	1,513
Decrease in Due to Other Governments	(3,195)
Increase in Interfund Payable	5,084
Increase in Compensated Absences Payable	1,053
Net Cash Received From Operating Activities	<u>\$35,315</u>

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
DECEMBER 31, 2012**

**Assets:**

Equity in Pooled Cash and Cash Equivalents	\$1,480,866
Cash and Cash Equivalents in Segregated Accounts	320,233
<b>Receivables:</b>	
Property and Other Taxes	18,327,209
Accounts (Net of Uncollectible Accounts)	354,472
Special Assessments	421,396
Due from Other Governments	1,132,531
Tax Increment Financing Receivable	109,322
Total Assets	<u><u>\$22,146,029</u></u>

**Liabilities:**

Accounts Payable	\$74,440
Due to Other Governments	21,005,127
Undistributed Monies	1,066,462
Total Liabilities	<u><u>\$22,146,029</u></u>

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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

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

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

**A. Reporting Entity**

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

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

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

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

**C. Blended Component Unit**

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

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

**D. Discretely Presented Component Units**

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

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

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

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

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

**Van Wert County Airport Authority** – The Van Wert County Airport Authority is a legally separate organization created by resolution of the Van Wert County Commissioners on December 20, 1974. The Board of the Airport Authority is made up of one Van Wert County Commissioner with a two year term, one member appointed by the Mayor of the City of Van Wert with a two year term and four at large members to be appointed by the Van Wert County Commissioners, with four year terms. Subsequent appointments are made by the appointing authority that named that member. The County has issued debt for the Airport Authority in the County's name, making the County financially accountable for the Airport Authority. Separately issued financial statements can be obtained from Mike Jackson at 114 E. Main Street, Suite 200, Van Wert, Ohio 45891.

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

Van Wert County General Health District  
Van Wert County Soil and Water Conservation District  
Van Wert County Community Action Commission  
Van Wert County Park District

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

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

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

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

**1. Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(Continued)**

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

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

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

**2. Fund Financial Statements**

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

**B. Fund Accounting**

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

**1. Governmental Funds**

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

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

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

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

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

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

**2. Proprietary Fund**

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

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

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

**3. Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used by the County to account for assets held under a trust agreement for individuals, private organizations or other governments, and are therefore, not available to support the County's own programs. Agency funds are used to report resources held by the County in a purely custodial capacity. The County's only fiduciary funds are agency funds. The County's agency funds are primarily established to account for the collection of various taxes, receipts and fees and to account for funds of the County General Health District, Soil and Water Conservation District, Regional Planning Commission, and Emergency Management Agency.

**4. Component Units**

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(Continued)**

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

**C. Measurement Focus**

**1. Government-wide Financial Statements**

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

**2. Fund Financial Statements**

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

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

**D. Basis of Accounting**

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

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

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

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

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

**F. Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial positions report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2012, but were levied to finance 2013 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenues is reported on the governmental funds balance sheet and represents delinquent property taxes, sales tax, tax increment financing special assessments, intergovernmental grants and charges for services. These amounts are deferred and recognized as inflows of resources in the period the amounts become available.

**G. Expenses/Expenditures**

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

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

**H. Cash and Cash Equivalents**

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

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

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

During 2012, the County invested in certificates of deposits, General Electric Capital Corp, and a repurchase agreement. The Library Enrichment Foundation of the Brumback Library invests in First Financial Bancorp Common Stock, Vanguard Growth and Income Fund, Vanguard Mid-Cap Index Fund, Vanguard Small-Cap Growth Index Fund, and Vanguard Value Index Fund.

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

Interest income is distributed to the funds according to statutory requirements. Interest revenue of \$102,165 was credited to the General Fund during 2012, which includes \$92,265 assigned from other County funds.

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

**I. Receivables and Payables**

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

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

**J. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2012, are recorded as prepaid items using the consumption method. A current asset is recorded for the prepaid amount at the time of purchase and reflects the expenditure/expense in the year in which services are consumed.

**K. Inventory of Supplies**

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

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

Inventory consists of expendable supplies held for consumption.

**L. Capital Assets**

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

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

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

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

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

The County's infrastructure consists of roads and bridges.

**M. Interfund Receivables/Payables**

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

**N. Compensated Absences**

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

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

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

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

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

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

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

**P. Capital Contributions**

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

**Q. Net position**

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include funds for the operation of a school; resident homes for the mentally retarded and developmentally disabled; the medical, financial, and social support to general relief recipients; the support and placement of children; and County road and bridge repair/improvement programs.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

The County does not have any portion of its restricted component of net position restricted by enabling legislation. The County applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.

**R. Operating Revenues and Expenses**

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

**S. Fund Balance Reserves**

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

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

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

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

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

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

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

**T. Interfund Transactions**

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

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

**U. Estimates**

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

**V. Budgetary Process**

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2012.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

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

**3. BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position and results of operations on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual, presented for the General Fund, and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

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

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

	<b>Net Change in Fund Balance</b>			
	<b>General</b>	<b>Motor Vehicle and Gas Tax</b>	<b>Thomas Edison</b>	<b>Brumback Library</b>
GAAP Basis	(\$272,299)	(\$793,887)	\$512,198	(\$81,237)
Revenue Accruals	(60,306)	(9,763)	(76,766)	5,648
Expenditure Accruals	455,447	6,997	(17,372)	27,487
2012 Unrecorded Cash/Agency Fund Allocation	(46,392)	(114)	(32,448)	(3,579)
2011 Unrecorded Cash/Agency Fund Allocation	40,207	147	37,027	3,969
Change in Fair Value of Investments – 2012				(9,657)
Change in Fair Value of Investments – 2011				3,932
Activity of Non-budgeted Funds/Perspective Differences	(20,954)		(12,915)	5,420
Advances	(2,299)		(100,000)	
Prepaid Items	(6,377)	918	8,564	972
Encumbrances	(269,333)	(157,621)	(99,892)	(6,041)
Budget Basis	<u>(\$182,306)</u>	<u>(\$953,323)</u>	<u>\$218,396</u>	<u>(\$53,086)</u>

**4. DEPOSITS AND INVESTMENTS**

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

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

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

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

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

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

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

**A. Deposits**

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

At year-end, the carrying amount of the County's deposits was \$8,852,422, which includes \$4,065 for the Port Authority component unit's deposits and the bank balance was \$9,512,811. Of the bank balance, \$1,887,062 was covered by federal deposit insurance. \$7,625,749 of the County's bank balance of \$9,512,811 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the County's name.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

**B. Investments**

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

Investment Type	Value
Vanguard Growth and Income Fund	\$ 19,656
Vanguard Mid-Cap Index Fund	25,847
Vanguard Small-Cap Growth Index Fund	31,332
Vanguard Value Index Fund	20,222
First Financial Bancorp	19,328
General Electric Capital Corp	760,787
Repurchase Agreement	323,416
Total	<u><u>\$1,200,588</u></u>

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

**Credit Risk** – The County's investment policy does not address credit risk. The County's investment in General Electric Capital Corp is rated AA+ by S&P. The investment in First Financial Bancorp is a common stock and not rated. The County's investment in a repurchase agreement is exposed to credit risk due to the underlying securities are held by the investment's counterparty or its trust department or agent, not in the County's name.

**Concentration of Credit Risk** – The County's investment policy states the investment authority will diversify the investments to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions. The following investments comprised five or more percent of the investment portfolio:

Investment Type	Percentage
General Electric Capital Corp	64%
Repurchase Agreement	27%

**5. RECEIVABLES**

Receivables at December 31, 2012, consisted of property and other taxes, permissive sales tax, tax increment financing, accounts (billings for user charged services), special assessments, accrued interest, interfund, intergovernmental receivables arising from grants, and loans. All receivables are considered collectible in full except Court receivables. A summary of accounts receivable for Court receivables, as well as other receivables owed to the County governmental funds is as follows:

	Common Pleas/ Juvenile/Probate Court Receivable	Other Accounts Receivable	Total Accounts Receivable
Receivable	\$344,171	\$48,188	\$392,359
Allowance for Un-collectibles	(125,969)		(125,969)
Net Accounts Receivable	<u><u>\$218,202</u></u>	<u><u>\$48,188</u></u>	<u><u>\$266,390</u></u>

For the agency funds, the total receivable for the Common Pleas Court was \$354,963, with an allowance for un-collectibles of \$547, making net accounts receivable of \$354,416. The board of health fund had a receivable of \$56 making the total agency funds receivable \$354,472.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**5. RECEIVABLES (Continued)**

**A. Property Taxes**

Property taxes include amounts levied against all real and public utility located in the County. Property tax revenue received during 2012 for real and public utility property taxes represents collections of 2011 taxes. Property tax payments received during 2012 for tangible personal property (other than public utility) are for 2012 taxes.

2012 real property taxes are levied after October 1, 2012, on the assessed value as of January 1, 2012, the lien date. Assessed values are established by State law at 35% of appraised market value. 2012 real property taxes are collected in and intended to finance 2012.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. 2012 public utility property taxes became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

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

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

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to each subdivision its portion of the taxes collected. Accrued property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2012, and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2012 operations.

The full tax rate for all County operations for the year ended December 31, 2012, was \$7.15 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2012 property tax receipts were based are as follows:

Category	Assessed Value	Percent
Agricultural/Residential Real Property	\$463,128,910	86.16%
Other Real Property	52,513,060	9.77%
Public Utility Personal Property	21,891,870	4.07%
Total Assessed Valuation	<u>\$537,533,840</u>	<u>100.00%</u>

**B. Permissive Sales and Use Tax**

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

Proceeds of the tax are credited entirely to the General Fund. Sales and use tax revenue in 2012 amounted to \$4,007,790 in the General Fund.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(Continued)**

**5. RECEIVABLES (Continued)**

**C. Due from Other Governments**

A summary of intergovernmental receivables follows:

<b>Governmental Activities:</b>	<b>Amounts</b>
Election Costs	\$ 6,449
Local Government	226,858
Homestead and Rollback	275,850
Advertising for Delinquent Taxes	4,632
Casino Tax Revenue	144,146
Personal Tax Replacement	12,777
Motor Vehicle License Tax	553,737
Gasoline Excise Tax	747,684
Gasoline Cents per Gallon	359,737
Undivided Library	378,602
Municipal Court Fees	12,310
Reimbursements from local governments	1,539
Indigent Defense Reimbursement	14,843
Storm Damage Reimbursements	34,958
Assigned Council Reimbursement	609
Attorney General Sheriff Reimbursement	1,902
Brownfield Assessment	23,626
PSCA close-out	13,238
PSCA SCPA	77,663
Thomas Edison Subsidy Payment	135,109
Thomas Edison Title XX	10,037
Thomas Edison Waivers	75,673
Youth Bureau Reclaim Ohio Grant	58,219
Community Corrections Grants	36,359
State Help Me Grow	29,630
CDBG Grants	508,733
Ohio Rehabilitation Services	28,917
Total Intergovernmental Receivables	\$3,773,837

**D. Loans Receivable**

The County has the following loans receivable at December 31, 2012:

<b>Date of Issue</b>	<b>Description</b>	<b>Interest Rate</b>	<b>Balance at 12/31/2011</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance at 12/31/2012</b>	<b>Due in One Year</b>
1996	Airport Construction	4.64%	\$ 18,850		\$ 3,000	\$ 15,850	\$ 3,000
1999	Airport Construction	4.98%	30,755		3,040	27,715	3,250
2003	Airport Improvement	2.20%	78,500		6,000	72,500	7,000
various	Revolving Loans	various	182,610	\$50,100	64,539	168,171	55,601
			\$310,715	\$50,100	\$76,579	\$284,236	\$68,851

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**5. RECEIVABLES (Continued)**

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

**6. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2012, was as follows:

	Balance at 1/1/12	Additions	Deletions	Balance at 12/31/12
<b>Governmental Activities:</b>				
<b>Capital Assets, not being Depreciated:</b>				
Land	\$ 301,510			\$ 301,510
Land Improvements	20,399			20,399
Construction in Progress				
Total Assets, not being Depreciated	321,909			321,909
<b>Depreciable Capital Assets:</b>				
Buildings	17,769,002	\$ 766,110		18,535,112
Machinery and Equipment	1,000,965	324,359	(\$41,005)	1,284,319
Furniture and Fixtures	181,070			181,070
Vehicles	4,805,942	359,920	(218,327)	4,947,535
<b>Infrastructure:</b>				
Roads	5,601,721	757,939		6,359,660
Bridges	11,948,662	77,820		12,026,482
Total Depreciable Capital Assets	41,307,362	2,286,148	(259,332)	43,334,178
<b>Less Accumulated Depreciation:</b>				
Buildings	(6,233,780)	(298,406)		(6,532,186)
Machinery and Equipment	(751,110)	(31,610)	41,005	(741,715)
Furniture and Fixtures	(167,045)	(7,171)		(174,216)
Vehicles	(3,438,271)	(339,014)	149,770	(3,627,515)
<b>Infrastructure:</b>				
Roads	(2,455,197)	(243,750)		(2,698,947)
Bridges	(4,624,041)	(244,781)		(4,868,822)
Total Accumulated Depreciation	(17,669,444)	(1,164,732)	190,775	(18,643,401)
Depreciable Capital Assets, Net	23,637,918	1,121,416	(68,557)	24,690,777
Governmental Activities Capital Assets, Net	23,959,827	1,121,416	(68,557)	25,012,686
<b>Business-Type Activities:</b>				
<b>Depreciable Capital Assets:</b>				
Buildings	361,032			361,032
Machinery and Equipment	372,806			372,806
Furniture and Fixtures	11,357			11,357
Vehicles	615,054	29,866		644,920
Total Depreciable Capital Assets	1,360,249	29,866		1,390,115

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**6. CAPITAL ASSETS (Continued)**

	<b>Balance at 1/1/12</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at 12/31/12</b>
<b>Business-Type Activities: (Continued)</b>				
<b>Less Accumulated Depreciation:</b>				
Buildings	(92,429)	(8,760)		(101,189)
Machinery and Equipment	(262,501)	(31,004)		(293,505)
Furniture and Fixtures	(11,357)			(11,357)
Vehicles	(410,732)	(39,686)		(450,418)
Total Accumulated Depreciation	<u>(777,019)</u>	<u>(79,450)</u>		<u>(856,469)</u>
Business-Type Activities Capital Assets, Net	<u>\$583,230</u>	<u>(\$49,584)</u>		<u>\$ 533,646</u>

Depreciation expense was charged to governmental programs as follows:

<b>General Government:</b>	
Legislative and Executive	\$100,035
Public Safety	149,104
Public Works	744,384
Health	4,058
Human Services	155,825
Economic Development and Assistance	<u>11,326</u>
Total Depreciation Expense	<u>\$1,164,732</u>

**7. DEFINED BENEFIT PENSION PLANS**

**Ohio Public Employees Retirement System**

**Plan Description** – The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs, and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

**Funding Policy** – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2012, members in state and local classifications contributed 10 percent of covered payroll and 12.1 percent for law enforcement members. Effective January 1, 2013, the member contribution rates for law enforcement members increased to 12.6%.

The County's contribution rate for 2012 was 14 percent of covered payroll, except for those plan members in law enforcement, for whom the County's contribution was 18.1 percent of covered payroll. For the Traditional Plan, the County's contribution equal to 4 percent of covered payroll was allocated to fund the postemployment health care plan. For the Combined Plan, the County's contribution equal to 6.05 percent of covered payroll was allocated to fund the postemployment health care plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the County of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The County's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2012, 2011, and 2010, was \$847,854, \$846,595, and \$854,192, respectively; 96 percent has been contributed for 2012 and 100 percent for 2011 and 2010.

**8. POSTEMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2012, local government employers contributed 14 percent of covered payroll (18.1 percent for law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. For the Traditional Plan, the County's contribution equal to 4 percent of covered payroll was allocated to fund the postemployment health care plan. For the Combined Plan, the County's contribution equal to 6.05 percent of covered payroll was allocated to fund the postemployment health care plan.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**8. POSTEMPLOYMENT BENEFITS (Continued)**

The OPERS retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment health care plan. Effective January 1, 2013, the portion of the employer contribution allocated to health care was lowered to 1.00 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries of covered dependents and the coverage selected.

The County's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2012, 2011, and 2010 was \$326,941, \$327,469, and \$459,189, respectively; 96 percent has been contributed for 2012 and 100 percent for 2011 and 2010.

Changes to the health care plan were adopted by the OPERS Board of Trustee on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**9. OTHER EMPLOYEE BENEFITS**

**A. Deferred Compensation Plans**

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

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

**B. Compensated Absences**

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

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

**C. Early Retirement Incentive**

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

**10. RISK MANAGEMENT**

**A. Insurance**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2012, the County contracted with the Mid West Pool Risk Management Agency, Inc. for liability, property and crime insurance. The listing below is a general description of insurance coverage. All policy terms, conditions, restrictions, exclusions, etc. are not included.

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

**Property**

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

Building and Contents at 140% of reported value for location

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

Earthquake at \$36,000,000

**Boiler and Machinery**

\$50,000,000 per occurrence

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

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

**Pollution**

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

**Crime**

\$500,000

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**10. RISK MANAGEMENT (Continued)**

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

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

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

**B. Health Care Benefits**

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

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

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

**C. Workers' Compensation**

For 2012, the County participated in the County Commissioners' Association of Ohio Workers' Compensation Group Rating Program provided by the County Commissioners' Association of Ohio Service Corporation (CCAOSC), a workers' compensation insurance purchasing pool (See Note 18). The intent of the CCAOSC is to achieve lower workers' compensation rates while establishing safe working conditions and environments for the participants.

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**10. RISK MANAGEMENT (Continued)**

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

**11. LEASES**

**A. Operating Leases**

The County entered into non-cancelable operating leases. The County Engineer is leasing a John Deere Loader for 5 years with an annual payment of \$20,669. A total cost paid during 2012 on this lease was \$20,669. The Department of Job and Family Services is leasing a mailing system for 5 years for \$359 a month for 60 payments. A total cost paid during 2012 on this lease was \$4,308.

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

<b>For the Year Ending:</b>	<b>Amount</b>
2013	\$24,977
2014	4,308
2015	4,308
2016	1,436
	<b><u>\$35,029</u></b>

**B. Capital Leases**

The County holds leases from prior years for buses for Thomas Edison. In 2011, the County also entered into another bus lease for Thomas Edison. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis. Vehicles acquired by lease have been capitalized in the governmental activities general capital assets at amounts equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the governmental activities general long term debt.

Principal payments made during 2012 for the buses totaled \$37,863, in the Thomas Edison Special Revenue Fund. The Thomas Edison buses have a total historical cost of \$268,946, with accumulated depreciation of \$100,568 as of December 31, 2012, with a book value of \$168,378.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2012:

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**11. LEASES (Continued)**

For the Year Ending		Amount
	2013	\$24,764
	2014	21,415
	2015	21,415
	2016	21,415
Total		89,009
Less: Amount Representing Interest		(5,692)
Present Value of Minimum Lease Payments		\$83,317

**12. LONG-TERM OBLIGATIONS**

The changes in the County's long-term obligations of the governmental activities of the County during 2012 follow:

Date of Issue	Description	Interest Rate	Balance at 12/31/2011	Amounts			
				Increases	Decreases	Balance at 12/31/2012	Due in One Year
<b>General Obligation Notes:</b>							
1996	Airport Construction	4.64%	\$ 18,850		(\$ 3,000)	\$15,850	\$3,000
1999	Airport Construction	2.11%	30,755		(3,040)	27,715	3,250
2002	County Annex	1.33%	715,000		(65,000)	650,000	65,000
2002	Thomas Edison Improvement	1.33%	40,000		(40,000)		
2003	Airport Improvement	1.79%	78,500		(6,000)	72,500	7,000
2003	County Annex/County Home	1.79%	348,042		(22,539)	325,503	19,000
2003	Thomas Edison Improvement	1.79%	189,000		(40,000)	149,000	34,000
Total General Obligation Notes			1,420,147		(179,579)	1,240,568	131,250
<b>OWDA Loan:</b>							
2007	Washington Twp/Delphos Sewers	0.00%	412,344		(24,256)	388,088	24,256
2009	OWDA Loan – 127 Sewer/118 Sewer	0.00%	152,520		(7,821)	144,699	7,822
2010	OWDA Loan – Overholt Addition	0.00%	69,381		(3,942)	65,439	0
			634,245		(36,019)	598,226	32,078
<b>General Obligation Bonds:</b>							
2008	Capital Facilities Bond Series A	Various	3,120,000		(165,000)	2,955,000	175,000
2008	Capital Facilities Bond Series B	9.375%	630,000		(25,000)	605,000	23,000
2010	Court of Common Pleas Computer	2.85%	99,431		(22,100)	77,331	14,471
2012	County Building Improvement	2.91%		\$ 737,000		737,000	43,000
Total General Obligation Bonds			3,849,431	737,000	(212,100)	4,374,331	255,471
Total Notes, Loans and Bonds			5,903,823	737,000	(427,698)	6,213,125	418,799
<b>Other Long-Term Obligations:</b>							
	Compensated Absences		741,363	279,426	(373,076)	647,713	319,671
	Capital Leases		121,180		(37,863)	83,317	22,334
	Total – Other Long-Term Obligations		862,543	279,426	(410,939)	731,030	342,005
	Total – General Long-Term Obligations		\$6,766,366	\$1,016,426	(\$838,637)	\$6,944,155	\$760,804

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

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

<b>Issue</b>	<b>Amount</b>
<b>General Obligation Notes:</b>	
1996 Airport Construction	\$ 49,850
1999 Airport Construction	55,390
2002 County Annex	1,300,000
2002 Thomas Edison Improvements	400,000
2003 Airport Improvement	108,000
2003 Probate Court Computer	50,000
2003 County Annex/County Home	495,334
2003 Thomas Edison Improvement	400,000
<b>General Obligation Bonds:</b>	
2008 Capital Facilities Bonds	4,265,000
2010 Clerk of Court Computer	120,992
2012 County Building Improvement	737,000
<b>OWDA Loans:</b>	
2007 Washington Twp/Delphos Sewers	485,111
2009 Rt. 127 & 118 Sewer	152,520
2010 Overholt – Sewer Design	73,323

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

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

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

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

The City of Van Wert will collect a flat fee for debt retirement from those owners of the properties benefiting from the construction of the sewer system. The City of Van Wert will remit the fees to the County quarterly and these fees will be used to retire the debt.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

On August 27, 2009, the County entered into a loan agreement for \$78,855 with the Ohio Water Development Authority for a Sewer Design. The loan is an interest free loan and will be paid semi-annually for 20 years starting July 1, 2011. The loan was finalized in 2011 for \$73,323. The City of Van Wert will collect a flat fee for debt retirement from those owners of the properties benefiting from the construction of the sewer system. The City of Van Wert will remit the fees to the County quarterly and these fees will be used to retire the debt.

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

In 2012, the County issued the County Building Improvement bonds in the amount \$737,000. The serial bonds carry an interest rate of 2.91% and will mature December 1, 2026. The bonds will be paid from energy conservation savings which result from the energy efficiency improvements made with the bond proceeds.

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

Changes in the long-term obligations reported in business-type activities of the County during 2012 were as follows:

Date of Issue	Description	Interest Rate	Balance at 12/31/2011	Amounts			
				Increases	Decreases	Balance at 12/31/2012	Due in One Year
2003	Recycling Bldg and Trucks	2.20%	\$60,000		(\$ 5,000)	\$55,000	\$ 4,000
	Compensated Absences		14,215	\$7,158	(6,105)	15,268	6,570
	Totals		<u>\$74,215</u>	<u>\$7,158</u>	<u>(\$11,105)</u>	<u>\$70,268</u>	<u>\$10,570</u>

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

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors should not exceed one percent of the total assessed valuation of the County. The Code further provides that the total voted and un-voted net debt of the County less the same exempt debt should not exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The effects of the debt limitations at December 31, 2012, are an overall debt margin of \$10,736,512 and an un-voted debt margin of \$4,173,504.

Principal and interest requirements to retire the County's long-term obligations outstanding at December 31, 2012, were as follows:

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

<b>Year</b>	<b>Governmental Activities</b>			
	<b>General Obligation Notes</b>		<b>General Obligation Bonds</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2013	\$ 131,250	\$ 28,355	\$ 257,471	\$ 225,424
2014	140,440	26,209	269,884	214,415
2015	148,670	23,869	276,308	202,670
2016	144,760	21,381	292,740	190,041
2017	111,160	18,985	300,193	176,360
2018-2022	564,288	71,324	1,676,735	636,110
2023-2026			1,301,000	148,989
<b>Totals</b>	<b>\$1,240,568</b>	<b>\$190,123</b>	<b>\$4,374,331</b>	<b>\$1,794,009</b>

<b>Year</b>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>OWDA Loans</b>		<b>General Obligation Bonds</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2013	\$ 32,078		\$ 4,000	\$ 1,650
2014	32,077		4,500	1,562
2015	32,077		5,000	1,463
2016	32,077		5,500	1,353
2017	32,077		6,000	1,232
2018-2022	160,387		30,000	3,421
2023-2027	160,384			
2028-2033	51,630			
<b>Totals</b>	<b>\$532,787</b>	<b>\$0</b>	<b>\$55,000</b>	<b>\$10,681</b>

The amortization schedule for the Overholt Addition OWDA loan has not been finalized; therefore, it has not been included in the above schedule of principal and interest requirements.

During 1996, the County issued a health care facilities revenue bond with the principal amount of \$244,000 outstanding at December 31, 2012, for facilities used by the Stepping Stones Center, Inc.

During 2007, Series 2007 Health Care Facilities Revenue Bonds were issued for the Van Wert Area Visiting Nurses Association, with the principal amount of \$621,100 outstanding at December 31, 2012.

During 2009, \$10,755,255 in Series 2009 Hospital Facilities Revenue Refunding and Improvement Bonds were issued to refinance the 2004B Series bonds and to finance the acquisition, construction, renovation, and installation of the Hospital Facilities. The outstanding balance at December 31, 2012 was \$9,646,509.

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**13. INTERFUND ASSETS/LIABILITIES**

Interfund balances at December 31, 2012, consisted of the following amounts and resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting, and (3) payments between funds are made. All are expected to be paid within one year.

Interfund Payable	Interfund Receivable				
	General	Motor Vehicle and Gas Tax	Thomas Edison	Other Governmental	Total
General		\$ 5,767			\$ 5,767
Thomas Edison	\$ 989	3,206			4,195
Brumback Library	1,796				1,796
Other Governmental	26,797	36,969	\$100,000	\$29,293	193,059
Recycling	213	7,453			7,666
Total	<u>\$29,795</u>	<u>\$53,395</u>	<u>\$100,000</u>	<u>\$29,293</u>	<u>\$212,483</u>

During 2012, Thomas Edison advanced Ohio Rehabilitation Services \$100,000 to be repaid in 2013 upon the receipt of the grant monies.

Also during 2012, the General Fund advanced the Delphos Sewer Note Fund \$2,299 to be repaid in 2013 upon the receipt of special assessments.

Interfund transfers for the year ended December 31, 2012, consisted of the following:

Transfers to	Transfers From			
	General	Thomas Edison	Other Governmental	Total
General			\$ 54,450	\$ 54,450
Other Governmental	\$182,509	\$83,994	398,027	664,530
Total	<u>\$182,509</u>	<u>\$83,994</u>	<u>\$452,477</u>	<u>\$718,980</u>

The General Fund transferred \$132,797 for debt service obligations. The General Fund also transferred \$49,712 to the Department of Job and Family Services.

The Thomas Edison Special Revenue Fund transferred \$83,994 to the Thomas Edison Debt Service Fund for the payment of principal and interest.

The Common Pleas Court Special Project fund transferred \$394,599 to the Building Improvement Fund and \$5,000 to the General Fund.

The Overholt Construction Fund transferred \$3,428 to the Overholt Note Debt Service Fund for debt service obligations.

The Indigent Guardianship Fund, the Sheriff Web Check and the Concealed Handgun License transferred \$1,950, \$28,500 and \$19,000, respectively, to the General Fund.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**14. DISCRETELY PRESENTED COMPONENT UNITS**

**Summary of Significant Accounting Policies**

**A. Nature of Organizations**

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

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

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

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

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

**B. Classification of Net Position**

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

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

The permanently restricted component of net position comprises those assets contributed to the component units by donors who have indicated an intention that the assets are to remain in perpetuity as permanent endowments of the component units. Investment income generated by these assets is reported as unrestricted or temporarily restricted, depending upon whether the donors have limited the expenditure of income to a particular purpose or purposes or have indicated that such income is to be available for the general purposes of the component units. At December 31, 2012, \$57,852 of the Thomas Edison Center's net position is temporarily restricted to use by program recipients for as long as the donor's beneficiary is able to live in the house.

**C. Contributions**

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

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

**D. Accounts Receivable**

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

**E. Inventories**

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

**F. Capital Assets**

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

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

During the year ended December 31, 2012, depreciation expense for Thomas Edison Center, Port Authority, and the Airport Authority is \$61,194, \$819, and \$94,009, respectively. A summary of the component units' capital assets at December 31, 2012, follows:

Thomas Edison Center		
Workshop equipment	\$203,027	
Workshop buildings	152,619	
Deliver equipment	35,249	
Houses and related improvements	1,122,507	
Home furnishings	23,021	
Total	1,536,423	
Accumulated Depreciation	(565,608)	
Book Value	<u><u>\$970,815</u></u>	

	<b>Port Authority</b>	<b>Airport Authority</b>
<b>Capital Assets, not being depreciated:</b>		
Land	\$646,425	\$ 214,100
Construction in Progress		14,533
Total Capital Assets, not being depreciated	<u><u>646,425</u></u>	<u><u>228,633</u></u>
<b>Capital Assets, being depreciated:</b>		
Buildings	2,159	105,575
Vehicles		1,500
Furniture and Fixtures		3,035
Equipment		44,500
Fueling System		116,150
Rental Plane		62,000
Taxiways		1,494,735
Infrastructure	<u><u>29,071</u></u>	<u><u>1,827,495</u></u>
Capital Assets Being Depreciated	<u><u>31,230</u></u>	<u><u></u></u>
<b>Less: Accumulated Depreciation:</b>		
Buildings	(1,565)	(39,444)
Vehicles		(1,500)
Furniture and Fixtures		(3,033)
Equipment		(30,347)
Fueling System		(40,654)
Rental Plane		(28,934)
Taxiways		(506,721)
Infrastructure	<u><u>(22,186)</u></u>	<u><u></u></u>
Accumulated Depreciation	<u><u>(23,751)</u></u>	<u><u>(650,633)</u></u>
Total Capital Assets Being Depreciated, Net	<u><u>7,479</u></u>	<u><u>1,176,862</u></u>
Total Capital Assets, Net	<u><u>\$653,904</u></u>	<u><u>\$1,405,495</u></u>

**G. Use of Estimates**

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

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

In 2012 and 2011, approximately 37% and 47% of Thomas Edison Center's workshop program revenues were derived from service contracts with one industrial customer. The Thomas Edison Center grants credit to customers of its workshop operations most of whom are based in western Ohio.

**I. Bad Debt**

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

**J. Deposits and Investments**

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

- (1) At year-end, the carrying amount of deposits for Thomas Edison Center was \$97,794 and the bank balance was \$97,794. The entire balance was covered by federal deposit insurance. There are no statutory guidelines regarding the deposit and investment of funds for the not-for-profit corporation. The Board of Trustees has adopted an investment policy with regards to the Thomas Edison Memorial Endowment Fund. The purpose of the policy is to document fund objectives and provide guidelines for achieving those objectives. The objectives are to provide principal security, maximize income (while maintaining principal security), diversify asset holdings and have earnings available when needed for the support of the Thomas Edison Center and its affiliates. The rate of return target established by the policy is not less than 1% over annual certificate of deposit return rates. Investments primarily consist of U.S. government obligations, corporate obligations and common stocks.

	<b>Cost</b>	<b>Fair Value</b>	<b>Unrealized Gain (Loss)</b>
Money Market Funds	\$ 41,342	\$ 41,342	
Corporate Bonds	214,556	228,621	\$ 14,065
Government Securities	130,056	139,602	9,546
Common Stocks	407,703	566,459	158,756
Mutual Funds	509,204	574,105	64,901
	<b>\$1,302,861</b>	<b>\$1,550,129</b>	<b>\$247,268</b>

The stock and bonds are not rated.

- (2) Since the County Auditor is the fiscal agent for the Port Authority, the Port Authority follows the same investment guidelines as the County Treasurer. Information concerning deposits for the Port Authority can be found in Note 4.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

- (3) The carrying amount of deposits was \$27,561, and the bank balance was \$28,454. The entire bank balance was covered by federal depository insurance. The Airport Authority follows the same investment guidelines as the County Treasurer which can be found in Note 4.

**K. Loans Payable**

A summary of the loan transactions for the component units for the year ended December 31, 2012, follows:

	Interest Rate	Balance at December 31, 2011	Increases	Decreases	Balance at December 31, 2012
Airport Authority					
Airport Hangar #1	4.64%	\$ 18,850		\$ 3,000	\$ 15,850
Fuel Tank Removal	1.79%	78,500		6,000	72,500
Airport Hangar #2	2.11%	30,755		3,040	27,715
Total Loans Payable		<u>\$128,105</u>	<u>\$0</u>	<u>\$12,040</u>	<u>\$116,065</u>

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

**15. JOINT VENTURES**

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

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

During 2012, the County contributed \$15,000 for the operation of the agency. The EMA is a joint venture since it cannot continue to exist without the financial support of the County. The County does not have an equity interest in the joint venture. The EMA is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Complete financial statements can be obtained from the EMA located at 1300 Old Route 30, Post Office Box 602, Van Wert, Ohio 45891.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**15. JOINT VENTURES (Continued)**

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

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

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. The County made \$2,500 in contributions during 2012 for the operations of the Commission. The Commission is a joint venture since it cannot continue to exist without the financial support of the County. The County does not have an equity interest in the joint venture. The Commission is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Complete financial statements can be obtained from the Commission located at 121 East Main Street, Van Wert, Ohio 45891.

**16. JOINTLY GOVERNED ORGANIZATIONS**

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

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

The ability to influence operations depends on the County's representation on the Board. The Board of Trustees consists of eighteen members: four members are appointed by the Director of the Ohio Department of Mental Health, four members are appointed by the Director of the Ohio Department of Alcohol and Drug Addiction Services and the remaining ten members are appointed by the County Commissioners of Mercer, Paulding and Van Wert counties in the same proportion as the County's population bears to the total population of the three counties combined. The majority of the Tri County Mental Health Board's revenue comes from a property tax levied by the Tri County Mental Health Board. During 2012, the tax levy provided \$449,299 for the operations of the organization. These monies were collected and distributed by the County on behalf of the Tri County Mental Health Board. There were no County contributions.

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

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

The Community Improvement Corporation of the City of Van Wert and County of Van Wert, Ohio (the CIC) is a jointly governed organization between the City and the County. The general purpose of the CIC is to pursue and maintain economic development within the County. The CIC is governed by a Board of Trustees made up of fifteen members, who include: three elected or appointed officers of the City, to be designated annually by the City Council; three elected or appointed officers of the County, to be designated annually by the Board of County Commissioners; six people to be designated annually by the Board of Trustees of The Van Wert Area Chamber of Commerce; the President of the Van Wert Industrial Development Corporation (in ex officio status); and two people who are residents of the County, to be elected at the annual meeting of the members by a majority of the members listed previously. During 2012, the County contributed \$11,500 to the CIC.

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

The Van Wert County Council on Aging, Inc. (the Council) is a jointly governed organization among the County, the City of Van Wert, neighboring townships, and local related organizations. The Council was formed to secure and maintain maximum independence and dignity for older persons (1) in a home environment for older persons capable of self-care with appropriate supportive services by providing such services and to remove individual and social barriers to economic and personal independence, (2) in a home-like environment for older persons not capable of self-care with adequate institutional situations by providing assistance to these institutions in developing policy. The Board of Directors consists of thirteen members, who represent, as nearly as possible, a cross section of the entire county population. Representatives of local health services, low income persons, the clergy, government officials, consumers and other concerned citizens shall be appointed to the Board. The majority of the Council's revenue comes from a property tax levied by the Council. During 2012, the tax levy provided \$189,146 for the operations of the organization. These monies were collected and distributed by the County on behalf of the Council. There were no County contributions.

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

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

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

The Maumee Valley Resource Conservation and Development Area (the MV-RCD Area) is a jointly governed organization among the Counties of Allen, Defiance, Fulton, Henry, Paulding, Putnam, Van Wert, and Williams. The MV-RCD Area is organized to accelerate local efforts toward improving the social and economic conditions of the area through the conservation, development and utilization of natural resources. The Executive Council consists of twenty-four members. Each county appoints three members, with a member from each of the following: Board of County Commissioners, Soil and Water Conservation District, and a member at large. The member at large may represent one of the following interests: cities and villages, township trustees, Regional Planning, business, industry, labor, Chamber of Commerce, economic development, environmental groups, league of women voters, specialty growers, farm organizations, and concerned citizens. For 2012, the County did not contribute to the MV-RCD Area for its operation.

**F. Northwest Ohio Waiver Administration Council**

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

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

**17. RELATED ORGANIZATION**

**Local Emergency Planning Committee**

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**18. INSURANCE POOLS**

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

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

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

**B. Midwest Employee Benefit Consortium**

The County participates in the Midwest Employee Benefit Consortium (MEBC), a risk-sharing pool consisting of five counties. The MEBC is responsible for the administration of the program and processing of all claims for each member. The County pays premiums to the MEBC for employee medical and life insurance benefits. During 2012, the County paid \$1,996,788 to MEBC.

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

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

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

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**19. RELATED PARTY TRANSACTIONS**

Thomas Edison Center, Inc., a discretely presented component unit of Van Wert County, has entered into a contractual agreement with the Van Wert County Board of Mental Retardation/Developmental Disabilities (MRDD), whereby the MRDD provides sheltered employment for mentally retarded or handicapped individuals in Van Wert County. The MRDD provides the workshop with personnel who provide habilitation services to the clients, land and buildings for the operation of the center, maintenance and repair of the buildings and professional staff to supervise and train clients of Thomas Edison Center, Inc. The contributions and related expenses are reflected in the financial statements of the component unit. In 2012, the contributions to Thomas Edison Center, Inc. for salaries, fringes, maintenance and repairs of buildings and administrative costs were \$244,100.

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

**20. CHANGES IN ACCOUNTING PRINCIPLE**

GASB Statement Number 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and time of measurements by employers that participate in agent multiple-employer and other postemployment benefit (OPEB) Plans. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2011, and have been implemented by the County.

GASB Statement Number 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve the financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The requirements of this Statement are effective for financial statement beginning after December 15, 2011, and have been implemented by the County.

GASB Statement Number 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements which does not conflict with or contradict GASB pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011, and have been implemented by the County.

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The requirements of this Statement are effective for financial statement for periods beginning after December 15, 2011, and have been implemented by the County

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**20. CHANGES IN ACCOUNTING PRINCIPLE (Continued)**

GASB Statement Number 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should be applied. The requirements of this Statement are effective for financial statement for periods beginning after June 15, 2011, and have been implemented by the County.

**21. FUND BALANCE**

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

	<b>General</b>	<b>Motor Vehicle and Gas Tax</b>	<b>Thomas Edison</b>	<b>Brumback Library</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Non-spendable:</b>						
Prepaid Items	\$ 11,664	\$ 1,587	\$ 10,222	\$ 40,910	\$ 2,705	\$ 67,088
M&S Inventory	12,903	239,805			9,557	262,265
Unclaimed Monies	11,155					11,155
Loans Receivable					284,236	284,236
Total Non-spendable	<u>35,722</u>	<u>241,392</u>	<u>10,222</u>	<u>40,910</u>	<u>296,498</u>	<u>624,744</u>
<b>Restricted for:</b>						
Development Disabilities			2,560,223			2,560,223
Job and Family/Children Services/CSEA				502,850		502,850
Motor Vehicle & Gas Tax	957,158					957,158
Library Services			394,249			394,249
Ditch Maintenance				746,037		746,037
Debt Service				13,940		13,940
Capital Projects				65,466		65,466
Other Purposes				1,418,462		1,418,462
Total Restricted	<u>957,158</u>	<u>2,560,223</u>	<u>394,249</u>	<u>2,746,755</u>		<u>6,658,385</u>
<b>Committed:</b>						
Building and Grounds Improvement					180,134	180,134
<b>Assigned:</b>						
Other Purposes	107,474					107,474
Unassigned	574,579			(27,154)		547,425
Total	<u>\$717,775</u>	<u>\$1,198,550</u>	<u>\$2,570,445</u>	<u>\$435,159</u>	<u>\$3,196,233</u>	<u>\$8,118,162</u>

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**22. FUND BALANCE DEFICITS**

The Delphos Sewer debt service fund and the Sheriff Web Check, GIS, Concealed Handgun License, and the Ohio Rehabilitation Services special revenue funds had deficit fund balances of \$2,299, \$225, \$10, \$1,054, and \$23,566 at December 31, 2012. The Delphos Sewer and the Ohio Rehabilitation Services deficits were the result of outstanding advances at year-end. When the advances are repaid within 2013, the deficit fund balances will be eliminated. The Sheriff Web Check, GIS and Concealed Handgun License deficits are the result of the accrual basis accounting. The general fund is liable for the deficits in these funds and will provide operating transfers when cash is required, not when accruals occur.

**23. CONTINGENT LIABILITIES**

**A. Grants**

The County has received federal and State grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant.

At December 31, 2012, the County owed \$365,562 for the repayment of CDBG/HUD dollars from grant year 2008. The grants terms required an environmental study to be done. Although the study was completed, it was never filed with the Ohio Development Services Agency. The County has taken steps to prevent any future oversights. This liability has been show as Due to Other Governments on the balance sheet and the statement of net position.

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

**B. Litigation**

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

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

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
(Passed through Ohio Department of Development)				
Community Development Block Grant/State's Program	BC-09-1CV-1	14.228	\$85,124	
Community Development Block Grant/State's Program	BF-09-1CV-1	14.228	113,632	
Community Development Block Grant/State's Program	BF-10-1CV-1	14.228	12,000	
Community Development Block Grant/State's Program	BC-11-1CV-1	14.228	88,933	
Community Development Block Grant/State's Program	BF-11-1CV-1	14.228	7,634	
Total Community Development Block Grant/State's Program			<u>307,323</u>	
Home Investment Partnership Program	BC-09-1CV-2	14.239	16,902	
Home Investment Partnership Program	BC-11-1CV-2	14.239	<u>39,487</u>	
Total Home Investment Partnership Program			<u>56,389</u>	
Total United States Department of Housing and Urban Development			<u>363,712</u>	
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
(Passed through Ohio Department of Development)				
<b>ARRA</b> Low-Income Home Energy Assistance	<b>ARRA</b>	93.568	334	
Total Low-Income Home Energy Assistance			<u>334</u>	
(Passed through Ohio Department of Job and Family Services)				
Caseworker Visits Admin	JFSFMC12-3270	93.556	7	
Caseworker Visits Admin	JFSFMC13-3270	93.556	10	
Caseworker Visits	JFSFMC12-3270	93.556	48	
Caseworker Visits	JFSFMC13-3270	93.556	100	
Preservation Operating Promoting Safe and Stable Families	JFSFPF12-3270	93.556	2,723	
Preservation Operating Promoting Safe and Stable Families	JFSFPF13-3270	93.556	300	
Preservation Safe and Stable Families	JFSFPF12-3270	93.556	1,905	
Preservation Safe and Stable Families	JFSFPF13-3270	93.556	1,852	
Reunification Operating Safe and Stable Families	JFSFPF12-3270	93.556	2,386	
Reunification Operating Safe and Stable Families	JFSFPF13-3270	93.556	300	
Reunification Safe and Stable Families	JFSFPF12-3270	93.556	2,060	
Reunification Safe and Stable Families	JFSFPF13-3270	93.556	19	
Total Promoting Safe and Stable Families			<u>11,710</u>	
Temporary Assistance for Needy Families				
TANF Earn/Collections	JFSFTF10-3V60	93.558	(945)	
TANF Administration	JFSFTF12-3V60	93.558	225,433	
TANF Administration	JFSFTF13-3V60	93.558	27,264	
TANF Regular	JFSFTF12-3V60	93.558	28,475	
TANF Disaster	JFSFTF12-3V60	93.558	10,281	
TANF Regular	JFSFTF13-3V60	93.558	62,745	
TANF Summer Youth	JFSFTF12-3V60	93.558	61,334	
Total Temporary Assistance for Needy Families			<u>414,587</u>	
Child Support Enforcement - State Match	JFSCS12-3970	93.563	256,668	
Child Support Enforcement - State Match	JFSCS13-3970	93.563	92,070	
Child Support Enforcement - Federal Incentives	JFSCS12-3970	93.563	<u>58,919</u>	
Total Child Support Enforcement			<u>407,657</u>	
Child Care Cluster:				
Child Care and Development Block Grant	JFSFCD12-3H70	93.575	3,691	
Child Care and Development Block Grant	JFSFCD13-3H70	93.575	1,144	
Total Child Care and Development Block Grant			<u>4,835</u>	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	JFSFCM12-3H70	93.596	(1,712)	
Total Child Care Mandatory and Matching Funds of the Child Care and Development Fund			<u>(1,712)</u>	
Total Child Care Cluster			<u>3,123</u>	

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

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
IVB Administration Child Welfare Services	JFSFCW12-3270	93.645	18,271	
IVB Administration Child Welfare Services	JFSFCW13-3270	93.645	9,658	
IVB Child Welfare Services	JFSFCW12-3270	93.645	2,066	
IVB Child Welfare Services	JFSFCW13-3270	93.645	1,000	
Total Stephanie Tubbs Jones Child Welfare Services Program			30,995	
Foster Care Title IV-E Foster Care Administration	2013	93.658	2,222	
	2012	93.658	32,179	
Total Foster Care Title IV-E			34,401	
Adoption Assistance Administration	2013	93.659	574	
	2012	93.659	7,638	
Total Adoption Assistance			8,212	
Social Services Block Grant	JFSFSS12-3960	93.667	85,593	
Social Services Block Grant	JFSFSS13-3960	93.667	27,811	
Social Services Block Grant - Transfer Subsidy	JFSFTX12-3V60	93.667	118,669	
Social Services Block Grant - Transfer Subsidy	JFSFTX13-3V60	93.667	37,896	
(Passed through Ohio Department of Developmental Disabilities)				
Social Services Block Grant	MR-81	93.667	23,685	
Total Social Services Block Grant			293,654	
(Passed through Ohio Department of Job and Family Services)				
Medical Assistance Program	JFSFMT12-3F00	93.778	116,136	
Medical Assistance Program	JFSFMT13-3F00	93.778	30,342	
Medical Assistance Program	JFSFMT12-GRF (50%)	93.778	23,467	
Medical Assistance Program	JFSFMT13-GRF (50%)	93.778	3,676	
(Passed through Ohio Department of Developmental Disabilities)				
Medical Assistance Program	8100012	93.778	25,929	
Total Medical Assistance Program			199,550	
Total United States Department of Health and Human Services			1,404,223	
<b>U.S. ELECTION ASSISTANCE COMMISSION</b>				
(Passed through Ohio Secretary of State)				
Help America Vote Act Requirements Payments	Pollworker Training	90.401	774	
Total United States Election Assistance Commission			774	
<b>UNITED STATES DEPARTMENT OF ENERGY</b>				
(Passed through the Ohio Department of Development)				
ARRA Weatherization Assistance for Low-Income Persons	D10-136	81.042	7,709	
Total United States Department of Energy			7,709	
<b>UNITED STATES DEPARTMENT OF AGRICULTURE FOOD AND NUTRITION SERVICES</b>				
(Passed through the Ohio Department of Education)				
<b>Nutrition Cluster:</b>				
School Breakfast Program	140285	10.553	2,496	
Food Distribution	N/A	10.555		\$2,487
National School Lunch Program	140285	10.555	3,833	
Total Nutrition Cluster			6,329	2,487

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

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
(Passed through Ohio Department of Job and Family Services)				
<b>Food Stamp Cluster:</b>				
FAET	JFSFF112-3840	10.561	8,389	
FAET	JFSFF113-3840	10.561	1,758	
Food Assistance	JFSFFB12-3840	10.561	49,796	
Food Assistance	JFSFFB13-3840	10.561	12,312	
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			72,255	
Total United States Department of Agriculture			78,584	2,487
<b>UNITED STATES ENVIRONMENTAL PROTECTION AGENCY</b>				
Brownfields Assessment and Cleanup Cooperative Agreements	BF- 00E00408 - 0	66.818	132,337	
Total United States Environmental Protection Agency			132,337	
<b>UNITED STATES DEPARTMENT OF TRANSPORTATION</b>				
(Passed through the Ohio Department of Transportation)				
Highway Planning and Construction	STW 2010 Load Ratings #2	20.205	14,550	
Highway Planning and Construction	STW 2011 Load Ratings #3	20.205	11,059	
Highway Planning and Construction	STW 2013 Load Ratings #4	20.205	12,940	
Total United States Department of Transportation			38,549	
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>				
(Passed through the Ohio Department of Health)				
(Passed through Van Wert City School District)				
Special Education - Grants for Infants and Families		84.181	29,217	
Total United States Department of Education			29,217	
Total Federal Assistance			\$2,055,105	\$2,487

*See Accompanying Notes to the Schedule of Federal Awards Expenditures.*

**FINANCIAL CONDITION  
VAN WERT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED DECEMBER 31, 2012**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – CHILD NUTRITION CLUSTER**

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

**NOTE D – FOOD DONATION PROGRAM**

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

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

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

These loans are collateralized by mortgages on the property, personal guarantees, and personal assets.

Activity in the CDBG revolving loan fund during 2012 is as follows:

Beginning loans receivable balance as of January 1, 2012	\$195,807
Loans made	50,100
Loan principal repaid	42,594
Ending loans receivable balance as of December 31, 2012	\$203,313
Cash balance on hand in the revolving loan fund as of December 31, 2012	\$54,176
Administrative costs expended during 2012	\$3,638

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2012, \$8,771 are less than 30 days past due, \$9,998 are greater than 60 days past due and \$63,776 are in default.

**NOTE F – 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.



# Dave Yost • Auditor of State

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

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

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Wert County, (the County) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 9, 2013. Our report refers to other auditors who audited the financial statements of the Thomas Edison Center, a major component unit, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported.

### ***Internal Control Over Financial Reporting***

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

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

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

Financial Condition  
Van Wert County  
Independent Auditor's Report on Internal Control Over Financial Reporting and  
On Compliance and Other Matters Required by *Governmental Auditing Standards*  
Page 2

***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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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



**Dave Yost**  
Auditor of State

Columbus, Ohio

August 9, 2013



# Dave Yost • Auditor of State

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

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

To the Board of County Commissioners:

### ***Report on Compliance for Each Major Federal Program***

We have audited the Van Wert County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Van Wert County's major federal programs for the year ended December 31, 2012. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Government's major federal programs.

### ***Management's Responsibility***

The County's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Basis for Qualified Opinion on Community Development Block Grant***

As described in finding 2012-001 in the accompanying schedule of findings, the County did not comply with requirements regarding Cash Management applicable to its Community Development Block Grant major federal program. Compliance with this requirement is necessary, in our opinion, for the County to comply with requirements applicable to this program.

Financial Condition  
Van Wert County  
Independent Auditors' Report on Compliance with Requirements  
Applicable to Major Federal Programs and on Internal Control Over  
Compliance Required by OMB Circular A-133  
Page 2

***Qualified Opinion on Community Development Block Grant***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Community Development Block Grant* paragraph, Van Wert County complied, in all material respects, with the requirements referred to above that could directly and materially affect its Community Development Block Grant for the year ended December 31, 2012.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, Van Wert County complied in all material respects with the requirements referred to above that could directly and materially affect each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings for the year ended December 31, 2012.

**Other Matters**

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

***Report on Internal Control over Compliance***

The County's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the County's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2012-001 to be a material weakness.

The County's response to our internal control compliance finding is described in the accompanying schedule of findings. We did not audit the County's response and, accordingly, we express no opinion on it.

Financial Condition  
Van Wert County  
Independent Auditors' Report on Compliance with Requirements  
Applicable to Major Federal Programs and on Internal Control Over  
Compliance Required by OMB Circular A-133  
Page 3

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

August 9, 2013

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**VAN WERT COUNTY  
FINANCIAL CONDITION**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2012**

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

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(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)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified for all major federal programs except Community Development Block Grant/State's Program which was qualified.
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Community Development Block Grant/State's Program CFDA # 14.228, Child Support Enforcement CFDA #93.563, Temporary Assistance for Needy Families CFDA #93.558
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

<b>Finding Number</b>	2012-001
<b>CFDA Title and Number</b>	CFDA #14.228 – Community Development Block Grant
<b>Federal Award Number / Year</b>	BF09-1CV-1 and BC11-1CV-1
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance/Material Weakness - Ohio Department of Development Rules and Regulations – Cash Management**

**24 CFR Section 85.21(c)** states that grantees and sub-grantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of funds and their disbursement by the grantee or sub-grantee.

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

On January 15, 2012, the County had a BC09-1CV-1 grant balance of \$69,020 and maintained a balance in excess of \$25,000 during the months of January 2012 through April 2012.

In addition, the County maintained a balance in excess of \$6,000 during the months of July 2012 through November 2012 for grant BC11-1CV-1.

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

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

**Client's Response:**

The B-C-09-1CV-1 grant funds were requested before I the grant administrator fully understood the fifteen day rule. I became the Grant Administrator in July 2010 and in my efforts to complete the grant I had requested the funds all at once. After training at Salt Fork I realized the proper procedures. The B-C-11-1CV-1 grant we have improved but still struggle with complying due to the information from contractors not always accurate and trying to draw the funds and pay in a timely way. We will continue to request and draw the funds as required by the fifteen day rule.

**VAN WERT COUNTY  
FINANCIAL CONDITION**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
DECEMBER 31, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2011-01	<b>24 CFR Section 85.21(c) and Ohio Department of Development Cash Management Rules and Regulations Section (A)(3)(f): Community Development Block Grant CFDA# 14.228</b>	No	Not corrected. See finding 2012-001
2011-02	<b>2 CFR Appendix A to Part 215 (3) Davis-Bacon Act: Highway Planning and Construction CFDA# 20.205</b>	Yes	

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

**CORRECTIVE ACTION PLAN  
*OMB CIRCULAR A -133 § .315 (c)*  
DECEMBER 31, 2012**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2012-001	See Corrective Action Plan within the Officials Response on page 88	12/31/13	Grant Administrator, Mike Jackson



# Dave Yost • Auditor of State

## VAN WERT COUNTY FINANCIAL CONDITION

### VAN WERT COUNTY

#### CLERK'S CERTIFICATION

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

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED  
SEPTEMBER 10, 2013