



Mary Taylor, CPA
Auditor of State

**FINANCIAL CONDITION
OTTAWA COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ottawa County, Ohio (the County), as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ottawa County, Ohio, as of December 31, 2009, and the respective changes in cash financial position and the respective budgetary comparison for the General: Road and Bridge; Jobs and Family Services; Developmental Disabilities; and Ottawa County Senior Programs funds, thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

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As described in note 3, for the year ended December 31, 2009, the County ceased reporting using generally accepted accounting principles and reported on the cash basis.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2010, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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



Mary Taylor, CPA
Auditor of State

September 9, 2010

**FINANCIAL CONDITION
OTTAWA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

The management's discussion and analysis of Ottawa County's (the County) financial performance provides an overall review of the County's financial activities for the year ended December 31, 2009. The intent of the management's discussion and analysis is to look at the County's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- The County restated net cash assets as described in Note 3. In total, net cash assets decreased \$1,650,128, which represents a 4.39% decrease from fiscal year 2008.
- The 2009 general fund cash receipts and other financing sources of \$15,280,821 exceeded cash disbursements and other financing uses of \$15,061,107 by \$219,714, which represents a 12.57% increase over fiscal year 2008. The 2009 general fund beginning cash balance was \$1,747,991, whereas the ending cash balance was \$1,967,705.
- The County's major governmental funds include the General, Road and Bridge, Job and Family Services, Board of Developmental Disabilities, Ottawa County Senior Programs, and General Obligation Bond Retirement funds.

Using the Basic Financial Statements

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

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

Report Components

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

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Basis of Accounting

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

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

Reporting the County as a Whole

Statement of Net Assets and Statement of Activities

The Statement of Net Assets - Cash Basis and the Statement of Activities - Cash Basis answer the question, "How did we do financially during 2009?" These statements include only net cash assets using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year receipts and disbursements if the cash is actually received or paid.

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

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

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

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

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
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(Continued)**

Fund Financial Statements

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

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

Governmental Funds

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

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

Proprietary Funds

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
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(Continued)**

Fiduciary Funds

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

Notes to the Financial Statements

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

Government-Wide Financial Analysis

Recall that the Statement of Net Assets - Cash Basis provides the perspective of the County as a whole.

The table below provides a summary of the County's net cash assets for 2009 and 2008. The County has restated net cash assets for 2008, as described in Note 3.

Table 1
Net Assets – Cash Basis
Governmental Activities

	Net Cash Assets				2009 Total	2008 Total
	Governmental Activities 2009	Business-Type Activities 2009	Governmental Activities 2008	Business-Type Activities 2008		
Assets						
Equity in pooled cash and cash equivalents	\$ 19,891,462	\$ 8,483,981	\$ 20,576,759	\$ 9,424,472	\$ 28,375,443	\$ 30,001,231
Cash in segregated accounts	126,195	-	94,651	-	126,195	94,651
Restricted equity in pooled cash and cash equivalents	97,985	6,453,096	82,499	6,500,479	6,551,081	6,582,978
Restricted cash with fiscal agent	-	895,000	-	918,987	895,000	918,987
Total assets	20,115,642	15,832,077	20,753,909	16,843,938	35,947,719	37,597,847
<u>Net Cash Assets</u>						
Restricted	17,363,394	6,453,096	17,652,734	6,500,479	23,816,490	24,153,213
Unrestricted	2,752,248	9,378,981	3,101,175	10,343,459	12,131,229	13,444,634
Total net cash assets	\$ 20,115,642	\$ 15,832,077	\$ 20,753,909	\$ 16,843,938	\$ 35,947,719	\$ 37,597,847

The total net cash assets of the County decreased \$1,650,128. Net cash assets of governmental activities decreased \$638,267, which represents a 3.08% decrease from fiscal year 2008. Net cash assets of business-type activities decreased \$1,011,861, or 6.01% from fiscal year 2008.

**FINANCIAL CONDITION
OTTAWA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
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(Continued)**

A portion of the County's net cash assets, \$23,816,490, represents resources that are subject to external restrictions on how they may be used. The remaining balance of government-wide unrestricted net cash assets of \$12,131,229 may be used to meet the government's ongoing obligations to citizens and creditors. The County has restated net cash assets for 2008, as described in Note 3. The table below shows the changes in net cash assets for fiscal years 2009 and 2008. Certain 2008 amounts have been reclassified to conform to the 2009 presentation.

Table 2
Change in Net Cash Assets

	Change in Net Cash Assets				2009 Total	2008 Total
	Governmental Activities 2009	Business-Type Activities 2009	Governmental Activities 2008	Business-Type Activities 2008		
Cash Receipts:						
Program receipts:						
Charges for services and sales	\$ 9,173,121	\$ 17,368,963	\$ 11,713,131	\$ 20,335,567	\$ 26,542,084	\$ 32,048,698
Operating grants and contributions	12,718,709	1,092,419	12,949,740	1,622,001	13,811,128	14,571,741
Capital grants and contributions	542,819		1,087,400		542,819	1,087,400
Total program receipts	22,434,649	18,461,382	25,750,271	21,957,568	40,896,031	47,707,839
General receipts:						
Property taxes	7,494,813	104,977	8,765,682	638,997	7,599,790	9,404,679
Sales taxes	4,812,893		5,213,182		4,812,893	5,213,182
Other local taxes	453,643		451,397		453,643	451,397
Unrestricted grants	1,823,329		1,367,005		1,823,329	1,367,005
Issuance of debt	194,668	1,205,765	2,937	1,654,799	1,400,433	1,657,736
Investment receipts	1,008,709		1,850,097		1,008,709	1,850,097
Miscellaneous	3,397,977	313,472	3,873,961	6,122,836	3,711,449	9,996,797
Total general receipts	19,186,032	1,624,214	21,524,261	8,416,632	20,810,246	29,940,893
Total receipts	41,620,681	20,085,596	47,274,532	30,374,200	61,706,277	77,648,732

**FINANCIAL CONDITION
OTTAWA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

	Change in Net Cash Assets					
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities	2009 Total	2008 Total
	2009	2009	2008	2008		
Cash Disbursements:						
General government:						
Legislative and executive	5,154,849		5,235,217		5,154,849	5,235,217
Judicial	2,834,190		2,908,573		2,834,190	2,908,573
Public safety	6,770,332		6,407,420		6,770,332	6,407,420
Public works	5,688,129		8,700,189		5,688,129	8,700,189
Health	222,713		189,744		222,713	189,744
Human services	16,648,160		16,822,672		16,648,160	16,822,672
Economic development	1,441		4,298		1,441	4,298
Other	647,024		658,697		647,024	658,697
Capital outlay	1,121,081		1,121,943		1,121,081	1,121,943
Debt service:						
Principal retirement	2,187,714		4,111,993		2,187,714	4,111,993
Interest and fiscal charges	887,329		543,699		887,329	543,699
Riverview nursing home		9,189,264		11,420,594	9,189,264	11,420,594
Danbury sewer operations		4,515,340		4,599,759	4,515,340	4,599,759
Regional water operations		5,145,261		7,297,872	5,145,261	7,297,872
Catawba portage sewer		2,012,550		7,168,858	2,012,550	7,168,858
Nonmajor enterprise		331,028		907,325	331,028	907,325
Total cash disbursements	<u>42,162,962</u>	<u>21,193,443</u>	<u>46,704,445</u>	<u>31,394,408</u>	<u>63,356,405</u>	<u>78,098,853</u>
Advances	303,388	(303,388)	379,918	(379,918)		
Transfers	(399,374)	399,374	(786,591)	786,591		
Change in net cash assets	(638,267)	(1,011,861)	163,414	(613,535)	(1,650,128)	(450,121)
Net cash assets						
at beginning of year (restated)	20,753,909	16,843,938	20,590,495	17,457,473	37,597,847	38,047,968
Net cash assets at end of year	<u>\$ 20,115,642</u>	<u>\$ 15,832,077</u>	<u>\$ 20,753,909</u>	<u>\$ 16,843,938</u>	<u>\$ 35,947,719</u>	<u>\$ 37,597,847</u>

Governmental Activities

Governmental net cash assets decreased by \$638,267 in 2009 from 2008. This decrease is primarily due to a decrease of program specific receipts, mainly in the area of charges for services.

General government represents activities related to the governing body as well as activities that directly support County programs. In 2009, general government cash disbursements totaled \$7,989,039, or 18.95%, of total governmental activities cash disbursements. General government programs were supported by \$2,378,054 in direct charges to users and operating grants and contributions.

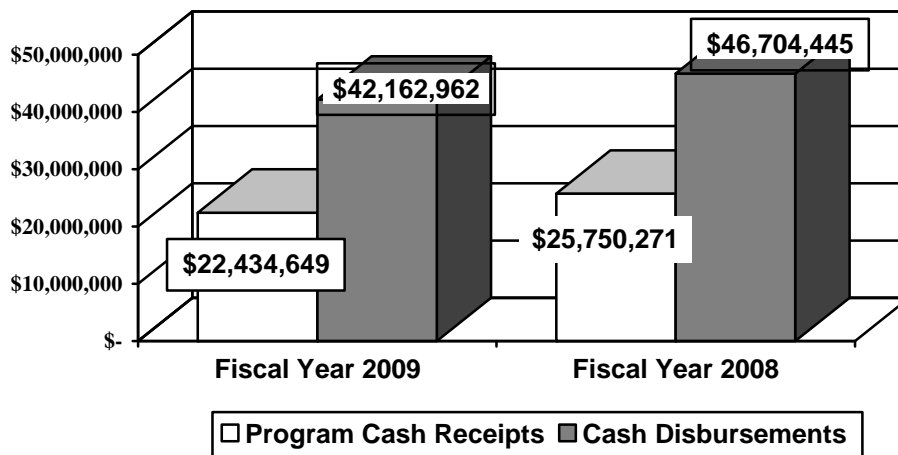
**FINANCIAL CONDITION
OTTAWA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
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The County's human services programs accounted for \$16,648,160, or 39.49%, of total governmental activities cash disbursements. Human service programs include Public Assistance, Board of Developmental Disabilities, Child Support Enforcement, and Children Services. Human service programs are supported by \$9,422,877 in direct charges to users and operating grants and contributions.

The Statement of Activities - Cash Basis shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2008 and 2009. That is, it identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

Governmental Activities - Program Cash Receipts vs. Total Cash Disbursements



The table below shows the changes in net cost of services for fiscal years 2009 and 2008. Certain 2008 amounts have been reclassified to conform with 2009 presentation.

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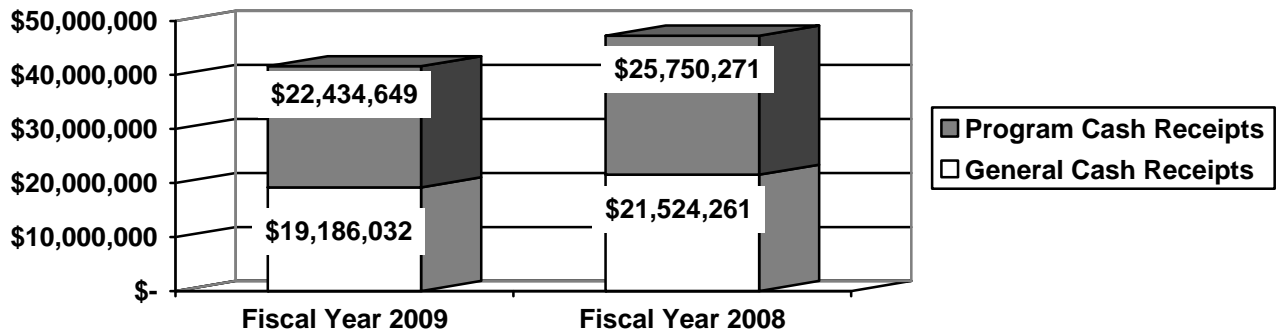
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

Table 3
Governmental Activities – Cash Basis

	Governmental Activities			
	Total Cost of Services 2009	Net Cost of Services 2009	Restated Total Cost of Services 2008	Restated Net Cost of Services 2008
Cash disbursements:				
General government:				
Legislative and executive	\$ 5,154,849	\$ 3,510,731	\$ 5,235,217	\$ 3,637,220
Judicial	2,834,190	2,100,254	2,908,573	2,048,571
Public safety	6,770,332	4,954,006	6,407,420	4,759,681
Public works	5,688,129	229,022	8,700,189	2,216,281
Health	222,713	21,332	189,744	12,666
Human services	16,648,160	7,225,283	16,822,672	6,474,505
Economic development	1,441	-	4,298	2,663
Other	647,024	247,469	658,697	378,548
Capital outlay	1,121,081	553,671	1,121,943	14,106
Debt service:				
Principal retirement	2,187,714	551,322	4,111,993	1,041,995
Interest and fiscal charges	887,329	335,223	543,699	367,938
Total	\$ 42,162,962	\$ 19,728,313	\$ 46,704,445	\$ 20,954,174

The dependence upon general cash receipts for governmental activities is apparent, with 46.79% of cash disbursements supported through taxes and other general cash receipts during 2009.

Governmental Activities - General and Program Cash Receipts



**FINANCIAL CONDITION
OTTAWA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

Business-Type Activities

The Riverview Nursing Home, Danbury Sewer Operations, Regional Water Operations, Catawba Portage Sewer, Portage Catawba Water, Sewer District #13 Reserve, Erie Township Sewer Planning, Plasterbed Road Water and Sewer Service, Salem Reserve, Put-In-Bay Water/Wastewater Plan, Project C Water Tower South Bass Island Park, Phase II Erie Township Sewer, and South Bass Island - Future Water and Sewer Extensions are the County's enterprise funds. These programs operate the County's nursing home and water and sewer operations. The County's infrastructure for the water and sewer operations are up-to-date in nature and have a maintenance process in place to keep them in good working condition.

Financial Analysis of the Government's Funds

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

Governmental Funds

The County's governmental funds are accounted for using the cash basis of accounting. The County restated the cash basis fund balance as described in Note 3.

The County's governmental funds reported a combined fund cash balance of \$18,970,565, which is \$825,021 above last year's total of \$18,145,544.

The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2009 and December 31, 2008 for all major and nonmajor governmental funds.

	Fund Cash Balance December 31, 2009	(Restated) Fund Cash Balance December 31, 2008	Increase (Decrease)
Major Funds:			
General	\$ 1,967,705	\$ 1,747,991	\$ 219,714
Road and Bridge	2,863,653	2,092,411	771,242
Job and Family Services	439,381	683,594	(244,213)
Board of Developmental Disabilities	6,202,907	5,684,186	518,721
Ottawa County Senior Programs	139,037	305,904	(166,867)
General Obligation Bond Retirement	2,111,587	1,750,322	361,265
Other Nonmajor Governmental Funds	5,246,295	5,881,136	(634,841)
Total	<u>\$ 18,970,565</u>	<u>\$ 18,145,544</u>	<u>\$ 825,021</u>

General Fund

The general fund, the County's largest major fund, had cash receipts and other financing sources of \$15,280,821 in 2009. The cash disbursements and other financing uses of the general fund totaled \$15,061,107 in 2009. The general fund's cash balance increased \$219,714 from 2008 to 2009. The table that follows assists in illustrating the cash receipts of the general fund.

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

	2009 Amount	2008 Amount	Percentage Change
Cash Receipts:			
Taxes	\$ 7,679,356	\$ 8,724,908	(11.98) %
Charges for services	1,629,197	1,565,030	4.10 %
Licenses and permits	142,137	218,495	(34.95) %
Fines and forfeitures	528,578	642,692	(17.76) %
Intergovernmental	1,784,928	1,332,420	33.96 %
Investment income	1,008,709	1,850,097	(45.48) %
Rental income	49,137	44,196	11.18 %
Other	571,446	679,063	(15.85) %
Total	\$ 13,393,488	\$ 15,056,901	(11.05) %

Taxes decreased due to the phase out of tangible personal property taxes. Intergovernmental revenue increased due to increased state funding. Licenses and permits and fines and forfeitures decreased as a result of fewer licenses and fines issued by the County in 2009. Investment income decreased as a result of lower interest rates and the timing of the maturity of certain investments. All other receipts remained comparable to 2008.

The table that follows assists in illustrating the cash disbursements of the general fund. Certain 2008 amounts have been reclassified to conform to the 2009 presentation.

	2009 Amount	Restated 2008 Amount	Percentage Change
Cash Disbursements			
General government:			
Legislative and executive	\$ 4,083,185	\$ 4,494,764	(9.16) %
Judicial	2,476,397	2,477,340	(0.04) %
Public safety	5,248,262	5,414,643	(3.07) %
Public works	352,802	386,204	(8.65) %
Health	41,431	40,043	3.47 %
Human services	834,993	1,000,763	(16.56) %
Other	314,022	428,470	(26.71) %
Debt service	8,988	8,988	- %
Total	\$ 13,360,080	\$ 14,251,215	(6.25) %

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

Road and Bridge Fund

The road and bridge fund, a major fund, had cash receipts and other financing sources of \$5,439,986 in 2009. The road and bridge fund had cash disbursements and other financing uses of \$4,668,744 in 2009. The road and bridge fund cash balance increased \$771,242 from 2008 to 2009. The increase in the fund cash balance has resulted from less projects being done in 2009 over 2008.

Job and Family Services Fund

The job and family services fund, a major fund, had cash receipts and other financing sources of \$2,991,738 and cash disbursements of \$3,235,951 in 2009. The job and family services fund cash balance decreased \$244,213 in 2009. The decrease in fund cash balance was the result of the use of carryover funds to be utilized when budget cuts have been imposed on the agency by the state.

Board of Developmental Disabilities Fund

The Board of Developmental Disabilities fund, a major fund, had cash receipts and other financing sources of \$7,448,700 in 2009. The fund had cash disbursements and other financing uses of \$6,929,979 in 2009. The fund cash balance increased \$518,721 from 2008 to 2009. The increase in fund cash balance was the result in the implementation of budgetary changes due to the economic conditions.

Ottawa County Senior Programs Fund

The Ottawa County senior programs fund, a major fund, had cash receipts of \$818,774 in 2009. The Ottawa County senior programs fund had cash disbursements of \$985,641 in 2009. The Ottawa County senior programs fund cash balance decreased \$166,867 from 2008 to 2009. The decrease in the fund cash balance was the result of increased need for the services provided.

General Obligation Bond Retirement Fund

The general obligation bond retirement fund, a major fund, had cash receipts and other financing sources of \$1,020,327 and cash disbursements of \$659,062 in 2009. The general obligation bond retirement fund cash balance increased \$361,265 from 2008 to 2009. The increase in the fund cash balance was the result of increase for other receipts over the prior year.

Budgeting Highlights - General Fund

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

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

Estimated receipts and other financing sources in the original budget of \$14,828,890 were decreased to \$13,824,429 in the final budget. Actual revenues and other financing sources of \$15,280,821 were \$1,456,392 higher than final budgeted estimates. Original appropriations of \$15,159,430 were increased to \$15,431,853 in the final budget. Actual disbursements and other financing uses of \$15,415,898 were \$15,955 lower than the final budget. The County variances can be attributed to not having to budget for advances between funds since they are to be repaid.

Capital Assets and Debt Administration

Capital Assets

The County does not report capital assets in the accompanying basic financial statements, but records payments for capital assets as cash disbursements. The County had capital outlay disbursements of \$1,121,081 for governmental activities and \$2,404,914 for business-type activities during fiscal year 2009.

Debt Administration

The County does not report debt obligations in the accompanying basic financial statements. See notes 9, 10 and 11 for a summary of the County's debt activity.

Economic Factors and Next Year's Budgets and Rates

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

The County's unemployment rate as of December 31, 2009 is 12.5%, compared to the 10.7% State average and the 10.6% national average.

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

Contacting the County's Financial Management

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

OTTAWA COUNTY, OHIO

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2009

	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets:				
Equity in pooled cash, cash equivalents, and investments . . .	\$ 19,891,462	\$ 8,483,981	\$ 28,375,443	
Cash in segregated accounts	126,195		126,195	\$914,684
Restricted assets:				
Equity in pooled cash, cash equivalents, and investments . . .	97,985	6,453,096	6,551,081	
Cash with fiscal agent		895,000	895,000	
Total assets	20,115,642	15,832,077	35,947,719	914,684
Net assets:				
Restricted for:				
Capital projects	435,137		435,137	
Debt service.	2,275,512		2,275,512	
Public safety programs	800,805		800,805	
Public works projects	2,857,645		2,857,645	
Health services	131,729		131,729	
Human services programs.	6,506,288		6,506,288	
Economic development	1,352		1,352	
Encumbrances	1,485,967		1,485,967	
Unclaimed monies	97,985		97,985	
Repairs and replacements		2,539,531	2,539,531	
Revenue bond current debt service.		1,580,088	1,580,088	
Revenue bond future debt service		2,333,477	2,333,477	
Other purposes	2,770,974	-	2,770,974	
Unrestricted	2,752,248	9,378,981	12,131,229	914,684
Total net assets	\$ 20,115,642	\$ 15,832,077	\$ 35,947,719	\$ 914,684

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Cash Disbursements	Program Cash Receipts		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government:				
Legislative and executive	\$ 5,154,849	\$ 1,644,118		
Judicial	2,834,190	526,104	\$ 207,832	
Public safety	6,770,332	1,006,499	809,827	
Public works	5,688,129	1,290,388	4,168,719	
Health	222,713	167,395	33,986	
Human services	16,648,160	2,044,890	7,377,987	
Economic development and assistance	1,441	1,441		
Other	647,024	279,197	120,358	
Capital outlay	1,121,081	24,591		\$ 542,819
Debt service:				
Principal retirement	2,187,714	1,636,392		
Interest and fiscal charges	887,329	552,106		
Total governmental activities	<u>42,162,962</u>	<u>9,173,121</u>	<u>12,718,709</u>	<u>542,819</u>
Business-type activities:				
Riverview nursing home	9,189,264	8,385,702	38,862	
Danbury sewer operations	4,515,340	2,263,716	945,659	
Regional water operations	5,145,261	4,541,692	41,729	
Catawba portage sewer	2,012,550	2,072,286		
Nonmajor enterprise funds	331,028	105,567	66,169	
Total business-type activities	<u>21,193,443</u>	<u>17,368,963</u>	<u>1,092,419</u>	
Total primary government	<u>\$ 63,356,405</u>	<u>\$ 26,542,084</u>	<u>\$ 13,811,128</u>	<u>\$ 542,819</u>
Component unit:				
Riverview Industries, Inc.	<u>\$ 2,514,283</u>	<u>\$ 2,521,699</u>	<u>\$ 1,427</u>	

General cash receipts, advances and transfers:

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

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (3,510,731)		\$ (3,510,731)	
(2,100,254)		(2,100,254)	
(4,954,006)		(4,954,006)	
(229,022)		(229,022)	
(21,332)		(21,332)	
(7,225,283)		(7,225,283)	
-		-	
(247,469)		(247,469)	
(553,671)		(553,671)	
(551,322)		(551,322)	
(335,223)		(335,223)	
(19,728,313)		(19,728,313)	
	\$ (764,700)	(764,700)	
	(1,305,965)	(1,305,965)	
	(561,840)	(561,840)	
	59,736	59,736	
	(159,292)	(159,292)	
	(2,732,061)	(2,732,061)	
(19,728,313)	(2,732,061)	(22,460,374)	
			\$ 8,843
2,866,517		2,866,517	
3,992,996		3,992,996	
402,882		402,882	
232,418		232,418	
	104,977	104,977	
4,812,893		4,812,893	
453,643		453,643	
1,823,329		1,823,329	
194,668	1,205,765	1,400,433	
1,008,709		1,008,709	7,836
3,397,977	313,472	3,711,449	4,150
19,186,032	1,624,214	20,810,246	11,986
303,388	(303,388)		
(399,374)	399,374		
19,090,046	1,720,200	20,810,246	11,986
(638,267)	(1,011,861)	(1,650,128)	20,829
20,753,909	16,843,938	37,597,847	893,855
\$ 20,115,642	\$ 15,832,077	\$ 35,947,719	\$ 914,684

OTTAWA COUNTY, OHIO

STATEMENT OF CASH BASIS NET ASSETS AND FUND CASH BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	General	Road and Bridge	Job and Family Services	Board of Developmental Disabilities
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,708,607	\$ 2,863,653	\$ 439,381	\$ 6,187,744
Cash in segregated accounts.	161,113			15,163
Restricted assets:				
Equity in pooled cash and cash equivalents	97,985			
Total assets	<u>\$ 1,967,705</u>	<u>\$ 2,863,653</u>	<u>\$ 439,381</u>	<u>\$ 6,202,907</u>
Fund cash balances:				
Reserved for encumbrances.	\$ 262,549	\$ 211,848	\$ 120,752	\$ 262,372
Reserved for unclaimed monies.	97,985			
Unreserved, undesignated, reported in:				
General fund.	1,607,171			
Special revenue funds		2,651,805	318,629	5,940,535
Debt service funds.				
Capital projects funds.				
Total fund cash balances	<u>\$ 1,967,705</u>	<u>\$ 2,863,653</u>	<u>\$ 439,381</u>	<u>\$ 6,202,907</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Ottawa County Senior Programs	General Obligation Bond Retirement	Other Governmental Funds	Total Governmental Funds
\$ 139,037	\$ 2,111,587	\$ 5,237,035 9,260	\$ 18,687,044 185,536
			97,985
<u>\$ 139,037</u>	<u>\$ 2,111,587</u>	<u>\$ 5,246,295</u>	<u>\$ 18,970,565</u>
\$ 96,513		\$ 531,933	\$ 1,485,967 97,985
42,524		4,115,300	1,607,171
	\$ 2,111,587	163,925	13,068,793
		435,137	2,275,512 435,137
<u>\$ 139,037</u>	<u>\$ 2,111,587</u>	<u>\$ 5,246,295</u>	<u>\$ 18,970,565</u>

OTTAWA COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND CASH BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES - CASH BASIS
DECEMBER 31, 2009

Total governmental fund cash balances \$ 18,970,565

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

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

1,145,077

Net assets - cash basis of governmental activities

\$ 20,115,642

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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OTTAWA COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>General</u>	<u>Road and Bridge</u>	<u>Job and Family Services</u>	<u>Board of Developmental Disabilities</u>
Cash receipts:				
Property taxes	\$ 2,866,517			\$ 3,992,996
Sales taxes.	4,812,839			
Other local taxes.		\$ 453,643		
Charges for services.	1,629,197	1,161,918		631,486
Licenses and permits	142,137	5,000		
Fines and forfeitures	528,578	22,428		
Intergovernmental.	1,784,928	3,712,916	\$ 2,299,216	2,539,753
Special assessments.				
Investment income	1,008,709			
Rental income.	49,137			
Other	571,446	7,988	73,516	32,065
Total cash receipts.	<u>13,393,488</u>	<u>5,363,893</u>	<u>2,372,732</u>	<u>7,196,300</u>
Cash disbursements:				
Current:				
General government:				
Legislative and executive.	4,083,185			
Judicial	2,476,397			
Public safety	5,248,262			
Public works	352,802	4,641,222		
Health	41,431			
Human services	834,993		3,235,951	6,703,910
Economic development and assistance.				
Other	314,022			
Capital outlay				
Debt service:				
Principal retirement	8,107	13,503		564
Interest and fiscal charges	881			
Total cash disbursements	<u>13,360,080</u>	<u>4,654,725</u>	<u>3,235,951</u>	<u>6,704,474</u>
Excess (deficiency) of cash receipts over (under) cash disbursements	<u>33,408</u>	<u>709,168</u>	<u>(863,219)</u>	<u>491,826</u>
Other financing sources (uses):				
Issuance of loans.				
Sale of capital assets.	10,909	10,548		
Other financing sources	474,910			
Advances in	1,022,288			
Advances out	(422,634)	(14,019)		
Transfers in	379,226	65,545	619,006	252,400
Transfers out	(1,278,393)			(225,505)
Total other financing sources (uses).	<u>186,306</u>	<u>62,074</u>	<u>619,006</u>	<u>26,895</u>
Net change in fund balance - cash basis	219,714	771,242	(244,213)	518,721
Fund balance - cash basis, January 1 (restated).	1,747,991	2,092,411	683,594	5,684,186
Fund balance - cash basis, December 31.	<u>\$ 1,967,705</u>	<u>\$ 2,863,653</u>	<u>\$ 439,381</u>	<u>\$ 6,202,907</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Ottawa County Senior Programs	General Obligation Bond Retirement	Other Governmental Funds	Total Governmental Funds
\$ 402,882	\$ 232,418	\$ 54	\$ 7,494,813
			4,812,893
			453,643
		2,542,532	5,965,133
		166,130	313,267
		24,372	575,378
385,707	80,644	4,427,713	15,230,877
		2,244,429	2,244,429
			1,008,709
			49,137
30,185	515,524	1,462,068	2,692,792
<u>818,774</u>	<u>828,586</u>	<u>10,867,298</u>	<u>40,841,071</u>
		833,581	4,916,766
		187,210	2,663,607
		1,141,351	6,389,613
		536,350	5,530,374
		168,759	210,190
985,641		4,468,309	16,228,804
		1,441	1,441
	5,039	179,830	498,891
		1,121,081	1,121,081
	433,000	1,732,540	2,187,714
	221,023	665,425	887,329
<u>985,641</u>	<u>659,062</u>	<u>11,035,877</u>	<u>40,635,810</u>
(166,867)	169,524	(168,579)	205,261
		194,668	194,668
			21,457
		88,575	563,485
		389,783	1,412,071
		(672,030)	(1,108,683)
	191,741	1,079,646	2,587,564
		(1,546,904)	(3,050,802)
	<u>191,741</u>	<u>(466,262)</u>	<u>619,760</u>
(166,867)	361,265	(634,841)	825,021
305,904	1,750,322	5,881,136	18,145,544
<u>\$ 139,037</u>	<u>\$ 2,111,587</u>	<u>\$ 5,246,295</u>	<u>\$ 18,970,565</u>

OTTAWA COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009

Net change in fund balance - cash basis - total governmental funds \$ 825,021

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

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

(1,463,288)

Change in net cash assets of governmental activities

\$ (638,267)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE
 GOVERNMENTAL FUNDS - BUDGET BASIS
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary basis receipts:				
Property taxes	\$ 3,263,500	\$ 3,286,767	\$ 2,866,517	\$ (420,250)
Sales taxes	5,100,000	4,638,035	4,812,839	174,804
Charges for services	1,793,000	1,545,200	1,629,197	83,997
Licenses and permits.	143,400	119,325	142,137	22,812
Fines and forfeitures.	590,600	539,400	528,578	(10,822)
Intergovernmental	1,347,858	1,331,776	1,784,928	453,152
Investment income	1,302,900	1,022,900	1,008,709	(14,191)
Rental income	48,000	49,800	49,137	(663)
Other	503,500	563,994	571,446	7,452
Total budgetary basis receipts	<u>14,092,758</u>	<u>13,097,197</u>	<u>13,393,488</u>	<u>296,291</u>
Budgetary basis disbursements:				
General government:				
Legislative and executive	4,231,236	4,375,105	4,207,807	167,298
Judicial.	2,403,573	2,559,279	2,527,497	31,782
Public safety	5,392,599	5,494,871	5,314,779	180,092
Public works	386,645	387,269	357,875	29,394
Health	40,304	55,304	54,880	424
Human services	920,606	875,180	845,541	29,639
Other	406,441	406,452	406,492	(40)
Total budgetary basis disbursements.	<u>13,781,404</u>	<u>14,153,460</u>	<u>13,714,871</u>	<u>438,589</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements.	<u>311,354</u>	<u>(1,056,263)</u>	<u>(321,383)</u>	<u>734,880</u>
Other financing sources (uses):				
Transfers in	230,000	240,000	379,226	139,226
Transfers out.	(1,378,026)	(1,278,393)	(1,278,393)	
Advances in			1,022,288	1,022,288
Advances out			(422,634)	(422,634)
Sale of capital assets.	7,500	10,000	10,909	909
Other financing sources	498,632	477,232	474,910	(2,322)
Total other financing sources (uses)	<u>(641,894)</u>	<u>(551,161)</u>	<u>186,306</u>	<u>737,467</u>
Net change in fund balance - cash basis	(330,540)	(1,607,424)	(135,077)	1,472,347
Fund balance - cash basis, January 1	1,288,773	1,288,773	1,288,773	
Prior year encumbrances appropriated	390,350	390,350	390,350	
Fund balance - cash basis, December 31	<u>\$ 1,348,583</u>	<u>\$ 71,699</u>	<u>\$ 1,544,046</u>	<u>\$ 1,472,347</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE
 GOVERNMENTAL FUNDS - BUDGET BASIS
 ROAD AND BRIDGE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary basis receipts:				
Property and other taxes	\$ 400,000	\$ 400,000	\$ 453,643	\$ 53,643
Charges for services	865,500	865,500	1,161,918	296,418
Licenses and permits	6,000	6,000	5,000	(1,000)
Fines and forfeitures.	27,000	27,000	22,428	(4,572)
Intergovernmental	3,700,000	3,700,000	3,712,916	12,916
Other.	1,000	1,000	7,988	6,988
Total budgetary basis receipts.	<u>4,999,500</u>	<u>4,999,500</u>	<u>5,363,893</u>	<u>364,393</u>
Budgetary basis disbursements:				
Current:				
Public works	<u>5,689,628</u>	<u>6,322,298</u>	<u>4,866,573</u>	<u>1,455,725</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements.	<u>(690,128)</u>	<u>(1,322,798)</u>	<u>497,320</u>	<u>1,820,118</u>
Other financing sources (uses):				
Transfers in	50,000	50,000	65,545	15,545
Advances out			(14,019)	(14,019)
Sale of capital assets.			10,548	10,548
Total other financing sources (uses)	<u>50,000</u>	<u>50,000</u>	<u>62,074</u>	<u>12,074</u>
Net change in fund balance - cash basis	(640,128)	(1,272,798)	559,394	1,832,192
Fund balance - cash basis, January 1	1,970,336	1,970,336	1,970,336	
Prior year encumbrances appropriated	<u>122,075</u>	<u>122,075</u>	<u>122,075</u>	
Fund balance - cash basis, December 31	<u><u>1,452,283</u></u>	<u><u>\$ 819,613</u></u>	<u><u>\$ 2,651,805</u></u>	<u><u>\$ 1,832,192</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE
 GOVERNMENTAL FUNDS - BUDGET BASIS
 JOB AND FAMILY SERVICES FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary basis receipts:				
Intergovernmental	\$ 3,632,148	\$ 3,632,149	\$ 2,299,216	\$ (1,332,933)
Other	82,500	133,685	73,516	(60,169)
Total budgetary basis receipts.	<u>3,714,648</u>	<u>3,765,834</u>	<u>2,372,732</u>	<u>(1,393,102)</u>
Budgetary basis disbursements:				
Current:				
Human services	<u>4,453,019</u>	<u>4,505,797</u>	<u>3,356,703</u>	<u>1,149,094</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements.	<u>(738,371)</u>	<u>(739,963)</u>	<u>(983,971)</u>	<u>(244,008)</u>
Other financing sources (uses):				
Transfers in	<u>648,018</u>	<u>648,017</u>	<u>619,006</u>	<u>(29,011)</u>
Total other financing sources (uses)	<u>648,018</u>	<u>648,017</u>	<u>619,006</u>	<u>(29,011)</u>
Net change in fund balance - cash basis	(90,353)	(91,946)	(364,965)	(273,019)
Fund balance - cash basis, January 1	523,547	523,547	523,547	
Prior year encumbrances appropriated	<u>160,047</u>	<u>160,047</u>	<u>160,047</u>	
Fund balance - cash basis, December 31	<u>\$ 593,241</u>	<u>\$ 591,648</u>	<u>\$ 318,629</u>	<u>\$ (273,019)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE
 GOVERNMENTAL FUNDS - BUDGET BASIS
 DEVELOPMENTAL DISABILITIES FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary basis receipts:				
Property taxes	\$ 3,840,000	\$ 3,840,000	\$ 3,992,996	\$ 152,996
Charges for services	650,000	650,000	631,486	(18,514)
Intergovernmental	1,772,000	1,772,000	2,539,753	767,753
Other	2,600	262,586	32,065	(230,521)
Total budgetary basis receipts	<u>6,264,600</u>	<u>6,524,586</u>	<u>7,196,300</u>	<u>671,714</u>
Budgetary basis disbursements:				
Current:				
Human services	<u>7,249,162</u>	<u>7,659,794</u>	<u>6,965,626</u>	<u>694,168</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements	<u>(984,562)</u>	<u>(1,135,208)</u>	<u>230,674</u>	<u>1,365,882</u>
Other financing sources (uses):				
Transfers in			252,400	252,400
Transfers out	<u>(500,000)</u>	<u>(495,000)</u>	<u>(225,505)</u>	<u>269,495</u>
Total other financing sources (uses)	<u>(500,000)</u>	<u>(495,000)</u>	<u>26,895</u>	<u>521,895</u>
Net change in fund balance - cash basis	(1,484,562)	(1,630,208)	257,569	1,887,777
Fund balance - cash basis, January 1	5,405,241	5,405,241	5,405,241	
Prior year encumbrances appropriated	<u>262,562</u>	<u>262,562</u>	<u>262,562</u>	
Fund balance - cash basis, December 31	<u>\$ 4,183,241</u>	<u>\$ 4,037,595</u>	<u>\$ 5,925,372</u>	<u>\$ 1,887,777</u>

OTTAWA COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE
 GOVERNMENTAL FUNDS - BUDGET BASIS
 OTTAWA COUNTY SENIOR PROGRAMS FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary basis receipts:				
Property taxes	\$ 404,100	\$ 404,100	\$ 402,882	\$ (1,218)
Intergovernmental	226,100	226,100	385,707	159,607
Other	120,400	188,908	30,185	(158,723)
Total budgetary basis receipts	<u>750,600</u>	<u>819,108</u>	<u>818,774</u>	<u>(334)</u>
Budgetary basis disbursements:				
Current:				
Human services	<u>941,790</u>	<u>1,114,510</u>	<u>1,082,154</u>	<u>32,356</u>
Net change in fund balance - cash basis	(191,190)	(295,402)	(263,380)	32,022
Fund balance - cash basis, January 1	241,530	241,530	241,530	
Prior year encumbrances appropriated	<u>64,374</u>	<u>64,374</u>	<u>64,374</u>	
Fund balance - cash basis, December 31	<u>\$ 114,714</u>	<u>\$ 10,502</u>	<u>\$ 42,524</u>	<u>\$ 32,022</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, OHIO

STATEMENT OF FUND NET ASSETS - CASH BASIS
 PROPRIETARY FUNDS
 DECEMBER 31, 2009

	Business-type Activities - Enterprise Funds			
	Riverview Nursing Home	Danbury Sewer Operations	Regional Water Operations	Catawba Portage Sewer
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,041,765	\$ 1,486,132	\$ 4,788,275	\$ 780,431
Restricted assets:				
Equity in pooled cash and cash equivalents		4,283,049		2,170,047
Cash with fiscal agent.		604,462		290,538
Total assets.	<u>1,041,765</u>	<u>6,373,643</u>	<u>4,788,275</u>	<u>3,241,016</u>
Net assets:				
Restricted for:				
Repairs and replacements		1,061,540		1,477,991
Revenue bond current debt service. . .		1,393,069		187,019
Revenue bond future debt service . . .		1,828,440		505,037
Unrestricted	<u>1,041,765</u>	<u>2,090,594</u>	<u>4,788,275</u>	<u>1,070,969</u>
Total net assets	<u>\$ 1,041,765</u>	<u>\$ 6,373,643</u>	<u>\$ 4,788,275</u>	<u>\$ 3,241,016</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 387,378	\$ 8,483,981	\$ 1,145,077
	6,453,096	
	895,000	
<u>387,378</u>	<u>15,832,077</u>	<u>1,145,077</u>
	2,539,531	
	1,580,088	
	2,333,477	
<u>387,378</u>	<u>9,378,981</u>	<u>1,145,077</u>
<u>\$ 387,378</u>	<u>\$ 15,832,077</u>	<u>\$ 1,145,077</u>

OTTAWA COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND NET ASSETS - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Business-Type Activities - Enterprise Funds			
	Riverview Nursing Home	Danbury Sewer Operations	Regional Water Operations	Catawba Portage Sewer
Operating receipts:				
Charges for services	\$ 8,385,702	\$ 2,263,716	\$ 4,521,786	\$ 2,001,942
Other	14,147	55,911	81,870	57,295
Total operating receipts.	8,399,849	2,319,627	4,603,656	2,059,237
Operating disbursements:				
Personal services	6,175,543	693,535	1,386,888	781,303
Contract services	1,456,161	444,180	474,661	384,690
Materials and supplies	861,803	118,187	394,149	239,598
Capital outlay	115,020	2,040,103	69,269	23,085
Claims				
Other	5,931			
Total operating disbursements.	8,614,458	3,296,005	2,324,967	1,428,676
Operating receipts over (under) operating disbursements	(214,609)	(976,378)	2,278,689	630,561
Nonoperating receipts (disbursements):				
Debt service:				
Principal retirement	(469,000)	(860,953)	(2,074,561)	(250,187)
Interest and fiscal charges.	(105,806)	(358,382)	(745,733)	(333,687)
Issuance of loans		495,911	420,319	
Intergovernmental receipts	38,862	945,659	41,729	
Property tax receipts.	104,977			
Special assessment receipts			19,906	70,344
Advances in	47,161			
Advances out			(15,080)	(243,554)
Total nonoperating receipts (disbursements).	(383,806)	222,235	(2,353,420)	(757,084)
Net receipts over (under) disbursements before transfers	(598,415)	(754,143)	(74,731)	(126,523)
Transfers in	43,521	345,374	372,911	95,447
Transfers out		(265,511)	(191,522)	(34,052)
Change in net assets.	(554,894)	(674,280)	106,658	(65,128)
Net assets at beginning of year (restated).	1,596,659	7,047,923	4,681,617	3,306,144
Net assets at end of year.	\$ 1,041,765	\$ 6,373,643	\$ 4,788,275	\$ 3,241,016

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Enterprise Funds	Total	Governmental Activities - Internal Service Fund
\$ 2,576	\$ 17,175,722	\$ 3,937,919
104,249	313,472	2,011
106,825	17,489,194	3,939,930
30,095	9,067,364	
21,573	2,781,265	491,939
	1,613,737	
157,437	2,404,914	
		4,949,617
28	5,959	25,526
209,133	15,873,239	5,467,082
(102,308)	1,615,955	(1,527,152)
(95,746)	(3,750,447)	
(26,149)	(1,569,757)	
289,535	1,205,765	
66,169	1,092,419	
	104,977	
102,991	193,241	
258,343	305,504	
(350,258)	(608,892)	
244,885	(3,027,190)	
142,577	(1,411,235)	(1,527,152)
106,060	963,313	63,864
(72,854)	(563,939)	
175,783	(1,011,861)	(1,463,288)
211,595	16,843,938	2,608,365
\$ 387,378	\$ 15,832,077	\$ 1,145,077

OTTAWA COUNTY, OHIO

STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2009

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 5,998,204
Cash in segregated accounts	<u>911,024</u>
Total assets	<u>\$ 6,909,228</u>
Net assets:	
Unrestricted.	<u>\$ 6,909,228</u>
Total net assets	<u>\$ 6,909,228</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE 1 - DESCRIPTION OF THE COUNTY

Ottawa County, Ohio (the "County"), was created in 1840, and is a body politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, a Municipal Court Judge, and a Probate/Juvenile Court Judge. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the entire County. The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the County are not misleading.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

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

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

DISCRETELY PRESENTED COMPONENT UNIT

The component unit column on the financial statements identifies the financial data of the County's component unit, Riverview Industries, Inc. It is reported separately to emphasize that it is legally separate from the County. Information about this component unit is presented in Note 18 to the basic financial statements.

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

POTENTIAL COMPONENT UNITS REPORTED AS AGENCY FUNDS

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

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

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

JOINT VENTURES

Joint Solid Waste District

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

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

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

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

The District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste. A sixteen-member policy committee, consisting of five members from each county and one at-large member appointed by the board of directors, is responsible for preparing the solid waste management plan of the District in conjunction with a sixteen-member Technical Advisory Council (members appointed by the policy committee). As of December 31, 2009, the County's equity interest in the Joint Solid Waste District was \$740,257. Financial information can be obtained from William Farrell, Sandusky County Auditor, 100 North Park Avenue, Fremont, Ohio, 43420.

Mental Health and Recovery Board of Erie and Ottawa Counties

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

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

Regional Airport Authority

The Regional Airport Authority (the "Airport Authority") is a joint venture between Ottawa and Erie Counties. The Airport Authority was formed to provide maintenance of runways and taxiways at the Airport facility. The Airport Authority operates under the direction of a seven-member board of trustees. Three members are appointed by the County Commissioners in each county. The seventh member is appointed at large by the other six. The members serve without compensation as outlined in Section 308.04 of the Ohio Revised Code. The continued existence of the Airport Authority is dependent upon Ottawa County's participation. The Airport Authority has not accumulated significant financial resources nor is the Airport Authority experiencing fiscal stress that may cause an additional financial benefit to or burden on the County in the future. During 2009, the County provided \$53,694 for airport operations. Financial information for the Airport Authority can be obtained from Valerie Gregory, Secretary, 3255 East State Road, Port Clinton, Ohio, 43452.

JOINTLY GOVERNED ORGANIZATION

Ottawa County Regional Planning Commission

The County participates in the Ottawa County Regional Planning Commission (the "Commission"), which is a statutorily created political subdivision of the State. The Commission is jointly governed among Ottawa County, the City of Port Clinton, seven villages, and twelve townships within the County. Each member's control over the operation of the Commission is limited to its representation on the Commission. The Commission makes studies, maps, plans, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. In 2009, the County contributed \$93,178 to the Regional Planning Commission.

INSURANCE POOL

County Risk Sharing Authority, Inc. (CORSA)

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

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

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

CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The total amount of certificates issued by CORSA for the forty-one participating counties is \$1,645,000. The County does not have an equity interest in CORSA. The County's payment for insurance to CORSA in 2009 was \$312,554.

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

B. Basis of Presentation

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

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

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

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

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

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

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

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

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

C. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

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

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

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

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

General Obligation Bond Retirement Fund - This fund accounts for the accumulation of resources for, and the repayment of, long-term general obligation bonds principal, interest and related costs.

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

PROPRIETARY FUNDS

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

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

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

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

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

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

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

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

FIDUCIARY FUNDS

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

D. Basis of Accounting

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

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

E. Budgetary Data

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

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

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

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

F. Cash and Investments

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

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

During 2009, investments were limited to federal agency securities, money market mutual funds, certificates of deposits, and the State Treasury Asset Reserve of Ohio (STAR Ohio). On the cash basis of accounting, investments are reported at cost.

The County has invested funds in STAR Ohio during 2009. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission (SEC) as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2009.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest receipts credited to the general fund during 2009 amounted to \$1,008,709, which includes \$966,180 assigned from other County funds.

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

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

G. Inventories of Materials and Supplies

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

H. Capital Assets

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

I. Prepaid Items

On the cash basis of accounting, payments made to vendors for services that will benefit periods beyond December 31, 2009 are recorded as disbursements when paid. These items are not reported as assets in the basic financial statements.

J. Loss on Advance Refunding

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

K. Compensated Absences

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

L. Bond Issuance Costs/Bond Discounts and Premiums

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

M. Fund Balance Reserves

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

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

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

N. Long-term Obligations

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

O. Interfund Transactions

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

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

P. Operating Receipts and Disbursements

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

Q. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include activities involving the upkeep of County roads and bridges, various mental health services, child support and welfare services, and services for the handicapped and mentally retarded. As of December 31, 2009, there were no net assets restricted by enabling legislation. The County applies restricted resources first when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

R. Restricted Assets

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

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

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County administration and that are either unusual in nature or infrequent in occurrence. The County had no extraordinary or special items during 2009.

NOTE 3 - CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY

A. Change in Accounting Principles

For 2009 the County ceased to report using generally accepted accounting principles and reported on the cash basis as described in Note 2D.

B. Restatement of Fund Equity

For 2009, the County has changed from reporting its basic financial statements on a GAAP basis to the cash basis of accounting (see Note 2). The County has also chosen to present the cash basis basic financial statements in a GASB 34-like format. For financial reporting in accordance with GASB 34-like statements, the County is required to present government-wide financial statements. The government-wide financial statements consolidate and present all governmental activities in one column, all business-type activities in another column, and the component unit in another column. The fund balances and net assets of the County as previously reported at December 31, 2008 have been restated in order to account for this change in accounting principle, which effectively eliminates balance sheet accruals. This restatement for the change in reporting basis to the cash basis of accounting had the following effects on governmental fund balance, governmental activities net assets, net assets of the enterprise funds and business-type activities, and the net assets of the component unit, as previously stated in the prior reporting period:

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

**NOTE 3 - CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY -
(Continued)**

Governmental Funds:	Fund Balance 12/31/2008	Restatement for change in reporting basis	Restated Fund Balance 1/1/2009
General fund	\$ 3,850,828	\$ (2,102,837)	\$ 1,747,991
Road and bridge fund	2,751,521	(659,110)	2,092,411
Job and family services fund	317,751	365,843	683,594
Board of developmental disabilities fund	5,313,293	370,893	5,684,186
Ottawa County senior programs fund	257,295	48,609	305,904
General obligation bond retirement fund	1,756,424	(6,102)	1,750,322
Nonmajor governmental funds	6,476,871	(595,735)	5,881,136
Total governmental funds	\$ 20,723,983	\$ (2,578,439)	\$ 18,145,544
Governmental activities - internal service fund			2,608,365
Governmental activities net cash assets at 1/1/2009			\$ 20,753,909
 Enterprise Funds:	 Net Assets 12/31/2008	 Restatement for change in reporting basis	 Restated Net Assets 1/1/2009
Riverview nursing home fund	\$ 4,226,423	\$ (2,629,764)	\$ 1,596,659
Danbury sewer operations fund	26,417,058	(19,369,135)	7,047,923
Regional water operations fund	44,989,416	(40,307,799)	4,681,617
Catawba portage sewer fund	29,290,777	(25,984,633)	3,306,144
Nonmajor enterprise funds	9,121,623	(8,910,028)	211,595
Total enterprise funds	\$ 114,045,297	\$ (97,201,359)	\$ 16,843,938
Business-type activities net cash assets at 1/1/2009			\$ 16,843,938
 Component Unit:	 Net Assets 12/31/2008	 Restatement for change in reporting basis	 Restated Net Assets 1/1/2009
Riverview Industries, Inc.	\$ 920,488	(26,633)	893,855
Total	\$ 920,488	\$ (26,633)	\$ 893,855

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 4 - COMPLIANCE

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

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

1. United States Treasury Notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States, or any book entry zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasury Asset Reserve of Ohio (STAR Ohio) investment pool;

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

At year-end, the County had \$300,224 in undeposited cash on hand, which is included on the financial statements of the County as part of "equity in pooled cash and cash equivalents".

B. Cash in Segregated Accounts

At year-end, the County deposited \$1,096,560 in accounts separate from the County's internal investment pool. The balances in these depository accounts are included in "deposits with financial institutions" below.

C. Deposits with Financial Institutions

At December 31, 2009, the carrying amount of all County deposits was \$31,821,710. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2009, \$3,194,193 of the County's bank balance of \$33,966,377 was covered by the FDIC, while \$30,772,184 was exposed to custodial risk as discussed below.

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

D. Investments

As of December 31, 2009, the County had the following investments and maturities:

<u>Investment type</u>	<u>Amount</u>	<u>Investment Maturities</u>	
		<u>6 months or less</u>	<u>More than 24 months</u>
FHLB	\$ 7,000,000	\$ -	\$ 7,000,000
FHLMC	2,000,000	-	2,000,000
Mutual Funds	895,000	895,000	-
STAR Ohio	840,013	840,013	-
Total	\$ 10,735,013	\$ 1,735,013	\$ 9,000,000

The weighted average maturity of investments at December 31, 2009 is 2.87 years.

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

Concentration of Credit Risk: The County places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the County at December 31, 2009:

<u>Investment type</u>	<u>Amount</u>	<u>Percent of Total</u>
FHLB	\$ 7,000,000	65.21%
FHLMC	2,000,000	18.63%
Mutual Funds	895,000	8.34%
STAR Ohio	<u>840,013</u>	<u>7.82%</u>
Total	<u>\$ 10,735,013</u>	<u>100.00%</u>

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

The following is a reconciliation of cash and investments as reported in the note disclosure above to cash and investments as reported on the statement of net assets - cash basis as of December 31, 2009:

<u>Cash and Investments per Note Disclosure</u>	
Carrying amount of deposits	\$ 31,821,710
Investments	10,735,013
Cash on hand	<u>300,224</u>
Total	<u>\$ 42,856,947</u>

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

<u>Cash and Investments per Statement of Net Assets</u>	
Governmental activities	\$ 20,115,642
Business-type activities	15,832,077
Agency funds	<u>6,909,228</u>
Total	<u>\$ 42,856,947</u>

NOTE 6 - INTERFUND TRANSACTIONS

- A. Transfers for the year ended December 31, 2009 consisted of the following, as reported in the fund financial statements:

Fund	<u>Transfers Out</u>	<u>Transfers In</u>
Major governmental funds:		
General	\$ 1,278,393	\$ 379,226
Road and bridge		65,545
Job and family services		619,006
Board of developmental disabilities	225,505	252,400
General obligation bonds		191,741
Nonmajor governmental funds	1,546,904	1,079,646
Major enterprise funds:		
Riverview nursing home		43,521
Danbury sewer operations	265,511	345,374
Regional water operations	191,522	372,911
Catawba portage sewer	34,052	95,447
Nonmajor enterprise funds	72,854	106,060
Internal service fund		<u>63,864</u>
Total	<u>\$ 3,614,741</u>	<u>\$ 3,614,741</u>

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

- B. Advances for the year ended December 31, 2009 consisted of the following, as reported in the fund financial statements:

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 6 - INTERFUND TRANSACTIONS

Fund	<u>Advances Out</u>	<u>Advances In</u>
Major governmental funds:		
General	\$ 422,634	\$ 1,022,288
Road and bridge	14,019	-
Nonmajor governmental funds	672,030	389,783
Major enterprise funds:		
Riverview nursing home	-	47,161
Regional water operations	15,080	-
Catawba portage sewer	243,554	-
Nonmajor enterprise funds	<u>350,258</u>	<u>258,343</u>
Total	<u>\$ 1,717,575</u>	<u>\$ 1,717,575</u>

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

NOTE 7 - PROPERTY TAXES

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 public utility property taxes became a lien December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 7 - PROPERTY TAXES – (Continued)

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected.

The full tax rate for all County operations for the year ended December 31, 2009 was \$6.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

Real property	
Residential/agricultural	\$ 1,332,021,060
Commercial/industrial/mineral	254,946,630
Tangible personal property	2,281,980
Public utility	
Real	525,060
Personal	123,455,880
Total assessed value	<u><u>\$ 1,713,230,610</u></u>

NOTE 8 - PERMISSIVE SALES AND USE TAX

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 9 - LONG-TERM OBLIGATIONS

A. Long-term obligation activity for the fiscal year ended December 31, 2009 was as follows:

Governmental Activities:	<u>Interest Rate</u>	<u>Balance 12/31/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/09</u>	<u>Amount Due In One Year</u>
General Obligation Bonds:						
1984 Welfare (original amount \$350,000)	9.75%	\$ 10,000		\$ (10,000)		
2003 County / City Complex (original amount \$1,385,000)	3.63	950,000		(80,000)	\$ 870,000	\$ 85,000
2003 Industrial Park Improvements (original amount \$510,000)	3.64	475,000		(40,000)	435,000	40,000
2003 Airport Improvements (original amount \$695,000)	3.63	355,000		(35,000)	320,000	30,000
2003 Community Resource Center (original amount \$3,060,000)	4.18	2,500,000		(90,000)	2,410,000	95,000
2003 Port Authority Improvements (original amount \$605,000)	3.19	345,000		(45,000)	300,000	45,000
2003 Airport Improvements (original amount \$465,000)	3.96	345,000		(20,000)	325,000	20,000
2006 Board of DD Facility Bonds (original amount \$2,020,000)	4.00-4.40	1,880,000		(70,000)	1,810,000	75,000
2006 Riverview Industries Building (original amount \$950,000)	4.00-4.40	885,000		(35,000)	850,000	35,000
2008 Welfare Building Refunding (original amount \$60,000)	3.00	60,000		(21,000)	39,000	20,000
2008 Agriculture Building Refunding (original amount \$488,000)	3.00	488,000		(92,000)	396,000	95,000
Total General Obligation Bonds		<u>8,293,000</u>		<u>(538,000)</u>	<u>7,755,000</u>	<u>540,000</u>

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Governmental Activities:	Rate	12/31/08	Additions	Reductions	12/31/09	In One Year
Special Assessment Bonds:						
1991 LaCarne Water (original amount \$45,000)	7.00%	\$ 6,800	\$ -	\$ (2,200)	\$ 4,600	\$ 2,300
1995 Gypsum Sewer (original amount \$112,769)	4.50	39,400		(5,600)	33,800	5,600
2008 Catawba Sewer Refunding (original amount \$2,295,000)	3.00	2,295,000		(746,000)	1,549,000	760,000
2008 State Route 163 Refunding (original amount \$60,000)	3.00	60,000		(21,000)	39,000	20,000
2008 Route 269 Sewer Refunding (original amount \$22,000)	3.00	22,000		(5,000)	17,000	5,000
Total Special Assessment Bonds		2,423,200		(779,800)	1,643,400	792,900
OWDA Loans:						
1998 Dani-Donn (original amount \$47,710)	5.54	31,244		(2,275)	28,969	2,401
1999 Perryview Estates (original amount \$127,826)	6.13	91,274		(5,667)	85,607	6,020
1999 Regional Water (original amount \$17,942,681)	4.02	12,005,422		(839,798)	11,165,624	873,898
Total OWDA Loans		12,127,940		(847,740)	11,280,200	882,319
OPWC Loans:						
2007 Port Clinton Eastern Road (original amount \$157,431)	0.00	153,495		(3,936)	149,559	11,807
2007 Port Clinton Eastern Road (original amount \$382,692)	0.00	373,125		(9,567)	363,558	28,702
2009 Nissen Road Resurfacing (original amount \$41,777)	0.00		41,777		41,777	20,889
2009 Lemon Road Bridge Replacement (original amount \$152,891)	0.00		152,891		152,891	5,096
Total OPWC Loans		526,620	194,668	(13,503)	707,785	66,494
Other Long-Term Obligations:						
Capital Leases		17,018		(8,671)	8,347	7,660
Total Other Long-Term Obligations		17,018		(8,671)	8,347	7,660
Total Governmental Activities		\$ 23,387,778	\$ 194,668	\$ (2,187,714)	\$ 21,394,732	\$ 2,289,373

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Business-Type Activities:	<u>Interest Rate</u>	<u>Balance 12/31/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/09</u>	<u>Amount Due In One Year</u>
General Obligation Bonds:						
1998 Catawba Portage Sanitary Sewer (original amount \$3,445,000)	4.25%	2,030,000		(175,000)	1,855,000	200,000
1999 Regional Water Development (original amount \$2,000,000)	4.75	1,745,500		(35,400)	1,710,100	37,000
2003 Danbury Sewer Refunding (original amount \$3,355,000)	3.30	3,205,000		(495,000)	2,710,000	510,000
2003 County Home Refunding (original amount \$3,650,000)	3.07	1,980,000		(310,000)	1,670,000	315,000
2003 Catawba Portage Sewer Station (original amount \$245,000)	3.66	175,000		(15,000)	160,000	15,000
2006 County Home Improvements (original amount \$965,000)	4.00-4.25	800,000		(85,000)	715,000	90,000
2008 Danbury Sewer Refunding (original amount \$148,000)	3.00	148,000		(37,000)	111,000	36,000
2008 County Home Refunding (original amount \$234,000)	3.00	234,000		(74,000)	160,000	108,000
2008 Catawba Portage Sewer Refunding (original amount \$5,272,000)	3.00	5,272,000		(37,000)	5,235,000	20,000
2008 Portage Catawba Water Refunding (original amount \$101,000)	3.00	101,000		(32,000)	69,000	35,000
Total General Obligation Bonds		<u>15,690,500</u>		<u>(1,295,400)</u>	<u>14,395,100</u>	<u>1,366,000</u>
Special Assessment Bonds:						
2005 Sanitary Sewer Improvements (original amount \$815,000)	5.00	378,000		(15,000)	363,000	16,000
Total Special Assessment Bonds		<u>378,000</u>		<u>(15,000)</u>	<u>363,000</u>	<u>16,000</u>
OWDA Loans:						
1997 Danbury Sanitary Sewer (original amount \$1,246,205)	3.04%	654,085		(64,219)	589,866	66,186
1997 Regional Water (original amount \$29,991,085)	2.00	20,857,615		(1,118,991)	19,738,624	1,141,371
2001 Camp Perry Western Road (original amount \$17,145)	5.74	13,518		(687)	12,831	726
2004 Danbury Township Wastewater (original amount \$4,632,743)	3.76	4,255,939		(198,225)	4,057,714	205,747
2004 Golf Lane Waterline (original amount \$69,018)	4.56	60,959		(2,546)	58,413	2,664

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Business-Type Activities:	Interest Rate	Balance 12/31/08	Additions	Reductions	Balance 12/31/09	Amount Due In One Year
OWDA Loans:						
2004 Water Plant Expansion (original amount \$3,065,360)	4.51	3,058,417	-	(63,736)	2,994,681	66,642
2006 South Bass Island Waterline (original amount \$968,848)	2.00	938,392	-	(39,782)	898,610	40,582
2007 Sewer Construction (original amount \$245,936)	3.82	233,241	-	(8,872)	224,369	9,214
2008 Ductile Iron Cathode Protection (original amount \$1,216,200)	3.36	976,371	178,969	(43,502)	1,111,838	-
2009 Phase III Water Main Corrosion (original amount \$434,264)	3.52	5,934	316,942	-	322,876	-
2009 Phase II Erie Twp. Water & Sewer (original amount \$223,761)	4.79	-	223,761	(3,398)	220,363	7,041
2009 Sand Road Waterline Replacement (original amount \$420,319)	4.79	-	420,319	(6,383)	413,936	13,227
Total OWDA Loans		<u>31,054,471</u>	<u>1,139,991</u>	<u>(1,550,341)</u>	<u>30,644,121</u>	<u>1,553,400</u>
OPWC Loans:						
1992 Danbury Sanitary Sewer (original amount \$486,780)	4.00	130,354		(15,188)	115,166	47,409
1994 Portage Catawba Island WWTP (original amount \$168,000)	4.00	64,947		(4,842)	60,105	15,117
1999 Danbury Sewer (original amount \$169,741)	0.00	89,114		(4,244)	84,870	12,730
1999 Allen / Clay Sanitary Sewer (original amount \$23,035)	0.00	12,094		(576)	11,518	1,728
2003 Gypsum Water Replacements (original amount \$83,933)	0.00	62,950		(2,098)	60,852	6,296
2003 Clay Center Sanitary Sewer (original amount \$222,352)	0.00	177,882		(11,118)	166,764	11,117
2004 Regional Water System Repair (original amount \$174,000)	0.00	143,550		(4,350)	139,200	13,050
2004 State Road Sanitary Sewer (original amount \$133,798)	0.00	113,728		(3,345)	110,383	10,034
2006 S.R. 269 Sanitary Sewer Main (original amount \$143,018)	0.00	128,716		(3,575)	125,141	10,726
2009 Phase III Erie Twp. Sewer Improvements (original amount \$238,440)	0.00		65,774		65,774	
Total OPWC Loans		<u>923,335</u>	<u>65,774</u>	<u>(49,336)</u>	<u>939,773</u>	<u>128,207</u>

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Business-Type Activities:	Interest Rate	Balance 12/31/08	Additions	Reductions	Balance 12/31/09	Amount Due In One Year
Ohio Water & Sewer Loans:						
1991 Portage Catawba Water (original amount \$185,855)	0.00%	\$ 72,766	\$ -	\$ (8,991)	\$ 63,775	\$ -
1992 Danbury Sewer (original amount \$216,741)	0.00	87,862	-	-	87,862	-
1992 Catawba Portage Sewer (original amount \$28,662)	0.00	9,219	-	-	9,219	-
1999 Regional Water (original amount \$1,108,668)	0.00	957,124	-	(13,115)	944,009	-
2001 Camp Perry Western Road (original amount \$37,929)	0.00	28,436	-	-	28,436	-
2004 Clay Center (original amount \$13,128)	0.00	13,128	-	-	13,128	-
2005 State Road Sewer (original amount \$28,990)	0.00	28,990	-	-	28,990	-
2008 Allen/Clay Phase IV (original amount \$21,207)	0.00	21,207	-	-	21,207	-
2008 SBI Waterline (original amount \$8,421)	0.00	8,421	-	-	8,421	-
Total Ohio Water & Sewer Loans		<u>1,227,153</u>	<u>-</u>	<u>(22,106)</u>	<u>1,205,047</u>	<u>-</u>
OEPA Loans:						
1999 Regional Water (original amount \$3,274,564)	4.02	2,191,005	-	(153,264)	2,037,741	159,487
Total OEPA Loans		<u>2,191,005</u>	<u>-</u>	<u>(153,264)</u>	<u>2,037,741</u>	<u>159,487</u>
Total Business-Type Activities		<u>\$ 51,464,464</u>	<u>\$ 1,205,765</u>	<u>\$ (3,085,447)</u>	<u>\$ 49,584,782</u>	<u>\$ 3,235,016</u>

General Obligation Bonds

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

1998 Various Improvement Bonds

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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

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

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

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

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

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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

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

2003 Various Improvement Bonds

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

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

Year	Amount
2014	\$ 735,000

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

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

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

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

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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

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

2006 Various Improvement Bonds

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

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

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

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

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

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

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

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

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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

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

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

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

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

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

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

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

Special Assessment Bonds

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

Capital Lease Obligation

Capital lease obligations will be paid from the fund that maintains the related asset. See Note 10.

General Obligation Revenue Bonds

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

1993 Danbury Sanitary Sewer System Refunding Bonds

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

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

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

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

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

Fund assets, whose use are restricted under the bond indenture, are presented as restricted assets on the statement of fund net assets. Relating to the 1993 Danbury Sanitary Sewer System Refunding Bonds, restricted assets held by the trustee at December 31, 2009 were as follows:

Revenue Bond Current Debt Service	\$ 1,393,069
Revenue Bond Future Debt Service	1,828,440
Repairs and Replacements	1,061,540

Catawba Portage Sanitary Sewer Revenue Refunding Bonds

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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

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

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

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

Fund assets, whose use are restricted under the bond indenture, are presented as restricted assets on the statement of fund net assets. Relating to the Catawba Portage Sanitary Sewer Revenue Refunding Bonds, restricted assets held by the trustee at December 31, 2009 were as follows:

Revenue Bond Current Debt Service	\$ 187,019
Revenue Bond Future Debt Service	505,037
Repairs and Replacements	1,477,991

In prior years, the County defeased certain general obligation revenue bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the County's financial statements. At December 31, 2009, \$7,949,500 of this debt was still outstanding.

Series 2008 Refunding Bonds

On October 1, 2008, the County issued general obligation and special assessment bonds (Series 2008 Refunding Bonds) to advance refund the callable portion of the Series 1998 general obligation and special assessment bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets. The balance of the refunded Series 1998 general obligation and special assessment bonds at December 31, 2009 is \$8,375,000.

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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

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

Ohio Water and Sewer Loans

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

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

OWDA Loans

OWDA loans consist of monies owed to the Ohio Water Development Authority for various water and sewer projects. OWDA loans are payable solely from special assessments and the gross revenues of the enterprise funds. As of December 31, 2009, certain OWDA loans were not finalized and, therefore, are not included in the schedule of future annual debt service requirements presented below.

OPWC Loans

OPWC loans consist of monies owed to the Ohio Public Works Commission for various water and sewer projects. OPWC loans are payable solely from the gross revenues of the enterprise funds. As of December 31, 2009, certain OPWC loans were not finalized and, therefore, are not included in the schedule of future annual debt service requirements presented below.

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

OEPA Loan

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

Legal Debt Margins

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

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

The effects of these debt limitations at December 31, 2009 are a legal voted debt margin of \$37,941,424 (including available funds of \$2,275,512) and a legal unvoted debt margin of \$19,088,740.

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

Year Ended	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2010	\$ 540,000	\$ 322,405	\$ 792,900	\$ 49,993
2011	552,000	305,100	822,000	26,030
2012	555,000	287,395	11,600	1,193
2013	568,000	268,703	5,600	760
2014	485,000	248,968	5,700	509
2015 - 2019	2,325,000	898,577	5,600	252
2020 - 2024	1,765,000	440,156		
2025 - 2027	965,000	74,902		
Total	<u>\$ 7,755,000</u>	<u>\$ 2,846,206</u>	<u>\$ 1,643,400</u>	<u>\$ 78,737</u>

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Year Ended	OWDA Loans		OPWC Loans	
	Principal	Interest	Principal	Interest
2010	\$ 882,319	\$ 446,925	\$ 66,494	
2011	918,309	410,933	58,088	
2012	955,773	373,469	37,197	
2013	994,768	334,475	37,200	
2014	1,035,356	293,886	37,197	
2015 - 2019	5,844,170	800,040	185,996	
2020 - 2024	649,505	13,113	185,994	
2025 - 2028			99,619	
Total	<u>\$ 11,280,200</u>	<u>\$ 2,672,841</u>	<u>\$ 707,785</u>	

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

Year Ended	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2010	\$ 1,366,000	\$ 592,075	\$ 16,000	\$ 17,326
2011	1,328,900	545,272	16,000	16,565
2012	1,289,700	500,688	17,000	15,803
2013	1,289,600	456,321	18,000	14,994
2014	1,349,700	411,160	19,000	14,137
2015 - 2019	1,932,100	1,599,988	110,000	56,168
2020 - 2024	2,014,300	1,171,782	137,000	27,561
2025 - 2029	2,399,000	683,030	30,000	1,476
2030 - 2034	1,425,800	140,852		
Total	<u>\$ 14,395,100</u>	<u>\$ 6,101,168</u>	<u>\$ 363,000</u>	<u>\$ 164,030</u>

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Year Ended	OWDA Loans		OPWC Loans		OEPA Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 1,553,400	\$ 756,933	\$ 128,207	\$ 5,777	\$ 159,487	\$ 80,330
2011	1,591,424	718,911	91,290	4,076	165,963	73,854
2012	1,630,486	679,851	93,059	2,307	172,702	67,116
2013	1,670,616	640,718	58,954	822	179,714	60,103
2014	1,711,857	598,479	59,418	359	187,012	52,806
2015 - 2019	9,047,913	2,336,525	232,651		1,055,317	143,772
2020 - 2024	9,957,825	1,172,128	185,078		117,546	2,363
2025 - 2029	1,155,243	327,534	25,342			
2030 - 2034	890,643	114,155				
Total	\$ 29,209,407	\$ 7,345,234	\$ 873,999	\$ 13,341	\$ 2,037,741	\$ 480,344

Industrial Revenue Bonds

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

	Amount of Issuance	Amount Outstanding at 12/31/09
Adrian Sand and Stone, Inc.	\$ 5,000,000	
Luther Home of Mercy	5,200,000	\$ 3,070,000
Otterbein Home	85,565,000	64,690,000
Ottawa Residential Services	4,043,000	3,475,000
Magruder Hospital	6,700,000	3,935,000

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

NOTE 10 - BOND ANTICIPATION NOTES

The changes in the County's bond anticipation notes during 2009 were as follows:

Bond Anticipation Notes	<u>Interest Rate</u>	<u>Balance at 12/31/2008</u>	<u>Reductions</u>	<u>Balance at 12/31/2009</u>
Business-Type Activities				
2008 Water System Improvements	2.50%	\$ 665,000	\$ (665,000)	\$ -
Total Business-Type Activities		<u>\$ 665,000</u>	<u>\$ (665,000)</u>	<u>\$ -</u>

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 10 - BOND ANTICIPATION NOTES – (Continued)

On September 11, 2008, the County issued a bond anticipation note in the amount of \$665,000 in order to provide financial resources for water system improvements. This note matured on March 11, 2009, carried an interest rate of 2.50%, and was repaid from the Regional Water Operations enterprise fund.

NOTE 11 - LEASES

The County has entered into various leases for equipment. Payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balance for the governmental funds.

Principal payments in 2009 were \$8,671 for governmental funds.

Future payments are as follows:

<u>Year Ended</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 7,660	\$ 292
2011	687	6
Total	<u>\$ 8,347</u>	<u>\$ 298</u>

NOTE 12 - RISK MANAGEMENT

A. General Insurance

The County is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2009, the County contracted with County Risk Sharing Authority (CORSA) for liability, property and crime insurance. The CORSA program has a \$2,500 deductible. Coverages provided by CORSA are as follows:

<u>Type of Coverage</u>	<u>Amount</u>
General Liability	\$ 1,000,000
Excess Liability	10,000,000
Law Enforcement Professional Liability	1,000,000
Automobile Liability and Physical Damage:	
Liability	1,000,000
Uninsured Motorist	250,000
Public Officials Errors and Omissions	1,000,000
Ohio Stop Gap (Additional Workers' Compensation Coverage)	1,000,000
Building and Contents	153,476,029

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 12 - RISK MANAGEMENT - (Continued)

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

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

B. Workers Compensation

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

C. Medical Insurance

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

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

All funds of the County participate in the program and make payments to the Self Insurance internal service fund based on actuarial estimates of the amounts needed to pay prior and current-year claims. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payments for the year ended December 31, 2009 were \$4,949,617.

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 12 - RISK MANAGEMENT - (Continued)

The changes in the cash balance of the Self Insurance internal service fund for 2009 and 2008 were:

<u>Year</u>	<u>Beginning Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance</u>
2009	\$ 2,608,365	\$ 4,003,794	\$ (5,467,082)	\$ 1,145,077
2008	3,034,062	4,166,411	(4,592,108)	2,608,365

NOTE 13 - PENSION PLAN

Ohio Public Employees Retirement System

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

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

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2009 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 10.10%. The County's contribution rate for 2009 was 14.00%, except for those plan members in law enforcement or public safety, for whom the County's contribution was 17.63% of covered payroll.

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 13 - PENSION PLAN – (Continued)

The County's contribution rate for pension benefits for 2009 was 7.00% from January 1 through March 31, 2009 and 8.50% from April 1 through December 31, 2009, except for those plan members in law enforcement and public safety. For those classifications, pension contributions were 10.63% from January 1 through March 31, 2009 and 12.13% from April 1 through December 31, 2009. The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2009, 2008, and 2007, were \$1,488,690, \$1,667,575, and \$1,787,528, respectively; 96.63% has been contributed for 2009, and 100% has been contributed for 2008 and 2007.

NOTE 14 - POSTRETIREMENT BENEFIT PLAN

Ohio Public Employees Retirement System

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14.00% of covered payroll (17.63% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for 2009 was 7.00% from January 1 through March 31, 2009 and 5.50% from April 1 through December 31, 2009.

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 14 - POSTRETIREMENT BENEFIT PLAN – (Continued)

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008, and 2007, were \$1,076,437, \$1,587,743, and \$1,177,414, respectively; 96.63% has been contributed for 2009, and 100% has been contributed for 2008 and 2007.

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

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

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

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

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

	Net Change in Fund Balances				
	General	Road and Bridge	Family Services	Developmental Disabilities	Senior Programs
Budget basis	\$ (135,077)	\$ 559,394	\$ (364,965)	\$ 257,569	\$ (263,380)
Adjustment for Segregated cash 12/31	123,535	-	-	(16,383)	-
Adjustment for Segregated cash 1/1	(68,871)	-	-	15,163	-
Adjustment for Recorders cash 12/31	37,578				
Encumbrances (budget-basis)	262,549	211,848	120,752	262,372	96,513
Cash basis	<u>\$ 219,714</u>	<u>\$ 771,242</u>	<u>\$ (244,213)</u>	<u>\$ 518,721</u>	<u>\$ (166,867)</u>

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 16 - CONTINGENCIES

A. Grants

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

B. Litigation

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

NOTE 17 - RELATED PARTY TRANSACTIONS

During 2009, Ottawa County provided facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of its programs to Riverview Industries. Riverview Industries, a component unit of Ottawa County, reported \$229,152 for such contributions.

NOTE 18 - RIVERVIEW INDUSTRIES, INC.

A. Description of Entity

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

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

B. Summary of Significant Accounting Policies

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

Basis of Presentation

Riverview's financial statements consist of a statement of financial position, statement of activity, and statement of cash flows.

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 18 - RIVERVIEW INDUSTRIES, INC. - (Continued)

Measurement Focus

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

Basis of Accounting

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

Support and Revenue

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

Riverview entered into an agreement with the OCBDD as a sub-recipient of Title XX federal assistance funds. This agreement was renewed in 2009. Riverview is required to maintain books, records, payroll, documents, accounting producers, and practices, which sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of the agreement. Such records shall be subject for inspection, review, or audit by duly authorized Federal, State, and OCBDD personnel.

Cash and Cash Equivalents

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

Bad Debts

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

Estimates

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 18 - RIVERVIEW INDUSTRIES, INC. - (Continued)

C. Cash and Cash Equivalents

At year-end, the carrying amount (book balance) of Riverview's deposits and cash on hand was \$914,684 and the unadjusted bank balance (before outstanding checks were deducted) was \$947,478. At December 31, 2009, the FDIC insured \$692,805 and \$254,673 was held uninsured and uncollateralized.

<u>Depository</u>	<u>Description</u>	<u>2009</u>	<u>2008</u>
U.S. Bank	Operating checking	\$ 468,051	\$ 373,584
U.S. Bank	Money market	-	78,815
Key Bank	Money market	106,812	106,214
National Bank	Money market	116,935	114,928
Huntington National Bank	Money market	110,299	109,370
Commodore Perry Credit Union	Savings	108,763	107,125
U.S. Bank	Employee council	3,554	3,549
Change fund for kitchen		20	20
Petty cash		250	250
Total		<u>\$ 914,684</u>	<u>\$ 893,855</u>

D. Debt

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

	<u>Principal Outstanding 12/31/2008</u>	<u>Reductions</u>	<u>Principal Outstanding 12/31/2009</u>	<u>Amount Due Within One Year</u>
Line of credit	\$ 28,000		\$ 28,000	
Capital lease payable	12,946	\$ (9,018)	3,928	\$ 3,928
Total	<u>\$ 40,946</u>	<u>\$ (9,018)</u>	<u>\$ 31,928</u>	<u>\$ 3,928</u>

On June 1, 1999, Riverview entered into an agreement with the OCBDD to assist in covering the cost of health care benefits for their employees. The agreement between Riverview and the OCBDD stipulated that the OCBDD would reserve a \$50,000 non-interest bearing line of credit for the period June 1, 1999 to December 31, 2000, to be drawn upon as needed to cover additional fixed costs. The draw-downs from the account were limited to \$8,500 per month. Riverview is required to replenish the funds at such time when its profitability moves ahead of planned levels. As of December 31, 2009, \$28,000 of the line of credit had been drawn down and was outstanding.

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 18 - RIVERVIEW INDUSTRIES, INC. - (Continued)

Riverview into capital leases with Associates Leasing, Inc. for equipment. These leases meet the criteria of a capital lease because it transfers the benefits and risks of ownership to the lessee. The capital leases have been recorded as a capital asset at the present value of the future minimum lease payments as of the inception date. Principal payments made totaled \$9,018 for this year. The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2009:

Year Ending December 31	Principal	Interest	Total
2010	\$ 3,928	\$ 58	\$ 3,986
Total	\$ 3,928	\$ 58	\$ 3,986

E. Federal Taxes

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

F. In-Kind Contributions

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

For the year ended December 31, 2009, the OCBDD provided services and the use of their building to Riverview at no charge. The value of the services for the year ended December 31, 2009 was \$229,152. In-kind rent was \$199,080 that was based on \$9 per square foot on 22,120 square feet. Riverview also had in-kind supplies and contractual services in the amount of \$30,072 that the OCBDD provided this year.

G. Significant Concentration of Business with Customer

One company plus its subsidiary provides approximately 43% of the production revenue and services to the Industries. If canceled, the volume of business would have a severe impact on the production operations of the Industries. However, management would still carry on habilitation programs regardless of services it could lose until new customers were secured.

Management had been advised two years ago that it could lose 50% of its business with the two companies. Riverview production revenue decreased \$204,788 from these two companies, which affected operations drastically. Management has implemented an aggressive plan to secure other business, but it is unlikely that it will make up for the loss in revenues. As Riverview provided production services for these companies, salaries also decreased for the clients who worked on these jobs, offsetting part of the loss that the Industries suffered. However, as noted above, habilitation programs will carry on regardless.

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE 18 - RIVERVIEW INDUSTRIES, INC. - (Continued)

H. Employee Benefit Plans

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

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

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

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

Riverview pays life insurance entirely.

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

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

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

I. Risk Management

Riverview is exposed to various risks of loss related to torts; theft, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2009, Riverview contracted through the Bowden Insurance Agency for commercial, Directors and Officers Liability, Individual Fidelity Bond, and Surety Bond Insurance.

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

**FINANCIAL CONDITION
OTTAWA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through Ohio Department of Development</i>			
Community Development Block Grants	B-F-08-057-1	14.228	\$ 147,000
	B-C-07-057-1		96,013
	B-F-07-057-1		5,655
Community Development Block Grants Revolving Loans	N/A		10,957
Total - Community Development Block Grants			<u>259,625</u>
Home Investment Partnerships Program	B-C-07-057-2	14.239	<u>247,508</u>
Total - Department of Housing and Urban Development			<u>507,133</u>
UNITED STATES DEPARTMENT OF JUSTICE			
<i>Passed Through Ohio Attorney General's Office</i>			
Crime Victim Assistance	2009-VAGene248	16.575	24,868
	2010-VAGene248		8,074
Total - Crime Victim Assistance			<u>32,942</u>
<i>Passed Through Drug Task Force - Erie County</i>			
Edward Byrne Memorial Justice Assistance Grant Program	2007-JG-A01-6573	16.738	<u>36,609</u>
Total - Department of Justice			<u>69,551</u>
UNITED STATES DEPARTMENT OF LABOR			
<i>Passed Through Workforce Investment Act, Area 7</i>			
<u>Workforce Investment Act (WIA) Cluster:</u>			
Workforce Investment Act - Adult Program (SFY 08)	n/a	17.258	45,895
Workforce Investment Act - Adult - Administrative (SFY 08)			6,520
Workforce Investment Act - Adult Program (SFY 09)			150,082
Workforce Investment Act - Adult - Administrative (SFY 09)			6,591
ARRA - Workforce Investment Act - Adult Program			35,155
ARRA - Workforce Investment Act - Adult Program - Admin			3,678
Total - Workforce Investment Act - Adult			<u>247,921</u>
Workforce Investment Act - Youth Program (SFY 08)	n/a	17.259	95,507
Workforce Investment Act - Youth Program (SFY 09)			60,587
Workforce Investment Act - Youth Employment Program			146,898
Workforce Investment Act - Youth Employment Program - Admin			748
ARRA - Workforce Investment Act - Youth Program			85,498
ARRA - Workforce Investment Act - Youth Program - Admin			1,693
Total - Workforce Investment Act - Youth			<u>390,931</u>

(Continued)

**FINANCIAL CONDITION
OTTAWA COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
Workforce Investment Act - Dislocated Worker (SFY 08)	n/a	17.260	140,741
Workforce Investment Act - Dislocated Worker (SFY 08) - Admin			3,452
Workforce Investment Act - Dislocated Worker (SFY 09)			210,562
Workforce Investment Act - Dislocated - Administrative (SFY 09)			10,151
ARRA - Workforce Investment Act - Dislocated Worker			33,422
ARRA - Workforce Investment Act - Dislocated Worker - Admin			3,111
Total - Workforce Investment Act - Dislocated Worker			<u>401,439</u>
Total - Department of Labor			<u>1,040,291</u>
UNITED STATES DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Transportation</i>			
Formula Grants for Other Than Urbanized Areas	OH-18-X029 (Operating) OH-18-X029 (Capital)	20.509	453,938
	OH-18-7027		102,862
	OH-86-X001		326
ARRA - Formula Grants for Other Than Urbanized Areas			158,059
Total - Department of Transportation			<u>715,185</u>
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			
Direct Assistance			
Congressionally Mandated Projects		66.202	<u>379,947</u>
UNITED STATES DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Job and Family Services</i>			
<u>Supplemental Nutrition Assistance Cluster</u>			
FAET - Administrative Costs	N/A	10.561	47,720
Supplemental Nutrition Assistance Program (Administrative Costs)	N/A	10.561	124,706
ARRA - Supplemental Nutrition Assistance Program (Administrative Costs)	N/A	10.561	15,919
Total - Department of Agriculture			<u>188,345</u>
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Job and Family Services</i>			
Caseworker Visits	N/A	93.556	1,068
ESSA Preservation	N/A	93.556	13,711
ESSA Reunification	N/A	93.556	10,714
Family Preservation Operating	N/A	93.556	4,552
Family Reunification Operating	N/A	93.556	3,914
Total - Promoting Safe and Stable Families			<u>33,959</u>

(Continued)

**FINANCIAL CONDITION
OTTAWA COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
Temporary Assistance for Needy Families	N/A	93.558	72,610
Temporary Assistance for Needy Families - Admin	N/A	93.558	803,516
Total - Temporary Assistance for Needy Families			<u>876,126</u>
Access Visitation	N/A	93.597	14,653
Federal Child Support Enforcement	N/A	93.563	497,188
ARRA - Stimulus Incentives	N/A	93.563	51,311
Total - Federal Child Support Enforcement			<u>548,499</u>
<u>Child Care Cluster</u>			
Quality Child Care	N/A	93.575	4,298
Child Care Services CCDF	N/A	93.596	336,187
Child Care Administrative	N/A	93.596	9,712
Child Care Non-Administrative	N/A	93.596	49,244
Total - Child Care Services CCDF			<u>395,143</u>
ARRA - Child Care Services CCDF - Stimulus	N/A	93.713	54,741
Total - Child Care Cluster			<u>454,182</u>
Child Welfare Services- State Grants	N/A	93.645	37,534
IV-E FCM	N/A	93.658	449,228
IV-E Administrative and Training	N/A	93.658	38,300
IV-E Juvenile Court	N/A	93.658	27,196
Total - Foster Care			<u>514,724</u>
IV-E Adoption Assistance	N/A	93.659	20,628
Non-Recurring Adoption	N/A	93.659	4,772
Total - Adoption Assistance			<u>25,400</u>
Chafee Foster Care Independent Program	N/A	93.674	1,216
Child Abuse Prevention	N/A	93.669	1,851
Social Services Block Grant - Title XX Base	N/A	93.667	316,849
Social Services Block Grant - TANF Transfer	N/A	93.667	257,289
Total - Adoption Assistance			<u>574,138</u>

(Continued)

**FINANCIAL CONDITION
OTTAWA COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
Medicaid Child Welfare Related	N/A	93.778	1,439
Federal Medicaid Administration	N/A	93.778	177,151
Medicaid NET (Transportation	N/A	93.778	113,402
Total - Medical Assistance Program			<u>291,992</u>
Total Passed Through Ohio Job and Family Services			<u>3,374,274</u>
<i>Passed Through Ohio Department of Developmental Disabilities</i>			
Social Services Block Grant	N/A	93.667	56,077
Medical Assistance Program			
MAC	6200015	93.778	41,658
Targeted Case Management - EFMAP	6200015	93.778	23,337
Day HAB EFMAP	6200015	93.778	49,703
Total - Medical Assistance Program			<u>114,698</u>
Total Passed Through Ohio Developmental Disabilities			<u>170,775</u>
Total All Social Services Block Grant - CFDA # 93.667			630,215
Total All Medical Assistance Programs - CFDA # 93.778			<u>406,690</u>
Total - Department of Health and Human Services			<u>3,545,049</u>
UNITED STATES DEPARTMENT OF HOMELAND SECURITY			
<i>Passed Through Ohio Department of Public Safety/ Emergency Management Agency</i>			
Buffer Zone Protection Program	2007-BZ-T7-0048	97.078	142,902
FY06 Law Enforcement Terrorism Prevention Program	S07-LETPP6-DHS-0207	97.074	5,935
FY07 Law Enforcement Terrorism Prevention Program	2007-GE-T7-0030	97.067	113,018
Emergency Management Performance Grants	2008-EM-EB-0002	97.042	33,199
Emergency Management Performance Grants	2009-EP-E9-0061	97.042	36,691
Total - Emergency Management Performance Grants			<u>69,890</u>
Total - Department of Homeland Security			<u>331,745</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u><u>\$6,777,246</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE.

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2009**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

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

As a subrecipient, the government has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals. \$525,631 was passed through to subrecipients.

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

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

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

Activity in the CDBG revolving loan fund during 2009 is as follows:

Beginning loans receivable balance as of January 1, 2009	\$917,681
Loans issued in 2009	
Loan principal repaid on loans made prior to 2009	<u>45,009</u>
Ending loans receivable balance as of December 31, 2009	\$872,672
Cash balance on hand in the revolving loan fund as of December 31, 2009	\$96,621
Administrative costs expended during 2009	\$10,957

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2009, the County estimates \$2,918 over 30 days but less than 60 days delinquent.

**FINANCIAL CONDITION
OTTAWA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2009
(Continued)**

NOTE D – HOME REVOLVING LOAN PROGRAM

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

These loans are collateralized by mortgages on the property. At December 31, 2009, the gross amount of loans outstanding under this program was \$321,957.

NOTE E - MATCHING REQUIREMENTS

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

NOTE F - TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2009, the County made allowable transfers of \$257,289 from the Temporary Assistance for Needy Families (TANF) (93.558) program to the Social Services Block Grant (SSBG) (93.667) program. The Schedule shows the County spent approximately \$876,126 on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 2009 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$1,133,415
Transfer to Social Services Block Grant	<u>(257,289)</u>
Total Temporary Assistance for Needy Families	<u>\$ 876,126</u>

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Mary Taylor, CPA

Auditor of State

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

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

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ottawa County, Ohio (the County) as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 9, 2010, wherein, we noted the County ceased reporting using generally accepted accounting principles and reported on the cash basis. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

We also noted certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated September 9, 2010.

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

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



Mary Taylor, CPA
Auditor of State

September 9, 2010



Mary Taylor, CPA

Auditor of State

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

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

To the Board of County Commissioners:

Compliance

We have audited the compliance of Ottawa County, Ohio (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, Ottawa County complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the County's management in a separate letter dated September 9, 2010.

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



Mary Taylor, CPA
Auditor of State

September 9, 2010

**FINANCIAL CONDITION
OTTAWA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	<p>Workforce Investment Act Cluster – CFDA # 17.258, 17.259, and 17.260</p> <p>Regional Water Corrosion Mitigation Project – Phase III (STAG) – CFDA # 66.202</p> <p>Temporary Assistance for Needy Families (TANF) – CFDA # 93.558</p> <p>Child Support Enforcement – CFDA # 93.563</p> <p>Foster Care Assistance Title IV-E – CFDA # 93.658</p> <p>Child Care Cluster – CFDA # 93.575, 93.596, and 93.713</p> <p>Social Services Block Grant – CFDA # 93.667</p> <p>Medical Assistance Program – CFDA # 93.778</p>
(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**

FINDING NUMBER 2009-001

Noncompliance Finding

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

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

For 2009, the County prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the cash basis of accounting. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). There would be variances on the financial statements between the County's accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

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

Officials' Response:

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

OTTAWA COUNTY FINANCIAL CONDITION

OTTAWA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 28, 2010**