



Dave Yost • Auditor of State

**FINANCIAL CONDITION
VAN WERT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Wert County, (the County), as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the component unit, Thomas Edison Center, which represents fifty-eight percent of assets, sixty-two percent of net assets, and seventy-four percent of revenues for the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the County, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. The other auditors audited the financial statements of Thomas Edison Center, a discretely presented component unit, in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions. We believe that our audit and the report of other auditors provide a reasonable basis for our 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, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Motor Vehicle and Gas Tax, Thomas Edison, and Brumback Library Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 20, during the year ended December 31, 2011, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2012, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements taken as a whole. The Schedule of Federal Awards Expenditures provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule of Federal Awards Expenditures is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

October 2, 2012

**FINANCIAL CONDITION
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
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, 2011.

FINANCIAL HIGHLIGHTS

The County's total net assets decreased \$645,812 during 2011. Net assets of governmental activities decreased \$668,028 (2%). Net assets of business-type activities increased by \$22,216 (2%). The County received less grants and contributions for its human services program (a 17% decrease) which contributed to the decrease in governmental net assets.

The General Fund transferred \$102,074 for debt service obligations. The General Fund transferred \$55,209 to the Department of Job and Family Services, \$22,200 to the CSEA, \$25,000 to the clerk computer fund, and \$128 to Reclaim Ohio fund.

Business-type operations reflected an operating income, since charges for services covered operating expenses. Business-type unrestricted net assets are \$405,198.

Capital assets used in governmental activities decreased \$201,314. The County resurfaced some road and replaced bridges. In addition a number of vehicles were added to capital assets during 2011.

For 2011, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. Implementing this statement resulted in a reclassification of various funds of the County. The recorder supplemental equipment, certificate of title administration and the indigent application funds which were previously shown with other governmental funds are now combined with the general fund. In addition, the senior citizens levy fund and the tri-county mental health levy fund were reclassified from agency funds to special revenue funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

**FINANCIAL CONDITION
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED
(Continued)**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Assets and the Statement of Activities

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

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

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

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

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

FUND FINANCIAL STATEMENTS

The analysis of the County's major funds begins on page 8. Fund financial statements provide detailed information about the County's major funds – not the County as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the County Auditor, with the approval of the County Commissioners, to help control, manage and report money received for a particular purpose or to show that the County is meeting legal responsibilities for use of grants. Van Wert County's major funds are General, Motor Vehicle and Gas Tax, Thomas Edison, Brumback Library, and Recycling. The County chose to present the Brumback Library as a major fund due to the unique nature of the fund.

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

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

**FINANCIAL CONDITION
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED
(Continued)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As stated previously, the Statement of Net Assets looks at the County as a whole. The following table provides a summary of the County's net assets for 2011 compared to 2010.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2011</u>	<u>2010 - Restated</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010 - Restated</u>
Assets:						
Current and Other Assets	\$18,552,625	\$18,089,596	\$ 448,287	\$ 359,273	\$19,000,912	\$18,448,869
Capital Assets	23,959,827	24,161,141	583,230	666,794	24,543,057	24,827,935
Total Assets	<u>42,512,452</u>	<u>42,250,737</u>	<u>1,031,517</u>	<u>1,026,067</u>	<u>43,543,969</u>	<u>43,276,804</u>
Liabilities:						
Current and Other Liabilities	5,087,159	3,763,410	28,874	37,966	5,116,033	3,801,376
Long-Term Liabilities:						
Due Within One Year	812,119	891,670	9,605	9,833	821,724	901,503
Due in More Than One Year	5,954,247	6,268,702	64,610	72,056	6,018,857	6,340,758
Total Liabilities	<u>11,853,525</u>	<u>10,923,782</u>	<u>103,089</u>	<u>119,855</u>	<u>11,956,614</u>	<u>11,043,637</u>
Net Assets:						
Invested in Capital:						
Assets, Net of Related Debt	22,447,174	22,536,254	523,230	601,794	22,970,404	23,138,048
Restricted	10,799,935	11,427,757			10,799,935	11,427,757
Unrestricted (Deficit)	(2,588,182)	(2,637,056)	405,198	304,418	(2,182,984)	(2,332,638)
Total Net Assets	<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>

Total assets of governmental activities increased \$261,715. Current and other assets increased \$463,029. Capital assets decreased \$201,314. The County resurfaced roads, improved bridges and purchased some vehicles during 2011.

Net assets of governmental activities decreased \$668,028 (2%). The County received less grants and contributions for its human services program (a 17% decrease) which contributed to the decrease in governmental net assets.

Net assets of business-type activities increased by \$22,216 (2%). Business-type activities reported an operating income in 2011 after reporting an operating loss during 2010.

The following table shows the changes in net assets for 2011 compared with 2010:

**FINANCIAL CONDITION
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED
(Continued)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2011</u>	<u>2010 - Restated</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010 - Restated</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 3,407,486	\$ 3,680,889	\$648,763	\$545,375	\$ 4,056,249	\$ 4,226,264
Operating Grants, Contributions and Interest	8,875,017	9,475,193			8,875,017	9,475,193
Capital Grants and Contributions	802,641	253,923			802,641	253,923
Total Program Revenues	<u>13,085,144</u>	<u>13,410,005</u>	<u>648,763</u>	<u>545,375</u>	<u>13,733,907</u>	<u>13,955,380</u>
General Revenues:						
Property and Other Taxes	3,274,843	2,605,746			3,274,843	2,605,746
Permissive Sales Tax	3,558,204	3,773,437			3,558,204	3,773,437
Grants and Entitlements	1,424,540	1,647,514			1,424,540	1,647,514
All Other Categories	568,777	755,383	13		568,790	755,383
Total General Revenues	<u>8,826,364</u>	<u>8,782,080</u>	<u>13</u>		<u>8,826,377</u>	<u>8,782,080</u>
Total Revenues	<u>21,911,508</u>	<u>22,192,085</u>	<u>648,776</u>	<u>545,375</u>	<u>22,560,284</u>	<u>22,737,460</u>
Program Expenses:						
General Government:						
Legislative and Executive	4,804,675	4,551,450			4,804,675	4,551,450
Judicial	1,336,297	1,372,115			1,336,297	1,372,115
Public Safety	3,060,993	2,885,954			3,060,993	2,885,954
Public Works	4,502,116	4,347,318			4,502,116	4,347,318
Health	117,410	108,009			117,410	108,009
Human Services	7,083,004	6,261,233			7,083,004	6,261,233
Conservation and Recreation	4,711	5,193			4,711	5,193
Economic Development and Assistance	1,342,120	908,944			1,342,120	908,944
Intergovernmental	80,347	195,886			80,347	195,886
Debt Service Costs	247,863	259,218			247,863	259,218
Recycling			626,560	584,592	626,560	584,592
Total Expenses	<u>22,579,536</u>	<u>20,895,320</u>	<u>626,560</u>	<u>584,592</u>	<u>23,206,096</u>	<u>21,479,912</u>
Excess (Deficit) Before:						
Transfers	(668,028)	1,296,765	22,216	(39,217)	(645,812)	1,257,548
Transfers		<u>2,494</u>		<u>(2,494)</u>		
Increase (Decrease) in Net Assets	(668,028)	1,299,259	22,216	(41,711)	(645,812)	1,257,548
Net Assets Beginning of Year	<u>31,326,955</u>	<u>30,027,696</u>	<u>906,212</u>	<u>947,923</u>	<u>32,233,167</u>	<u>30,975,619</u>
Net Assets End 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>

**FINANCIAL CONDITION
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED
(Continued)**

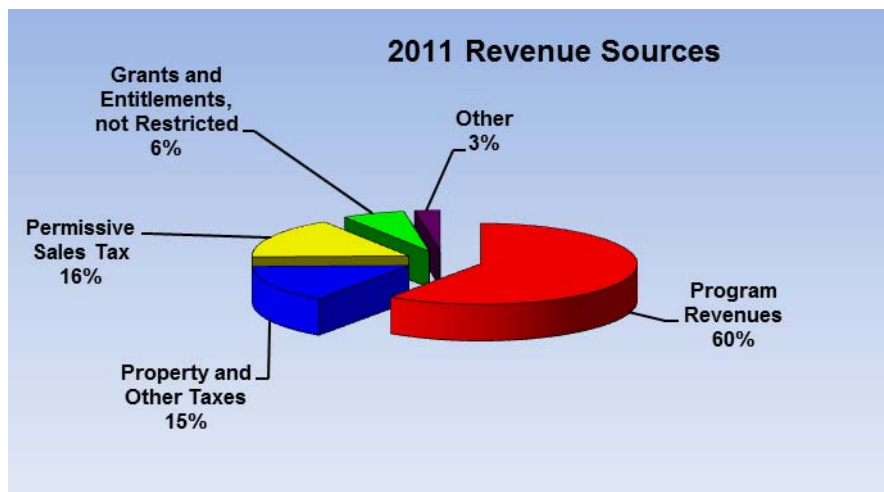
Governmental Activities

Program revenues make up 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 2011, the County received monies from the Ohio Department of Transportation LPA program for the resurfacing of Lincoln Highway which are shown as capital grants and contributions. Operating grants, contributions and interest fell due to a decrease in grants for the Thomas Edison and DJFS.

The County's direct charges to users of governmental services made up around 16% of total governmental revenues for 2011. 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 \$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.



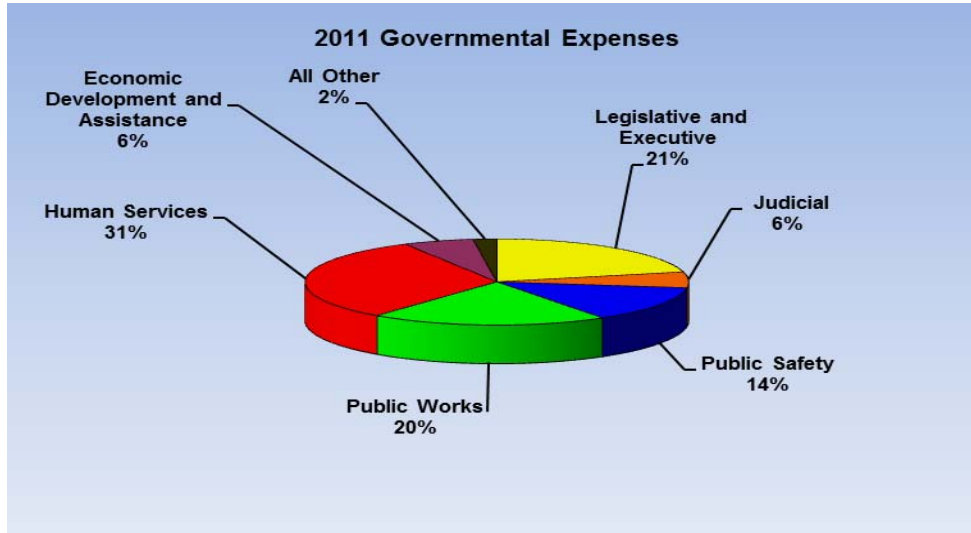
Legislative and executive, public safety and human services expenses have all increased during 2011. As a result of a recovering economy and previous cost cutting measures, effective April 1, 2011, the County was able to eliminate their furlough program. In an effort to conserve County General Funds, 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.

Public works expenses increased during 2011. The County is working on sewer construction projects for Rt. 127, Rt. 118, and Richey Road which are included as public works expenses. The assets built under this construction will belong to the City of Van Wert. In addition, the County is working on a sewer construction project for Overholt addition. The County has received 0% interest loans from the OWDA to cover the work along with federal ARRA monies. Also during 2011, the County resurfaced Lincoln highway.

**FINANCIAL CONDITION
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED
(Continued)**

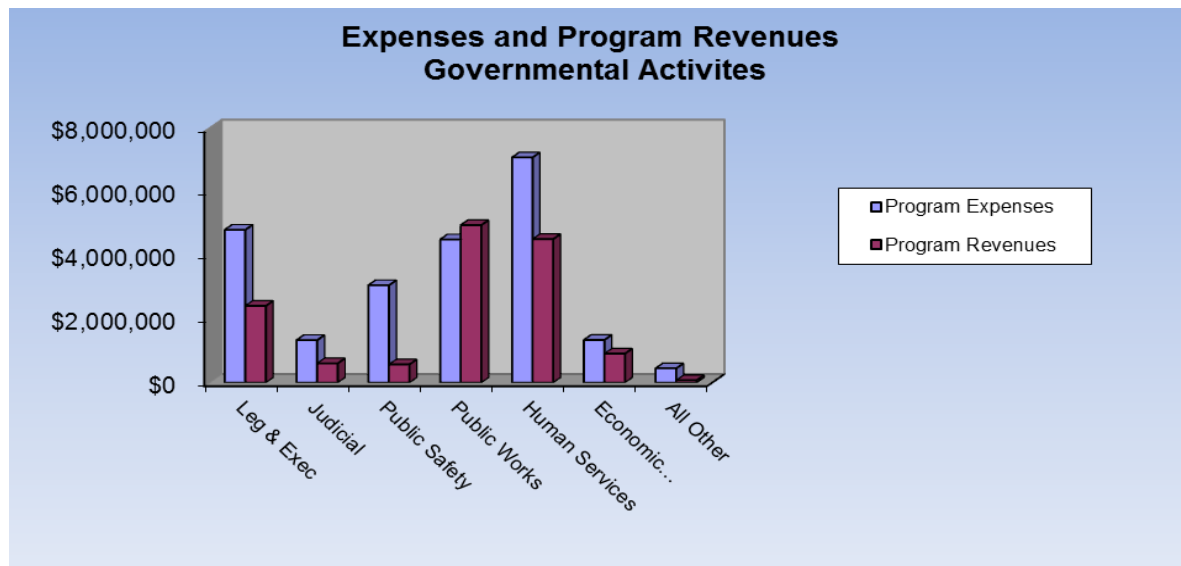
Expenses for Economic Development and Assistance increased during 2011 as a result of an increase in CDBG expenses which are mainly paid for by operating grants.



The legislative and executive expenses of the County rely heavily on general revenues to support the program. \$2.4 million of legislative and executive expenses (50%) were covered by general revenues.

For public safety, the net cost of services of \$2.6 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 \$3.3 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, 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, 2011
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Business-Type Activities

The net assets for business-type activities increased by \$22,216 during 2011. Charges for services for recycling is the largest revenue source for business-type activities revenues. These charges for services were able to cover the cost of operations during 2011.

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 16. These funds are reported using the modified accrual basis of accounting. All Governmental funds had total revenues of \$22.9 million and expenditures of \$23 million. The General fund balance decreased by \$63,990. Within the General Fund, revenues exceeded expenses by \$114,477. Transfers to other funds such as the Debt Service funds and other Special Revenue funds totaled \$204,611. The General Fund transferred \$102,074 for debt service obligations. The General Fund transferred \$55,209 to the Department of Job and Family Services, \$22,200 to the CSEA, \$25,000 to the clerk computer fund, and \$128 to Reclaim Ohio fund.

Unrestricted General fund balance equals \$909,320, 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. Unrestricted fund balance represents approximately 12% (down from 12.7% in prior year) of total General Fund expenditures.

The Motor Vehicle and Gas Tax fund balance increased \$91,989. Fund balance at December 31, 2011, was \$1,992,437. The Thomas Edison fund balance decreased \$113,312. Fund balance at December 31, 2011, was \$2,058,247. The Brumback Library fund balance decreased \$37,938, while fund balance at year-end was \$516,396.

Enterprise Fund

The enterprise fund reflects an operating income for 2011. Charges for services for Recycling services have historically been established to ensure that on a cash basis, fees are adequate to cover operations. The County Commissioners have set fees with the intention of funding operating costs and debt service.

The statement of cash flows has a net cash increase of \$86,947. This occurred as result of charges for services exceeding operating expenses for 2011.

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).

**FINANCIAL CONDITION
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED
(Continued)**

During 2011, 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 \$123,781. Original General Fund budgeted revenues were also adjusted due to higher than anticipated permissive sales tax revenue. Actual receipts were \$145,161 (2%) higher than what were originally estimated. However, permissive sales tax actual receipts were 13% higher than what was originally anticipated.

Appropriations for the Motor Vehicle and Gas Tax fund were increased \$1,029,104. Appropriations were increased primarily for road projects.

Thomas Edison decreased anticipated receipts due to a decrease of revenues from the State and other governments. Revenues from State and other governments were almost \$300,000 less than what 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 \$93,907 less than appropriated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital Assets, Net of Depreciation

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
	Land	\$ 301,510	\$ 301,510			\$ 301,510
Land Improvements	20,399	20,399			20,399	20,399
Buildings	11,535,222	11,822,108	\$268,603	\$277,363	11,803,825	12,099,471
Machinery and Equipment	249,855	234,201	110,305	141,312	360,160	375,513
Furniture and Fixtures	14,025	22,586			14,025	22,586
Vehicles	1,367,671	1,575,033	204,322	248,119	1,571,993	1,823,152
Infrastructure	10,471,145	10,185,304			10,471,145	10,185,304
Construction in Progress						
	<u>\$23,959,827</u>	<u>\$24,161,141</u>	<u>\$583,230</u>	<u>\$666,794</u>	<u>\$24,543,057</u>	<u>\$24,827,935</u>

Additions to governmental capital assets were primarily to roads (Lincoln Highway resurfacing), vehicles and bridges.

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

Long-Term Debt

At December 31, 2011, Van Wert County had \$6,025,003 long-term debt outstanding.

Outstanding Long-Term Debt at Year End

	Governmental Activities		Business-Type Activities	
	2011	2010	2011	2010
	General Obligation Notes	\$1,420,147	\$1,592,997	\$60,000
OWDA Loan	634,245	665,932		
General Obligation Bonds	3,849,431	4,050,992		
Capital Leases	121,180	50,853		
	<u>\$6,025,003</u>	<u>\$6,360,774</u>	<u>\$60,000</u>	<u>\$65,000</u>

**FINANCIAL CONDITION
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED
(Continued)**

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, 2011, are an overall debt margin of \$10,536,043 and an un-voted debt margin of \$3,979,670. 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 ASSETS
DECEMBER 31, 2011**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$8,215,980	\$207,546	\$8,423,526
Cash and Cash Equivalents in Segregated Accounts	52,708		52,708
Cash and Cash Equivalents with Fiscal Agents	142		142
Accrued Interest Receivable	4,666		4,666
Accounts Receivable (Net, where applicable, of Uncollectible Accounts)	219,605	243,189	462,794
Permissive Sales Tax Receivable	626,364		626,364
Due from Other Governments	3,994,029		3,994,029
Internal Balances	2,582	(2,582)	
Prepaid Items	64,628	134	64,762
Supplies Inventory	400,083		400,083
Property Taxes Receivable	3,696,527		3,696,527
Permissive Motor Vehicle License Tax Receivable	7,934		7,934
Tax Increment Financing Receivable	392,309		392,309
Loans Receivable	310,715		310,715
Special Assessments Receivable	264,861		264,861
Investments in Segregated Accounts	299,492		299,492
Depreciable Capital Assets, Net	23,637,918	583,230	24,221,148
Nondepreciable Capital Assets, Net	321,909		321,909
Total Assets	42,512,452	1,031,517	43,543,969
Liabilities:			
Accounts Payable	599,832	4,224	604,056
Accrued Salaries Payable	298,771	10,503	309,274
Due to Other Governments	473,271	14,057	487,328
Accrued Interest Payable	19,837	90	19,927
Compensatory Time Payable	54,786		54,786
Deferred Revenue	3,640,662		3,640,662
Long-Term Liabilities:			
Due Within One Year	812,119	9,605	821,724
Due in More Than One Year	5,954,247	64,610	6,018,857
Total Liabilities	11,853,525	103,089	11,956,614
Net Assets			
Invested in Capital Assets, Net of Related Debt	22,447,174	523,230	22,970,404
Restricted for:			
Other Purposes	10,360,563		10,360,563
Capital Projects	439,372		439,372
Unrestricted (Deficit)	(2,588,182)	405,198	(2,182,984)
Total Net Assets	\$30,658,927	\$928,428	\$31,587,355

See accompanying notes to the basic financial statements.

Component Units		
Thomas Edison Center	Van Wert County Port Authority	Van Wert County Airport Authority
	\$259,014	
\$90,222		\$13,669
5,750		
75,243		7,789
		640
5,455		26,629
1,398,554		
971,928	8,298	1,269,371
	56,352	228,633
<u>2,547,152</u>	<u>323,664</u>	<u>1,546,731</u>
44,709	249,676	2,914
13,167		1,299
		681
		250
5,059		12,040
18,619		116,545
<u>81,554</u>	<u>249,676</u>	<u>133,729</u>
948,250	64,650	1,369,899
59,430		
1,457,918	9,338	43,103
<u>\$2,465,598</u>	<u>\$73,988</u>	<u>\$1,413,002</u>

**FINANCIAL CONDITION
VAN WERT COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities:				
General Government:				
Legislative and Executive	\$4,804,675	\$1,656,619	\$744,055	
Judicial	1,336,297	510,965	66,061	
Public Safety	3,060,993	268,146	241,613	
Public Works	4,502,116	466,864	3,491,032	\$802,641
Health	117,410	64,411		
Human Services	7,083,004	436,729	3,386,322	
Conservation and Recreation	4,711		10,300	
Economic Development and Assistance	1,342,120	476	935,634	
Intergovernmental	80,347			
Interest and Fiscal Charges	247,863	3,276		
Total Governmental Activities	22,579,536	3,407,486	8,875,017	802,641
Business-Type Activity:				
Recycling	626,560	648,763		
Total Primary Government	23,206,096	4,056,249	8,875,017	\$802,641
Component Units:				
Thomas Edison Center	768,868	547,369	263,306	
Van Wert County Port Authority	488,501	11,726		
Van Wert County Airport Authority	326,818	227,393	34,195	\$6,048
Total Component Units	\$1,584,187	\$786,488	\$297,501	\$6,048

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 Assets

Net Assets Beginning of Year - Restated

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units		
Governmental Activities	Business-Type Activity	Total	Thomas Edison Center	Van Wert County Port Authority	Van Wert County Airport Authority
(\$2,404,001)		(\$2,404,001)			
(759,271)		(759,271)			
(2,551,234)		(2,551,234)			
258,421		258,421			
(52,999)		(52,999)			
(3,259,953)		(3,259,953)			
5,589		5,589			
(406,010)		(406,010)			
(80,347)		(80,347)			
(244,587)		(244,587)			
<u>(9,494,392)</u>		<u>(9,494,392)</u>			
	\$22,203	22,203			
<u>(9,494,392)</u>	<u>22,203</u>	<u>(9,472,189)</u>			
			\$41,807		
				(\$476,775)	
					(\$59,182)
			<u>41,807</u>	<u>(476,775)</u>	<u>(59,182)</u>
944,985		944,985			
1,384,932		1,384,932			
851,502		851,502			
93,424		93,424			
3,558,204		3,558,204			
1,424,540		1,424,540			
114,616		114,616	(5,897)		
392,309		392,309			
61,852	13	61,865			
<u>8,826,364</u>	<u>13</u>	<u>8,826,377</u>	<u>(5,897)</u>		
(668,028)	22,216	(645,812)	35,910	(476,775)	(59,182)
<u>31,326,955</u>	<u>906,212</u>	<u>32,233,167</u>	<u>2,429,688</u>	<u>550,763</u>	<u>1,472,184</u>
<u>\$30,658,927</u>	<u>\$928,428</u>	<u>\$31,587,355</u>	<u>\$2,465,598</u>	<u>\$73,988</u>	<u>\$1,413,002</u>

**FINANCIAL CONDITION
VAN WERT COUNTY**

**BALANCE SHEET
GPVERNMENTAL FUNDS
DECEMBER 31, 2011**

	General	Motor Vehicle and Gas Tax
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$1,021,968	\$1,635,751
Cash and Cash Equivalents in Segregated Accounts	49	14,014
Cash and Cash Equivalents with Fiscal Agents		
Investments in Segregated Accounts		
Receivables:		
Property Taxes	1,131,536	
Permissive Motor Vehicle License Tax		7,934
Permissive Sales Tax	626,364	
Accounts (Net, where applicable, of Uncollectible Accounts)	217,828	
Special Assessments		
Interfund	56,521	25,535
Accrued Interest	4,666	
Tax Increment Financing Receivable		
Due from Other Governments	429,272	1,669,803
Prepaid Items	18,041	669
Supplies Inventory	11,853	377,907
Loans Receivable		
Total Assets	3,518,098	3,731,613
Liabilities and Fund Balances:		
Liabilities:		
Accounts Payable	117,036	221,138
Accrued Salaries Payable	131,376	42,593
Due to Other Governments	203,849	62,508
Interfund Payable	6,093	500
Compensated Absences Payable		
Deferred Revenue	2,069,670	1,412,437
Total Liabilities	2,528,024	1,739,176
Fund Balances:		
Non-spendable	47,749	378,576
Restricted		1,613,861
Committed		
Assigned	33,005	
Unrestricted	909,320	
Total Fund Balances	990,074	1,992,437
Total Liabilities and Fund Balances	\$3,518,098	\$3,731,613

See accompanying notes to the basic financial statements.

Thomas Edison	Brumback Library	Other Governmental Funds	Total Governmental Funds
\$2,156,986	\$132,735	\$3,268,540	\$8,215,980
	17,773	20,872	52,708
142			142
	299,492		299,492
1,678,904	151,506	734,581	3,696,527
			7,934
			626,364
183		1,594	219,605
		264,861	264,861
		44,928	126,984
			4,666
		392,309	392,309
345,224	378,293	1,171,475	3,994,067
1,658	39,938	4,322	64,628
		10,323	400,083
		310,715	310,715
<u>4,183,097</u>	<u>1,019,737</u>	<u>6,224,520</u>	<u>18,677,065</u>
58,834	5,116	197,708	599,832
44,420	15,682	64,700	298,771
65,723	12,619	128,496	473,195
4,891	254	112,664	124,402
		12,038	12,038
1,950,982	469,670	2,471,096	8,373,855
<u>2,124,850</u>	<u>503,341</u>	<u>2,986,702</u>	<u>9,882,093</u>
1,658	39,938	325,360	793,281
2,056,589	476,458	2,731,810	6,878,718
		180,648	180,648
			33,005
			909,320
<u>2,058,247</u>	<u>516,396</u>	<u>3,237,818</u>	<u>8,794,972</u>
<u>\$4,183,097</u>	<u>\$1,019,737</u>	<u>\$6,224,520</u>	<u>\$18,677,065</u>

**FINANCIAL CONDITION
VAN WERT COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2011**

Total Governmental Fund Balances	\$8,794,972
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets reported in governmental activities are not financial resources and therefore are not reported in the funds.	23,959,827
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Property and Other Taxes	\$55,865	
Tax Increment Financing	392,309	
Permissive Sales Tax	313,381	
Intergovernmental	3,464,927	
Charges for Services	94,504	
Fines and Forfeitures	195,857	
Special Assessments	215,246	
Other	990	
Total	4,733,079	

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	(19,837)	
General Obligation Notes	(1,420,147)	
General Obligation Bonds	(3,849,431)	
Capital Leases	(121,180)	
Compensatory Time Payable	(42,748)	
OWDA Loan	(634,245)	
Compensated Absences	(741,363)	
Total	(6,828,951)	

Net Assets of Governmental Activities	\$30,658,927
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See accompanying notes to the basic financial statements.

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**FINANCIAL CONDITION
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Motor Vehicle and Gas Tax
Revenues:		
Property Taxes	\$956,207	
Permissive Sales Tax	3,913,561	
Permissive Motor Vehicle License Tax		\$93,424
Intergovernmental	1,028,897	3,534,567
Charges for Services	1,146,584	128,069
Licenses and Permits	1,278	
Fines and Forfeitures	152,933	73,296
Special Assessments		
Interest	108,823	1,800
Tax Increment Financing		
Other	378,078	1,000
Total Revenues	7,686,361	3,832,156
Expenditures:		
Current:		
General Government:		
Legislative and Executive	3,271,030	
Judicial	1,176,462	
Public Safety	2,633,119	
Public Works	33,069	3,740,167
Health	52,081	
Human Services	249,597	
Conservation and Recreation	4,711	
Economic Development and Assistance	30,500	
Capital Outlay	40,968	
Intergovernmental	80,347	
Debt Service:		
Principal Retirement		
Interest and Fiscal Charges		
Total Expenditures	7,571,884	3,740,167
 Excess of Revenues Over (Under) Expenditures	 114,477	 91,989
 Other Financing Sources (Uses):		
Sale of Capital Assets	20,255	
Inception of Capital Lease		
Proceeds of OWDA Loan		
Transfers In	5,889	
Transfers Out	(204,611)	
Total Other Financing Sources (Uses)	(178,467)	
 Net Change in Fund Balances	 (63,990)	 91,989
 Fund Balances Beginning of Year - Restated	 1,054,064	 1,900,448
 Fund Balances (Deficit) End of Year	 \$990,074	 \$1,992,437

See accompanying notes to the basic financial statements.

Thomas Edison	Brumback Library	Other Governmental Funds	Total Governmental Funds
\$1,407,385	\$150,125	\$704,181	\$3,217,898
			3,913,561
			93,424
1,574,079	765,971	4,892,780	11,796,294
102,578	4,282	801,945	2,183,458
		70,501	71,779
	8,696	43,387	278,312
		253,812	253,812
	2,045	6,326	118,994
		387,412	387,412
6,509	27,158	164,208	576,953
<u>3,090,551</u>	<u>958,277</u>	<u>7,324,552</u>	<u>22,891,897</u>
	996,215	474,669	4,741,914
		159,963	1,336,425
		326,069	2,959,188
		906,885	4,680,121
		60,681	112,762
3,088,940		3,557,160	6,895,697
			4,711
		1,215,171	1,245,671
98,388		7,977	147,333
			80,347
28,061		469,055	497,116
1,633		247,214	248,847
<u>3,217,022</u>	<u>996,215</u>	<u>7,424,844</u>	<u>22,950,132</u>
<u>(126,471)</u>	<u>(37,938)</u>	<u>(100,292)</u>	<u>(58,235)</u>
			20,255
98,388			98,388
		62,957	62,957
		302,575	308,464
(85,229)		(18,624)	(308,464)
<u>13,159</u>		<u>346,908</u>	<u>181,600</u>
(113,312)	(37,938)	246,616	123,365
<u>2,171,559</u>	<u>554,334</u>	<u>2,991,202</u>	<u>8,671,607</u>
<u>\$2,058,247</u>	<u>\$516,396</u>	<u>\$3,237,818</u>	<u>\$8,794,972</u>

**FINANCIAL CONDITION
VAN WERT COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011**

Net Change in Fund Balances - Total Governmental Funds \$123,365

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	\$1,204,249	
Depreciation	(1,119,575)	
Excess of Capital Outlay Over Depreciation Expense		84,674

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. (285,988)

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	(36,479)	
Tax Increment Financing	4,897	
Permissive Sales Tax	(9,357)	
Intergovernmental	(1,001,119)	
Charges for Services	11,250	
Fines and Forfeitures	34,331	
Special Assessments	(3,305)	
Other	(862)	
Total		(1,000,644)

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

Capital Leases Payable	(98,388)	
OWDA Loan	(62,957)	
Total		(161,345)

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

General Obligation Note Principal Payments	172,850	
General Obligation Bonds Principal Payments	201,561	
OWDA Loan	94,644	
Capital Lease Principal Payments	28,061	
Total		497,116

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	984	
Compensatory Time Payable	15,575	
Compensated Absences	58,235	
Total		74,794

Change in Net Assets of Governmental Activities (\$668,028)

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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Property Taxes	\$947,000	\$956,216	\$956,454	\$238
Permissive Sales Tax	3,450,000	3,833,249	3,906,018	72,769
Intergovernmental	1,061,705	1,041,542	1,042,884	1,342
Charges for Services	1,097,525	930,714	933,991	3,277
Licenses and Permits	2,000	2,000	1,278	(722)
Fines and Forfeitures	163,000	156,084	153,020	(3,064)
Interest	150,500	109,500	109,018	(482)
Other	496,773	465,188	390,857	(74,331)
Total Revenues	<u>7,368,503</u>	<u>7,494,493</u>	<u>7,493,520</u>	<u>(973)</u>
Expenditures:				
Current:				
General Government:				
Legislative and Executive	3,232,560	3,303,802	3,191,177	112,625
Judicial	1,326,307	1,329,090	1,216,204	112,886
Public Safety	2,883,717	2,923,899	2,669,873	254,026
Public Works	30,138	33,583	32,452	1,131
Health	50,113	52,373	52,086	287
Human Services	249,233	258,200	249,111	9,089
Economic Development and Assistance	30,500	30,500	30,500	
Intergovernmental	93,072	92,552	88,072	4,480
Total Expenditures	<u>7,895,640</u>	<u>8,023,999</u>	<u>7,529,475</u>	<u>494,524</u>
Excess of Revenues Over (Under) Expenditures	<u>(527,137)</u>	<u>(529,506)</u>	<u>(35,955)</u>	<u>493,551</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	5,000	17,651	20,255	2,604
Transfers - In	26,000	30,400	30,889	489
Transfers - Out	(320,600)	(316,022)	(204,611)	111,411
Total Other Financing Sources (Uses)	<u>(289,600)</u>	<u>(267,971)</u>	<u>(153,467)</u>	<u>114,504</u>
Net Change in Fund Balance	(816,737)	(797,477)	(189,422)	608,055
Fund Balance Beginning of Year	696,183	696,183	696,183	
Prior Year Encumbrances Appropriated	139,207	139,207	139,207	
Fund Balance End of Year	<u>\$18,653</u>	<u>\$37,913</u>	<u>\$645,968</u>	<u>\$608,055</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Permissive Motor Vehicle License Tax	\$101,000	\$101,000	\$93,006	(\$7,994)
Intergovernmental	3,330,800	3,330,800	3,535,098	204,298
Charges for Services	105,500	105,500	175,347	69,847
Fines and Forfeitures	65,000	65,000	74,536	9,536
Interest	2,000	2,000	1,915	(85)
Other			1,000	1,000
Total Revenues	<u>3,604,300</u>	<u>3,604,300</u>	<u>3,880,902</u>	<u>276,602</u>
Expenditures:				
Current:				
Public Works	<u>3,717,565</u>	<u>4,746,669</u>	<u>3,825,283</u>	<u>921,386</u>
Net Change in Fund Balance	(113,265)	(1,142,369)	55,619	1,197,988
Fund Balance at Beginning of Year	1,198,503	1,198,503	1,198,503	
Prior Year Encumbrances Appropriated	<u>95,965</u>	<u>95,965</u>	<u>95,965</u>	
Fund Balance at End of Year	<u>\$1,181,203</u>	<u>\$152,099</u>	<u>\$1,350,087</u>	<u>\$1,197,988</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, 2011**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property Taxes	\$1,395,000	\$1,395,000	\$1,413,312	\$18,312
Intergovernmental	1,853,695	1,611,668	1,558,985	(52,683)
Charges for Services	70,500	70,500	111,667	41,167
Other	6,500	6,500	7,715	1,215
Total Revenues	<u>3,325,695</u>	<u>3,083,668</u>	<u>3,091,679</u>	<u>8,011</u>
Expenditures:				
Current:				
Human Services	<u>3,419,908</u>	<u>3,434,688</u>	<u>3,228,459</u>	<u>206,229</u>
Excess of Revenues Over (Under) Expenditures	(94,213)	(351,020)	(136,780)	214,240
Other Financing Uses:				
Transfers Out	<u>(80,000)</u>	<u>(85,229)</u>	<u>(85,229)</u>	
Net Change in Fund Balance	(174,213)	(436,249)	(222,009)	214,240
Fund Balance at Beginning of Year	2,113,227	2,113,227	2,113,227	
Prior Year Encumbrances Appropriated	<u>86,508</u>	<u>86,508</u>	<u>86,508</u>	
Fund Balance at End of Year	<u>\$2,025,522</u>	<u>\$1,763,486</u>	<u>\$1,977,726</u>	<u>\$214,240</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, 2011**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property Taxes	\$150,000	\$150,000	\$150,854	\$854
Intergovernmental	589,800	769,000	769,965	965
Charges for Services	2,500	2,500	4,282	1,782
Fines and Forfeitures	10,000	10,000	8,707	(1,293)
Other	16,100	16,100	26,523	10,423
Total Revenues	<u>768,400</u>	<u>947,600</u>	<u>960,331</u>	<u>12,731</u>
Expenditures:				
Current:				
General Government:				
Legislative and Executive	<u>914,838</u>	<u>1,094,117</u>	<u>1,000,210</u>	<u>93,907</u>
Net Change in Fund Balance	(146,438)	(146,517)	(39,879)	106,638
Fund Balance at Beginning of Year	163,967	163,967	163,967	
Prior Year Encumbrances Appropriated	<u>1,438</u>	<u>1,438</u>	<u>1,438</u>	
Fund Balance at End of Year	<u>\$18,967</u>	<u>\$18,888</u>	<u>\$125,526</u>	<u>\$106,638</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
VAN WERT COUNTY**

**STATEMENT OF FUND NET ASSETS
ENTERPRISE FUND
DECEMBER 31, 2011**

	Recycling
Assets:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$207,546
Accounts Receivable	243,189
Prepaid Items	134
Total Current Assets	450,869
Non-current Assets:	
Depreciable Capital Assets, Net	583,230
Total Assets	1,034,099
Liabilities:	
Current Liabilities:	
Accounts Payable	4,224
Accrued Salaries Payable	10,503
Interfund Payable	2,582
Due to Other Governments	14,057
Accrued Interest Payable	90
Compensated Absences Payable	6,105
Note Payable	3,500
Total Current Liabilities	41,061
Long-Term Liabilities:	
Compensated Absences Payable	8,110
Note Payable	56,500
Total Long-Term Liabilities	64,610
Total Liabilities	105,671
Net Assets:	
Invested in Capital Assets	523,230
Unrestricted	405,198
Total Net Assets	\$928,428

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
VAN WERT COUNTY**

**STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Recycling</u>
Operating Revenues:	
Charges for Services	\$648,763
Other	13
Total Operating Revenues	<u>648,776</u>
Operating Expenses:	
Personal Services	388,120
Contractual Services	82,864
Materials and Supplies	64,532
Depreciation	83,564
Other	6,332
Total Operating Expenses	<u>625,412</u>
Operating Income	23,364
Non-Operating Expenses:	
Interest and Fiscal Charges	<u>(1,148)</u>
Change in Net Assets	22,216
Net Assets Beginning of Year	<u>906,212</u>
Net Assets End of Year	<u><u>\$928,428</u></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, 2011**

	Recycling
Increase (Decrease) in Cash and Cash Equivalents:	
Cash Flows from Operating Activities	
Cash Received from Customers and Support	\$661,527
Cash Payments for Employee Services and Benefits	(390,087)
Cash Payments to Suppliers	(171,984)
Cash Payments for Other Operating Expenses	(6,332)
Net Received From Operating Activities	93,124
Cash Flows from Capital and Related Financing Activities:	
Note Principal Payments	(5,000)
Note Interest Payments	(1,177)
Net Cash Used for Capital and Related Financing Activities	(6,177)
Net Increase in Cash and Cash Equivalents	86,947
Cash and Cash Equivalents Beginning of Year	120,599
Cash and Cash Equivalents End of Year	\$207,546
Reconciliation of Operating Income to Net Cash Received From Operating Activities:	
Operating Income	\$23,364
Adjustments to Reconcile Operating Income to Net Cash Received From Operating Activities:	
Depreciation	83,564
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	12,751
Increase in Prepaid Items	(1)
Decrease in Accounts Payable	(9,770)
Increase in Accrued Salaries Payable	332
Increase in Due to Other Governments	375
Decrease in Interfund Payable	(14,817)
Decrease in Compensated Absences Payable	(2,674)
Net Cash Received From Operating Activities	\$93,124

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
VAN WERT COUNTY**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2011**

Assets:

Equity in Pooled Cash and Cash Equivalents	\$1,705,920
Cash and Cash Equivalents in Segregated Accounts	194,146
Investments	20,000

Receivables:

Property and Other Taxes	18,048,692
Accounts (Net of Uncollectible Accounts)	288,309
Special Assessments	414,134
Due from Other Governments	1,135,119
Tax Increment Financing Receivable	105,372
Supplies Inventory	206,528
Total Assets	<u>\$22,118,220</u>

Liabilities:

Accounts Payable	\$80,829
Due to Other Governments	20,940,494
Undistributed Monies	1,096,897
Total Liabilities	<u>\$22,118,220</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, 2011**

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, 2011
(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, 2011
(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, 2011
(Continued)**

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Government-Wide Financial Statements

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

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

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

2. Fund Financial Statements

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

B. Fund Accounting

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

1. Governmental Funds

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

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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

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

2. Proprietary Fund

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

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

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

3. Fiduciary Funds

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

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

C. Measurement Focus

1. Government-wide Financial Statements

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

2. Fund Financial Statements

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

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

D. Basis of Accounting

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

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 Revenues

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of December 31, 2011, but were levied to finance 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met have also been recorded as deferred revenue.

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

G. Expenses/Expenditures

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

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

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Cash and Cash Equivalents

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

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

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

During 2011, 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 \$108,823 was credited to the General Fund during 2011, which includes \$100,329 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, 2011, 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.

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Inventory of Supplies

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

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

Inventory consists of expendable supplies held for consumption.

L. Capital Assets

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

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

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

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

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

The County's infrastructure consists of roads and bridges.

M. Interfund Receivables/Payables

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

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Compensated Absences

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

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

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 "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.

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Net Assets

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

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

R. Operating Revenues and Expenses

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

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.

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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).

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2011.

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

3. BUDGETARY BASIS OF ACCOUNTING

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statements.
5. Although not part of the appropriated budget, the Library Enrichment Foundation of the Brumback Library Special Revenue Fund is included as part of the reporting entity when preparing financial statements that conform with GAAP.
6. 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.

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

3. BUDGETARY BASIS OF ACCOUNTING (Continued)

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:

Net Change in Fund Balance				
	General	Motor Vehicle and Gas Tax	Thomas Edison	Brumback Library
GAAP Basis	(\$63,990)	\$91,989	(\$113,312)	(\$37,938)
Revenue Accruals	23,073	48,631	(4,797)	(16,144)
Expenditure Accruals	50,831	199,732	32,293	(5,571)
2011 Unrecorded Cash/Agency Fund Allocation	(40,207)	(147)	(37,027)	
2011 Unrecorded Cash/Agency Fund Allocation	43,921	262	42,952	
Change in Fair Value of Investments - 2011				3,932
Change in Fair Value of Investments - 2010				19,893
Activity of Non-budgeted Funds/Perspective Differences	(27,369)			(3,197)
Prepaid Items	4,691	669	117	2,386
Encumbrances	(180,372)	(285,517)	(142,235)	(3,240)
Budget Basis	(\$189,422)	\$55,619	(\$222,009)	(\$39,879)

4. DEPOSITS AND INVESTMENTS

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

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

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

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

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political 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.

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

At year-end, the carrying amount of the County's deposits was \$9,827,650, which includes \$259,014 for the Port Authority component unit's deposits and the bank balance was \$10,374,140. Of the bank balance, \$1,788,145 was covered by federal deposit insurance. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", \$8,585,995 of the County's bank balance of \$10,374,140 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the County's name.

B. Investments

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

Investment Type	Value
Vanguard Growth and Income Fund	\$ 17,172
Vanguard Mid-Cap Index Fund	22,598
Vanguard Small-Cap Growth Index Fund	26,908
Vanguard Value Index Fund	18,052
First Financial Bancorp	21,998
General Electric Capital Corp	760,787
Repurchase Agreement	259,783
Total	\$1,127,298

Interest Rate Risk – The County's investment policy states that the maximum maturity is five years from the settlement date. All of the County's investments have a maturity within one year except for General Electric Capital Corp. which matures in 2013.

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	67%
Repurchase Agreement	23%

5. RECEIVABLES

Receivables at December 31, 2011, 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:

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

5. RECEIVABLES (Continued)

	Common Pleas/ Juvenile/Probate Court Receivable	Other Accounts Receivable	Total Accounts Receivable
Receivable	\$306,829	\$9,944	\$316,773
Allowance for Un-collectibles	(97,168)		(97,168)
Net Accounts Receivable	<u>\$209,661</u>	<u>\$9,944</u>	<u>\$219,605</u>

For the agency funds, the total receivable for the Common Pleas Court was \$285,367, with an allowance for un-collectibles of \$547, making net accounts receivable of \$284,820. The board of health fund had a receivable of \$3,489 making the total agency funds receivable \$288,309.

A. Property Taxes

Property taxes include amounts levied against all real and public utility located in the County. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes. Property tax payments received during 2011 for tangible personal property (other than public utility) are for 2011 taxes.

2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35% of appraised market value. 2011 real property taxes are collected in and intended to finance 2011.

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. 2011 public utility property taxes became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 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, 2011, 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 2011 operations. The receivable is therefore offset by deferred revenue. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

The full tax rate for all County operations for the year ended December 31, 2011, was \$7.15 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2010 property tax receipts were based are as follows:

Category	Assessed Value	Percent
Agricultural/Residential Real Property	\$464,077,190	86.41%
Other Real Property	52,319,420	9.74%
Public Utility Personal Property	20,694,960	3.85%
Total Assessed Valuation	<u>\$537,091,570</u>	<u>100.00%</u>

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

5. RECEIVABLES (Continued)

B. Permissive Sales and Use Tax

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

Proceeds of the tax are credited entirely to the General Fund. A receivable is recognized at year-end for amounts that will be received from sales which occurred during 2011. On a full accrual basis, the full amount of the receivable is recognized as revenue. On a modified accrual basis, the amount of the receivable that will be received outside of the available period is deferred. Sales and use tax revenue in 2011 amounted to \$3,913,561 in the General Fund.

C. Due from Other Governments

A summary of intergovernmental receivables follows:

<u>Governmental Activities:</u>	<u>Amounts</u>
Election Costs	\$ 7,128
Local Government	284,639
Homestead and Rollback	271,728
Advertising for Delinquent Taxes	4,548
Electric Deregulation Reimbursement	13,589
Personal Tax Replacement	47,055
Motor Vehicle License Tax	562,666
Gasoline Excise Tax	741,506
Gasoline Cents per Gallon	360,120
Undivided Library	365,422
Municipal Court Fees	10,563
Thomas Edison Reimbursements for Bus Drivers	883
Indigent Defense Reimbursement	17,092
Assigned Council Reimbursement	36
Attorney General Sheriff Reimbursement	1,633
Redistricting Reimbursement	7,358
Ohio Job and Family Services close-out	45,406
Brownfield Assessment	151,032
PSCA close-out	9,128
PSCA SCPA	77,663
Children Services Admin & Training Reimbursement	4,412
DARE Grant	6,426
Thomas Edison Subsidy Payment	124,699
Thomas Edison Title XX	14,906
CSEA July-Dec closeout	55,227
Youth Bureau Reclaim Ohio Grant	29,957
Community Corrections Grant	40,399
State Help Me Grow	50,864
CDBG Grants	669,000
Federal Visitation Center	16,217
Indigent Drivers Alcohol Reimbursement	2,727
Total Intergovernmental Receivables	<u>\$3,994,029</u>

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

5. RECEIVABLES (Continued)

D. Loans Receivable

The County has the following loans receivable at December 31, 2011:

Date of Issue	Description	Interest Rate	Balance at 12/31/2010	Increases	Decreases	Balance at 12/31/2011	Due in One Year
1996	Airport Construction	4.64%	\$ 21,850		\$ 3,000	\$ 18,850	\$ 3,000
1999	Airport Construction	4.98%	33,605		2,850	30,755	3,040
2003	Airport Improvement	2.20%	84,500		6,000	78,500	6,000
various	Revolving Loans	various	213,742	\$20,000	51,132	182,610	77,259
			<u>\$353,697</u>	<u>\$20,000</u>	<u>\$62,982</u>	<u>\$310,715</u>	<u>\$89,299</u>

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

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

6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011, was as follows:

	Restated Balance at 1/1/11	Additions	Deletions	Balance at 12/31/11
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 301,510			\$ 301,510
Land Improvements	20,399			20,399
Construction in Progress				
Total Assets, not being Depreciated	<u>321,909</u>			<u>321,909</u>
Depreciable Capital Assets:				
Buildings	17,769,002			17,769,002
Machinery and Equipment	978,030	\$ 22,935		1,000,965
Furniture and Fixtures	181,070			181,070
Vehicles	4,778,106	414,983	(\$387,147)	4,805,942
Infrastructure:				
Roads	4,959,027	642,694		5,601,721
Bridges	11,825,025	123,637		11,948,662
Total Depreciable Capital Assets	<u>40,490,260</u>	<u>1,204,249</u>	<u>(387,147)</u>	<u>41,307,362</u>

(Continued)

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

6. CAPITAL ASSETS (Continued)

	Restated Balance at 1/1/11	Additions	Deletions	Balance at 12/31/11
Governmental Activities: (Cont'd)				
Less Accumulated Depreciation:				
Buildings	(5,946,894)	(286,886)	101,159	(6,233,780)
Machinery and Equipment	(743,829)	(7,281)		(751,110)
Furniture and Fixtures	(158,484)	(8,561)		(167,045)
Vehicles	(3,203,073)	(336,357)		(3,438,271)
Infrastructure:				
Roads	(2,220,720)	(234,477)	101,159	(2,455,197)
Bridges	(4,378,028)	(246,013)	101,159	(4,624,041)
Total Accumulated Depreciation	<u>(16,651,028)</u>	<u>(1,119,575)</u>		<u>(17,669,444)</u>
Governmental Activities Capital Assets, Net	<u>24,161,141</u>	<u>84,674</u>	<u>(285,988)</u>	<u>23,959,827</u>
Business-Type Activities:				
Depreciable Capital Assets:				
Buildings	361,032			361,032
Machinery and Equipment	372,806			372,806
Furniture and Fixtures	11,357			11,357
Vehicles	615,054			615,054
Total Depreciable Capital Assets	<u>1,360,249</u>			<u>1,360,249</u>
Less Accumulated Depreciation:				
Buildings	(83,669)	(8,760)		(92,429)
Machinery and Equipment	(231,494)	(31,007)		(262,501)
Furniture and Fixtures	(11,357)			(11,357)
Vehicles	(366,935)	(43,797)		(410,732)
Total Accumulated Depreciation	<u>(693,455)</u>	<u>(83,564)</u>		<u>(777,019)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 666,794</u>	<u>(\$83,564)</u>	<u>\$ 0</u>	<u>\$ 583,230</u>

Depreciation expense was charged to governmental programs as follows:

General Government:	
Legislative and Executive	\$ 101,938
Public Safety	147,340
Public Works	691,439
Health	4,058
Human Services	159,953
Economic Development and Assistance	14,847
Total Depreciation Expense	<u>\$1,119,575</u>

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

7. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

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

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

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

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2011, members in state and local classifications contributed 10 percent of covered payroll and 11.6 percent for law enforcement members.

The County's contribution rate for 2011 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, 2011, 2010, and 2009 was \$846,595, \$854,192, and \$792,539, respectively; 97 percent has been contributed for 2011 and 100 percent for 2010 and 2009.

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

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 2011, 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.

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

The County's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2011, 2010, and 2009 was \$327,469, \$459,189, and \$531,708, respectively; 97 percent has been contributed for 2011 and 100 percent for 2010 and 2009.

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

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

9. OTHER EMPLOYEE BENEFITS

A. Deferred Compensation Plans

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

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

B. Compensated Absences

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

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

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.

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

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 2011, 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

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.

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

10. RISK MANAGEMENT (Continued)

C. Workers' Compensation

For 2011, the County participated in the County Commissioners' Association of Ohio Workers' Compensation Group Rating Program provided by the County Commissioners' Association of Ohio Service Corporation (CCAOSC), a workers' compensation insurance purchasing pool (See Note 18). The intent of the CCAOSC is to achieve lower workers' compensation rates while establishing safe working conditions and environments for the participants.

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

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

11. LEASES

A. Operating Leases

The County entered into 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 2011 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 2011 on this lease was \$2,872.

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

<u>For the Year Ending:</u>	<u>Amount</u>
2012	\$24,977
2013	24,977
2014	4,308
2015	4,308
2016	1,436
	<u>\$60,006</u>

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

11. LEASES (Continued)

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 2011 for the buses totaled \$28,061, in the Thomas Edison Special Revenue Fund. The Thomas Edison buses have a total historical cost of \$268,946, with accumulated depreciation of \$73,673 as of December 31, 2011, with a book value of \$195,273.

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, 2011:

For the Year Ending	Amount
2012	\$ 41,508
2013	24,764
2014	21,415
2015	21,415
2016	21,415
Total	130,517
Less: Amount Representing Interest	(9,307)
Present Value of Minimum Lease Payments	\$121,210

12. LONG-TERM OBLIGATIONS

The changes in the County's long-term obligations of the governmental activities of the County during 2011 follow:

Date of Issue	Description	Interest Rate	Balance at 12/31/2010	Increases	Decreases	Balance at 12/31/2011	Amounts Due in One Year
General Obligation Notes:							
1996	Airport Construction	4.64%	\$ 21,850		(\$ 3,000)	\$ 18,850	\$ 3,000
1999	Airport Construction	2.11%	33,605		(2,850)	30,755	3,040
2002	County Annex	1.33%	780,000		(65,000)	715,000	65,000
2002	Thomas Edison Improvement	1.33%	80,000		(40,000)	40,000	40,000
2003	Airport Improvement	1.79%	84,500		(6,000)	78,500	6,000
2003	County Annex/County Home	1.79%	364,042		(16,000)	348,042	17,000
2003	Thomas Edison Improvement	1.79%	229,000		(40,000)	189,000	31,000
	Total General Obligation Notes		1,592,997		(172,850)	1,420,147	165,040

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

12. LONG-TERM OBLIGATIONS (Continued)

Date of Issue	Description	Interest Rate	Balance at 12/31/2010	Increases	Decreases	Balance at 12/31/2011	Amounts Due in One Year
OWDA Loan:							
2007	Washington Twp/Delphos Sewers	0.00%	436,600		(24,256)	412,344	24,256
2009	OWDA Loan - 127 Sewer/118 Sewer	0.00%	156,009	\$ 2,957	(6,446)	152,520	7,822
2010	OWDA Loan - Overholt Addition	0.00%	73,323		(3,942)	69,381	
2011	OWDA Loan - HSTS Replacement	0.00%		60,000	(60,000)		
			<u>665,932</u>	<u>62,957</u>	<u>(94,644)</u>	<u>634,245</u>	<u>32,078</u>
General Obligation Bonds:							
2008	Capital Facilities Bond Series A	Various	3,280,000		(160,000)	3,120,000	165,000
2008	Capital Facilities Bond Series B	9.375%	650,000		(20,000)	630,000	25,000
2010	Clerk of Court Computer	2.85%	120,992		(21,561)	99,431	14,062
	Total General Obligation Bonds		<u>4,050,992</u>		<u>(201,561)</u>	<u>3,849,431</u>	<u>204,062</u>
	Total Notes, Loans and Bonds		<u>6,309,921</u>	<u>62,957</u>	<u>(469,055)</u>	<u>5,903,823</u>	<u>401,180</u>
Other Long-Term Obligations:							
	Compensated Absences		799,598	440,588	(498,823)	741,363	373,076
	Capital Leases		50,853	98,388	(28,061)	121,180	37,863
	Total - Other Long-Term Obligations		<u>850,451</u>	<u>538,976</u>	<u>(526,884)</u>	<u>862,543</u>	<u>410,939</u>
	Total - General Long-Term Obligations		<u>\$7,160,372</u>	<u>\$601,933</u>	<u>(\$995,939)</u>	<u>\$6,766,366</u>	<u>\$812,119</u>

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

Issue	Amount
General Obligation Notes:	
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
General Obligation Bonds:	
2008 Capital Facilities Bonds	4,265,000
2010 Clerk of Court Computer	120,992
OWDA Loan:	
2007 Washington Twp/Delphos Sewers	485,111

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

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

12. LONG-TERM OBLIGATIONS (Continued)

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 5th, 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.

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 2011, the County entered into a loan agreement for \$60,000 with the Ohio Water Development Authority for a Failed HSTS Replacement and Repair. The County was awarded ARRA monies for this project where \$60,000 of principal has been forgiven as of December 31, 2011.

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.

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 2011 were as follows:

Date of Issue	Description	Interest Rate	Balance at 12/31/2010	Increases	Decreases	Balance at 12/31/2011	Amounts Due in One Year
2003	Recycling Bldg and Trucks	2.20%	\$65,000		(\$ 5,000)	\$60,000	\$3,500
	Compensated Absences		16,889	\$4,159	(6,833)	14,215	6,105
	Totals		<u>\$81,889</u>	<u>\$4,159</u>	<u>(\$11,833)</u>	<u>\$74,215</u>	<u>\$9,605</u>

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

12. LONG-TERM OBLIGATIONS (Continued)

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, 2011, are an overall debt margin of \$10,536,043 and an un-voted debt margin of \$3,979,670.

Principal and interest requirements to retire the County's long-term obligations outstanding at December 31, 2011, were as follows:

Year	Governmental Activities			
	General Obligation Notes		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2012	\$ 165,040	\$ 32,047	\$ 204,062	\$ 213,330
2013	131,250	29,480	214,471	203,977
2014	140,440	27,334	224,884	194,220
2015	148,670	24,994	230,308	183,784
2016	153,760	22,506	245,740	172,445
2017-2021	570,945	85,215	1,359,966	654,881
2022-2025	110,042	11,180	1,370,000	213,845
Totals	<u>\$1,420,147</u>	<u>\$232,756</u>	<u>\$3,849,431</u>	<u>\$1,836,482</u>

Year	Governmental Activities		Business-Type Activities	
	OWDA Loans		General Obligation Notes	
	Principal	Interest	Principal	Interest
2012	\$ 32,077		\$ 3,500	\$ 1,584
2013	32,077		4,000	1,507
2014	32,077		4,500	1,419
2015	32,077		5,000	1,320
2016	32,077		5,500	1,210
2017-2021	160,386		37,500	3,938
2022-2026	160,385			
2027-2033	83,708			
Totals	<u>\$564,864</u>	<u>\$0</u>	<u>\$60,000</u>	<u>\$10,978</u>

During 1996, the County issued a health care facilities revenue bond with the principal amount of \$254,000 outstanding at December 31, 2011, 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 \$732,700 outstanding at December 31, 2011.

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

12. LONG-TERM OBLIGATIONS (Continued)

During 2009, \$10,755,255 in Series 2009 Hospital Facilities Revenue Refunding and Improvement Bonds were issued to refinance the 2004B Series bonds and to finance the acquisition, construction, renovation, and installation of the Hospital Facilities. The outstanding balance at 12/31/11 was \$10,031,317.

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

13. INTERFUND ASSETS/LIABILITIES

Interfund balances at December 31, 2011, consisted of the following amounts and resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting, and (3) payments between funds are made. All are expected to be paid within one year.

		<u>Interfund Receivable</u>			<u>Total</u>
		<u>General</u>	<u>Motor Vehicle and Gas Tax</u>	<u>Other Governmental</u>	
Interfund Payable	General		\$ 6,093		\$ 6,093
	Brumback Library	\$ 254			254
	Thomas Edison	286	4,605		4,891
	Motor Vehicle & Gas Tax	500			500
	Other Governmental	55,481	12,255	\$44,928	112,664
	Recycling		2,582		2,582
	Total	<u>\$56,521</u>	<u>\$25,535</u>	<u>\$44,928</u>	<u>\$126,984</u>

Interfund transfers for the year ended December 31, 2011, consisted of the following:

		<u>Transfers From</u>			<u>Total</u>
		<u>General</u>	<u>Thomas Edison</u>	<u>Other Governmental</u>	
Transfers to	General	\$ 5,889		\$302,575	\$308,464
	Other Governmental	204,611	\$85,229	18,624	308,464
	Total	<u>\$210,500</u>	<u>\$85,229</u>	<u>\$321,199</u>	<u>\$616,928</u>

The General Fund transferred \$102,074 for debt service obligations. The General Fund transferred \$55,209 to the Department of Job and Family Services, \$22,200 to the CSEA, \$25,000 to the clerk computer fund, and \$128 to Reclaim Ohio fund.

The Thomas Edison Special Revenue Fund transferred \$85,229 to the Thomas Edison Debt Service Fund for the payment of principal and interest.

The Indigent Guardianship Fund transferred \$4,400 to the General Fund.

The County Home Operation Levy Special Revenue Fund transferred \$1,489 to the General Fund for reimbursement of amount needed to pay debt.

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

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

14. DISCRETELY PRESENTED COMPONENT UNITS

Summary of Significant Accounting Policies

A. Nature of Organizations

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

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

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

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

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

B. Classification of Net Assets

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

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

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

14. DISCRETELY PRESENTED COMPONENT UNITS (Continued)

Permanently restricted net assets comprise those assets contributed to the component units by donors who have indicated an intention that the assets are to remain in perpetuity as permanent endowments of the component units. Investment income generated by these assets is reported as unrestricted or temporarily restricted, depending upon whether the donors have limited the expenditure of income to a particular purpose or purposes or have indicated that such income is to be available for the general purposes of the component units. At December 31, 2011, \$59,430 of the Thomas Edison Center's net assets are temporarily restricted to use by program recipients for as long as the donor's beneficiary is able to live in the house.

C. Contributions

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

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

D. Accounts Receivable

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

E. Inventories

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

F. Capital Assets

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

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

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

14. DISCRETELY PRESENTED COMPONENT UNITS (Continued)

During the year ended December 31, 2011, depreciation expense for Thomas Edison Center, Port Authority, and the Airport Authority is \$63,722, 819, and \$96,080, respectively. A summary of the component units' capital assets at December 31, 2011, follows:

Thomas Edison Center	
Workshop equipment	\$203,027
Workshop buildings	152,619
Deliver equipment	35,249
Houses and related improvements	1,062,426
Home furnishings	23,021
Total	<u>1,476,342</u>
Accumulated Depreciation	<u>(504,414)</u>
Book Value	<u>\$ 971,928</u>

	<u>Port Authority</u>	<u>Airport Authority</u>
Capital Assets, not being depreciated:		
Land	\$56,352	\$ 214,100
Construction in Progress		14,533
Total Capital Assets, not being depreciated	<u>56,352</u>	<u>228,633</u>
Capital Assets, being depreciated:		
Buildings	2,159	105,575
Vehicles		1,500
Furniture and Fixtures		3,035
Equipment		43,000
Fueling System		116,150
Rental Plane		62,000
Taxiways		1,494,735
Infrastructure	29,071	
Capital Assets Being Depreciated	<u>31,230</u>	<u>1,825,995</u>
Less: Accumulated Depreciation		
Buildings	(1,511)	(36,805)
Vehicles		(1,500)
Furniture and Fixtures		(3,033)
Equipment		(28,493)
Fueling System		(37,750)
Rental Plane		(24,800)
Taxiways		(424,243)
Infrastructure	(21,421)	
Accumulated Depreciation	<u>(22,932)</u>	<u>(556,624)</u>
Total Capital Assets Being Depreciated, Net	<u>8,298</u>	<u>1,269,371</u>
Total Capital Assets, Net	<u>\$64,650</u>	<u>\$1,498,004</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, 2011
(Continued)**

14. DISCRETELY PRESENTED COMPONENT UNITS (Continued)

H. Major Customer and Concentration of Credit Risk

In 2011 and 2010, approximately 47% and 38% of Thomas Edison Center's workshop program revenues were derived from service contracts with one industrial customer. Due to economic conditions, this customer did not provide significant revenues to the workshop operations in 2009. The Thomas Edison Center grants credit to customers of its workshop operations most of whom are based in western Ohio.

I. Bad Debt

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

J. Deposits and Investments

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

- (1) At year-end, the carrying amount of deposits for Thomas Edison Center was \$90,222 and the bank balance was \$90,222. 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.

	Cost	Fair Value	Unrealized Gain (Loss)
Money Market Funds	\$ 20,777	\$ 20,777	
Corporate Bonds	292,013	302,972	\$ 10,959
Government Securities	130,057	143,057	13,000
Common Stocks	455,999	566,830	110,831
Mutual Funds	355,057	364,918	9,861
	\$1,253,903	\$1,398,554	\$144,651

The stock and bonds are not rated.

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

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

14. DISCRETELY PRESENTED COMPONENT UNITS (Continued)

- (3) The carrying amount of deposits was \$13,669, and the bank balance was \$14,443. The entire bank balance was covered by federal depository insurance. The Airport Authority follows the same investment guidelines as the County Treasurer which can be found in Note 5.

K. Loans Payable

A summary of the loan transactions for the component units for the year ended December 31, 2011, follows:

	Interest Rate	Balance at 12/31/2010	Increases	Decreases	Balance at 12/31/2011
Airport Authority					
Airport Hangar #1	4.64%	\$ 21,850		\$ 3,000	\$ 18,850
Fuel Tank Removal	1.79%	84,500		6,000	78,500
Airport Hangar #2	2.11%	33,605		2,850	30,755
Total Loans Payable		<u>\$139,955</u>		<u>\$11,850</u>	<u>\$128,105</u>

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

L. Special Item

Special items are transactions or events that are within the control of the management and that are either unusual in nature or infrequent in occurrence. During 2010, the Port Authority officially abandoned a portion of its track which has been classified as a special item. Track salvage reimbursements to the ORDC occurred in 2011 and 2010.

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.

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

15. JOINT VENTURES (Continued)

During 2011, 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.

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 did not make any contributions during 2011 for the operations of the Commission. The Commission is a joint venture since it cannot continue to exist without the financial support of the County. The County does not have an equity interest in the joint venture. The Commission is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Complete financial statements can be obtained from the Commission located at 114 East Main Street, Van Wert, Ohio 45891.

16. JOINTLY GOVERNED ORGANIZATIONS

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

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

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

16. JOINTLY GOVERNED ORGANIZATIONS (Continued)

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 2011, the tax levy provided \$427,182 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.

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 2011, 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 2011, the tax levy provided \$203,857 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, 2011
(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 2011, the County contributed \$500 to the MV-RCD Area for its operation.

F. Northwest Ohio Waiver Administration Council

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

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

17. RELATED ORGANIZATIONS

A. Van Wert County Hospital Commission

The Van Wert County Hospital Commission (Commission) is a legally separate body politic. The nine board members of the Commission are appointed by the Van Wert County Commissioners: one member each from the townships of Willshire-Liberty, Harrison-Pleasant, Tully-Union, Hoaglin-Jackson, Ridge-Washington, and York-Jennings, along with three members from the City of Van Wert. The County is not able to impose its will on the Commission and no financial benefit and/or burden relationship exists. The Commission is responsible for approving its own budgets, appointing personnel and accounting and finance related activities. The Commission was organized under Ohio Revised Code 339.14. The purpose is to oversee the total operation of the Van Wert County Hospital to insure the residents of the County are receiving total care. In May 2011, the assets were sold to the hospital and the Commission was abolished.

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

17. RELATED ORGANIZATIONS (Continued)

B. Local Emergency Planning Committee

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

18. INSURANCE POOLS

A. Mid West Pool Risk Management Agency, Inc.

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

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

B. Midwest Employee Benefit Consortium

The County participates in the Midwest Employee Benefit Consortium (MEBC), a risk-sharing pool consisting of five counties. The MEBC is responsible for the administration of the program and processing of all claims for each member. The County pays premiums to the MEBC for employee medical and life insurance benefits. During 2011, the County paid \$1,974,505 to MEBC.

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

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

18. INSURANCE POOLS (Continued)

C. The County Commissioners' Association of Ohio Service Corporation

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

19. RELATED PARTY TRANSACTIONS

Thomas Edison Center, Inc., a discretely presented component unit of Van Wert County, has entered into a contractual agreement with the Van Wert County Board of Mental Retardation/Developmental Disabilities (MRDD), whereby the MRDD provides sheltered employment for mentally retarded or handicapped individuals in Van Wert County. The MRDD provides the workshop with personnel who provide habilitation services to the clients, land and buildings for the operation of the center, maintenance and repair of the buildings and professional staff to supervise and train clients of Thomas Edison Center, Inc. The contributions and related expenses are reflected in the financial statements of the component unit. In 2011, the contributions to Thomas Edison Center, Inc. for salaries, fringes, maintenance and repairs of buildings and administrative costs were \$163,140.

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

For 2011, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as non-spendable, restricted, committed, assigned, and/or unassigned. The implementation of this statement had the following effects on fund balance:

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

20. CHANGES IN ACCOUNTING PRINCIPLE (Continued)

	<u>General</u>	<u>Motor Vehicle and Gas Tax</u>	<u>Thomas Edison</u>	<u>Brumback Library</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund Balance 12/31/10	\$ 938,708	\$1,900,448	\$2,171,559	\$554,334	\$3,106,558	\$8,671,607
Reclassification of Funds due to GASB 54:						
Recorder Supplemental Equipment	1,057				(1,057)	
Certificate of Title Administration	112,940				(112,940)	
Indigent Application	1,359				(1,359)	
Total Change	115,356				(115,356)	
Fund Balance 1/1/11	<u>\$1,054,064</u>	<u>\$1,900,448</u>	<u>\$2,171,559</u>	<u>\$554,334</u>	<u>\$2,991,202</u>	<u>\$8,671,607</u>

Net assets for governmental funds increased \$59,776, from \$31,267,179 to 31,326,955 as the Senior Citizens Levy Fund and the Tri-County Mental Health Levy fund were reclassified from agency funds to special revenue funds due to GASB Statement No. 54.

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:

	<u>General</u>	<u>Motor Vehicle and Gas Tax</u>	<u>Thomas Edison</u>	<u>Brumback Library</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Non-spendable:						
Prepaid Items	\$ 18,041	\$ 669	\$ 1,658	\$ 39,938	\$ 4,322	\$ 64,628
Material and Supplies Inventory	11,853	377,907			10,323	400,083
Unclaimed Monies	17,855					17,855
Loans Receivable					310,715	310,715
Total Non-spendable	<u>47,749</u>	<u>378,576</u>	<u>1,658</u>	<u>39,938</u>	<u>325,360</u>	<u>793,281</u>
Restricted for:						
Development Disabilities			2,056,589			2,056,589
Job and Family/Children Services/CSEA					304,993	304,993
Motor Vehicle & Gas Tax		1,613,861				1,613,861
Library Services				476,458		476,458
Ditch Maintenance					703,244	703,244
Debt Service					13,958	13,958
Capital Projects					29,764	29,764
Other Purposes					1,679,851	1,679,851
Total Restricted		<u>1,613,861</u>	<u>2,056,589</u>	<u>476,458</u>	<u>2,731,810</u>	<u>6,878,718</u>
Committed:						
Building and Grounds Improvement					180,648	180,648
Assigned:						
Other Purposes	33,005					33,005
Unassigned	909,320					909,320
Total	<u>\$990,074</u>	<u>\$1,992,437</u>	<u>\$2,058,247</u>	<u>\$516,396</u>	<u>\$3,237,818</u>	<u>\$8,794,972</u>

**FINANCIAL CONDITION
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

22. CONTINGENT LIABILITIES

A. Grants

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

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

B. Litigation

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

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FINANCIAL CONDITION
VAN WERT COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2011

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures	Non-Cash Disbursements
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
(Passed through Ohio Department of Development)				
Community Development Block Grant/State's Program	BC-09-1CV-1	14.228	\$147,229	
Community Development Block Grant/State's Program	BF-09-1CV-1	14.228	276,980	
Community Development Block Grant/State's Program	BF-10-1CV-1	14.228	97,000	
Total Community Development Block Grant/State's Program			<u>521,209</u>	
Home Investment Partnerships (HOME) Program	BC-09-1CV-2	14.239	148,098	
Total United States Department of Housing and Urban Development			<u>669,307</u>	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
(Passed through Ohio Department of Development)				
ARRA Low-Income Home Energy Assistance	ARRA	93.568	5,485	
Total Low-Income Home Energy Assistance			<u>5,485</u>	
(Passed through Ohio Department of Job and Family Services)				
Caseworker Visits Admin	JFSFMC11-3270	93.556	19	
Caseworker Visits	JFSFMC11-3270	93.556	181	
Caseworker Visits	JFSFMC12-3270	93.556	16	
Preservation Operating Promoting Safe and Stable Families	JFSFPF11-3270	93.556	2,931	
Preservation Operating Promoting Safe and Stable Families	JFSFPF12-3270	93.556	908	
Preservation Safe and Stable Families	JFSFPF11-3270	93.556	1,899	
Preservation Safe and Stable Families	JFSFPF12-3270	93.556	536	
Reunification Operating Safe and Stable Families	JFSFPF11-3270	93.556	2,529	
Reunification Operating Safe and Stable Families	JFSFPF12-3270	93.556	795	
Reunification Safe and Stable Families	JFSFPF11-3270	93.556	318	
Reunification Safe and Stable Families	JFSFPF12-3270	93.556	94	
Total Promoting Safe and Stable Families			<u>10,225</u>	
Temporary Assistance for Needy Families				
TANF Administration	JFSFTF11-3V60	93.558	113,610	
TANF Administration	JFSFTF12-3V60	93.558	32,859	
TANF Earn / Collections	JFSFTF10-3V60	93.558	(2,432)	
TANF Regular	JFSFTF11-3V60	93.558	157,527	
TANF Regular	JFSFTF12-3V60	93.558	91,053	
Total Temporary Assistance for Needy Families			<u>392,617</u>	
Child Support Enforcement - State Match	JFSCS11-3970	93.563	220,315	
Child Support Enforcement - State Match	JFSCS12-3970	93.563	73,653	
Child Support Incentives	JFSFCS11-3970	93.563	42,012	
Total Child Support Enforcement			<u>335,980</u>	
Child Care Cluster:				
Child Care and Development Block Grant	JFSFCD11-3H70	93.575	341	
Child Care and Development Block Grant - Admin	JFSFCD11-3H70	93.575	5,977	
Child Care and Development Block Grant - Admin	JFSFCD11-3H70	93.575	571	
Total Child Care and Development Block Grant			<u>6,889</u>	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	JFSFCM11-3H70	93.596	2,558	
	JFSFCM12-3H70	93.596	1,713	
Total Child Care Mandatory and Matching Funds of the Child Care and Development Fund			<u>4,271</u>	
Total Child Care Cluster			<u>11,160</u>	

**FINANCIAL CONDITION
VAN WERT COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures	Non-Cash Disbursements
Administration Child Welfare Services Program	JFSFCW11-3270	93.645	2,647	
Administration Child Welfare Services Program	JFSFCW12-3270	93.645	689	
Child Welfare Services Program	JFSFCW11-3270	93.645	27,221	
Child Welfare Services Program	JFSFCW12-3270	93.645	6,091	
Total Child Welfare Services			36,648	
Foster Care Title IV-E Foster Care Administration	2011	93.658	17,973	
Adoption Assistance Administration	2011	93.659	12,642	
Social Services Block Grant	JFSFSS11-3960	93.667	75,349	
	JFSFSS12-3960		21,375	
	JFSFTX11-3960	93.667	110,320	
	JFSFTX12-3960		29,976	
(Passed through Ohio Department of Developmental Disabilities)				
Social Services Block Grant	MR-81	93.667	27,897	
Total Social Services Block Grant			264,917	
(Passed through Ohio Department of Job and Family Services)				
Community-Based Child Abuse Prevention Grants	JFSFCB10-3D30	93.590	2,000	
Chafee Foster Care Independence Program	JFSFIL11-3980	93.674	1,212	
Medical Assistance Program	JFSFMT11-3F00	93.778	127,999	
Medical Assistance Program	JFSFMT12-3F00	93.778	27,032	
Medical Assistance Program	JFSFMT11-GRF (50%)	93.778	20,815	
Medical Assistance Program	JFSFMT12-GRF (50%)	93.778	7,642	
Medical Child Welfare Related	JFSFMP11-3F00	93.778	541	
(Passed through Ohio Department of Developmental Disabilities)				
ARRA Medical Assistance Program	8100012	93.778	33,428	
Total Medical Assistance Program			217,457	
Total United States Department of Health and Human Services			1,308,316	
UNITED STATES DEPARTMENT OF ENERGY				
(Passed through the Ohio Department of Development)				
ARRA Weatherization Assistance for Low-Income Persons	D10-136	81.042	443,519	
Total Weatherization Assistance for Low-Income Persons			443,519	
Total United States Department of Energy			443,519	
UNITED STATES DEPARTMENT OF AGRICULTURE FOOD AND NUTRITION SERVICES				
(Passed through the Ohio Department of Education)				
Nutrition Cluster:				
School Breakfast Program	140285	10.553	3,772	
Food Distribution	N/A	10.555		\$4,631
National School Lunch Program	140285	10.555	5,798	
Total Nutrition Cluster			9,570	4,631
(Passed through Ohio Department of Job and Family Services)				
Food Stamp Cluster:				
FAET	JFSFF111-3840	10.561	6,899	
Food Assistance	JFSFFB11-3840	10.561	76,546	
Food Assistance	JFSFFB12-3840	10.561	13,891	
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			97,336	
Total United States Department of Agriculture			106,906	4,631

FINANCIAL CONDITION
VAN WERT COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2011

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF TRANSPORTATION				
(Passed through the Ohio Department of Transportation)				
Highway Planning and Construction	VAN CR 418 22.17	20.205	774,419	
Highway Planning and Construction	STW 2010 Load Ratings #1	20.205	19,527	
Highway Planning and Construction	STW 2010 Load Ratings #2	20.205	4,921	
Highway Planning and Construction	STW 2010 Load Ratings #3	20.205	3,774	
Total United States Department of Transportation			802,641	
Total Federal Assistance			\$3,330,689	4,631

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, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C - FOOD DONATION PROGRAM

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

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

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

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

Activity in the CDBG revolving loan fund during 2011 is as follows:

Beginning loans receivable balance as of January 1, 2011	\$217,795
Loans made	20,000
Loan principal repaid	<u>(41,988)</u>
Ending loans receivable balance as of December 31, 2011	<u>\$279,783</u>
Cash balance on hand in the revolving loan fund as of December 31, 2011	\$52,081

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2011, \$10,338 are more than 60 days past due and \$58,619 are in default status.

NOTE E - MATCHING REQUIREMENTS

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



Dave Yost • Auditor of State

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

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

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Wert County, (the County) as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 2, 2012 wherein we noted the County adopted the provisions of Government Accounting Standards Board Statement No. 54, *Fund Balance and Governmental Fund Type Definitions* for the year ended December 31, 2011. Our report refers to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Other auditors audited the financial statements of the Thomas Edison Center, a discretely presented component unit, in accordance with auditing standards generally accepted in the United States of America and not in accordance with Government Auditing Standards and accordingly this report does not extend to the Thomas Edison Center, a discretely presented component unit

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated October 2, 2012.

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

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

Dave Yost
Auditor of State

October 2, 2012



Dave Yost • Auditor of State

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

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

To the Board of County Commissioners:

Compliance

We have audited the compliance of Van Wert County (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Van Wert County's major federal programs for the year ended December 31, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the County's compliance based on our audit.

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

As described in finding 2011-01 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.

In our opinion, except for the noncompliance described in the preceding paragraph, Van Wert County complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2011.

The results of our auditing procedures also disclosed another instance of noncompliance with these requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as Finding 2011-02.

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified 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 compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2011-01 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2011-02 to be a significant deficiency.

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

We also noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the County's management in a separate letter dated October 2, 2012.

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



Dave Yost
Auditor of State

October 2, 2012

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	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?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	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, ARRA Weatherization Assistance for Low Income Persons CFDA # 81.042, Medical Assistance Program and ARRA Medical Assistance Program CFDA# 93.778, and Highway Planning and Construction CFDA# 20.205
(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 AND QUESTIONED COSTS FOR FEDERAL AWARDS

1. CDBG Cash Management

Finding Number	2011-01
CFDA Title and Number	CFDA #14.228 – Community Development Block Grant
Federal Award Number / Year	BF-09-1CV-1 and BC-09-1CV-1
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance/Material Weakness

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 June 16, 2011, the County had a BC-09-1CV-1 grant balance of \$8,497 and received \$132,112 and then maintained a balance in excess of \$30,000 during the months of June 2011 through November 2011.

In addition, the County maintained a balance in excess of \$20,000 during the months of June 2011 through December 2011 for grant BF-09-1CV-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.

Official’s Response: The Van Wert County CAC Director/Grant Coordinator resigned during the above time period and personal from another department assumed the responsibilities of managing the above Grants BF-09-1CV-1 and BC-09-1CV-1. As the new grant administrator, I was not familiar with the 15 day rule and requested all the homelessness activity funds right away as well as other activity funding.

Now that I have had some training and have become familiar with the 15 day rule I have tried to manage the fund level much better. However we still need to improve. The commissioners have instructed the staff that no funds will be requested until an invoice is received. We will have no funds on hand until they need paid and will be paid out as soon as they arrive to the County.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
 (Continued)**

2. Davis-Bacon Act

Finding Number	2011-02
CFDA Title and Number	CFDA# 20.205 – Highway Planning and Construction
Federal Award Number / Year	VAN CR 418 22.17
Federal Agency	Unites States Department of Transportation
Pass-Through Agency	Ohio Department of Transportation

Noncompliance / Significant Deficiency - Monitoring of Prevailing Wages

2 CFR Appendix A to Part 215 (3) Davis-Bacon Act, as amended (40 U.S.C. 276a to a7) when required by Federal Program legislation, all construction contracts awarded by the recipients and sub-recipients of more than \$2000 shall include a provision for compliance with the Davis-Bacon (40 U.S.C. 276a to a7) and as supplemented by Department of Labor regulations (29CFR part5, Labor Standards provisions Applicable to Contracts Governing Federally Financed and Assisted Construction). Under this Act, contractors shall be required to pay wages not less than once a week. The recipient shall place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation and the award of a contract shall be conditioned upon the acceptance of the wage determination. The recipient shall report all suspected or reported violations to the Federal awarding agency.

LPA Construction Contract Administration, LPA Guidance, Prevailing Wage Requirements states it is the LPA’s responsibility to spot check 30% of the payrolls submitted to ensure those employees working in crafts covered by the prevailing wage laws are being paid the correct wage and fringe benefits for the craft they are performing. These should be the prevailing wages supplied in the bidding documents. Additionally, apprentice ratios must be monitored to ensure that not more than the allowable number of apprentices for any given craft is being used by the Contractor. The LPA also are required to submit the LPA Prevailing Wage / EEO Report (Appendix I) monthly to the ODOT District Prevailing Wage / EEO Coordinator detailing prevailing wage and EEO monitoring efforts for the previous month.

The Engineer's office did not submit the LPA Prevailing Wage / EEO Report monthly to the ODOT District Prevailing Wage / EEO Coordinator detailing prevailing wage and EEO monitoring efforts for the previous month during the term of the contract with Shelly Company for the Lincoln Highway project.

The Engineer's office should prepare and submit the LPA Prevailing Wage / EEO Report monthly to the ODOT District Prevailing Wage / EEO Coordinator to comply with grant requirements.

Official’s Response: Please note that our office did conduct prevailing wage audits during the project. I do acknowledge; however, that we failed to report to the district LPA Coordinator as stated in the LPA contract. This error has been noted, and will be corrected for future projects. Our audits during the project didn’t show any prevailing wage violations. Had there been a problem, we would have contacted the district coordinator.

**FINANCIAL CONDITION
VAN WERT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2010-01	Accounting for Ohio Public Works Receipts and Expenditures	Yes	
2010-02	See finding number 2010-05 below		
2010-03	Ohio Department of Development Cash Management Rules and Regulations Section (A)(3)(f): Community Development Block Grant CFDA# 14.228	No	Not corrected. See finding 2011-01
2010-04	Ohio Department of Development Grant Agreement 10(d): ARRA Weatherization Assistance for Low-Income Persons CFDA# 81.042	Yes	
2010-05	Ohio Department of Development Finding for Recovery – Repaid Under Audit: Community Development Block Grant CFDA# 14.228	Yes	
2010-06	Ohio Department of Development Grant Equipment and Real Property Management 2 CFR Section 215.34(f): ARRA Weatherization Assistance for Low-Income Persons CFDA# 81.042	Yes	
2010-07	Ohio Department of Development Grant Reporting – Agreements Attachment C: Community Development Block Grant CFDA# 14.228	Yes	

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

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2011**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2011-01	See Corrective Action Plan within the Official Response on page 92	12/31/12	Grant Administrator, Mike Jackson
2011-02	See Corrective Action Plan within the Official Response on page 93	12/31/12	County Engineer, Kyle Wendel

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Dave Yost • Auditor of State

VAN WERT COUNTY FINANCIAL CONDITION

VAN WERT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 8, 2012