



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VAN WERT COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Van Wert County
121 East Main Street
Van Wert, Ohio 45891

To the Board of Commissioners:

We have audited the accompanying general purpose financial statements of Van Wert County, (the County) as of and for the year ended December 31, 1999 as listed in the table of contents. These general purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Van Wert County as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2000 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 grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the County, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

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Jim Petro
Auditor of State

July 10, 2000

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VAN WERT COUNTY

COMINGED BALANCE SHEET

**ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			<u>Proprietary Fund Type</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Enterprise</u>
Assets and Other Debits				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$2,063,704	\$3,552,879	\$398,775	\$24,607
Cash and Cash Equivalents in Segregated Accounts	21,353	46,556	0	0
Investments in Segregated Accounts	0	148,657	0	0
Receivables:				
Taxes	1,191,304	1,923,006	0	0
Accounts	50,839	77,775	0	191,811
Special Assessments	0	613,119	0	0
Accrued Interest	14,228	0	0	0
Due from Other Funds	13,179	51,962	0	20
Due from Other Governments	105,809	313,695	0	0
Interfund Receivable	105,349	0	0	0
Materials and Supplies Inventory	12,080	279,326	0	0
Notes Receivable	0	0	0	0
Loans Receivable	135,000	0	101,240	0
Prepaid Items	22,006	25,015	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	445,587
Other Debits:				
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	<u>\$3,734,851</u>	<u>\$7,031,990</u>	<u>\$500,015</u>	<u>\$662,025</u>

Fiduciary Fund Type	Account Groups		Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations			
Agency					
\$1,698,084	\$0	\$0	\$7,738,049	\$61,247	\$7,799,296
117,351	0	0	185,260	416,369	601,629
0	0	0	148,657	1,482,752	1,631,409
18,688,949	0	0	21,803,259	0	21,803,259
294,835	0	0	615,260	40,206	655,466
1,215,600	0	0	1,828,719	0	1,828,719
0	0	0	14,228	0	14,228
0	0	0	65,161	0	65,161
166,890	0	0	586,394	0	586,394
0	0	0	105,349	0	105,349
0	0	0	291,406	175	291,581
0	0	0	0	9,183	9,183
0	0	0	236,240	0	236,240
0	0	0	47,021	1,770	48,791
0	17,479,920	0	17,925,507	968,293	18,893,800
0	0	1,216,183	1,216,183	0	1,216,183
<u>\$22,181,709</u>	<u>\$17,479,920</u>	<u>\$1,216,183</u>	<u>\$52,806,693</u>	<u>\$2,979,995</u>	<u>\$55,786,688</u>

(Continued)

VAN WERT COUNTY

**COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 1999
(Continued)**

	<u>Governmental Fund Types</u>			<u>Proprietary Fund Type</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Enterprise</u>
Liabilities, Fund Equity and Other Credits				
Liabilities:				
Accounts Payable	\$93,263	\$245,048	\$0	\$1,939
Contracts Payable	338	21,364	2,714	0
Retainage Payable	0	0	4,526	0
Accrued Wages	99,838	186,659	0	4,731
Compensated Absences Payable	6,902	6,189	0	2,784
Due to Other Funds	2,641	61,883	0	637
Due to Other Governments	20,196	73,649	0	5,012
Interfund Payable	0	105,349	0	0
Deferred Revenue	958,874	2,577,271	0	0
Undistributed Monies	0	2,711	0	0
Accrued Interest Payable	2,642	10,755	4,525	643
Notes Payable	135,000	771,089	506,240	80,000
Capital Leases Payable	0	0	0	0
Loans Payable	0	0	0	0
Total Liabilities	<u>1,319,694</u>	<u>4,061,967</u>	<u>518,005</u>	<u>95,746</u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	285,949
Retained Earnings	0	0	0	280,330
Fund Balance:				
Reserved for Encumbrances	70,131	212,540	247,058	0
Reserved for Materials and Supplies Inventory	12,080	279,326	0	0
Reserved for Loans Receivable	135,000	0	101,240	0
Reserved for Unclaimed Monies	10,229	0	0	0
Unreserved (Deficit)	2,187,717	2,478,157	(366,288)	0
Total Fund Equity (Deficit) and Other Credits	<u>2,415,157</u>	<u>2,970,023</u>	<u>(17,990)</u>	<u>566,279</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$3,734,851</u>	<u>\$7,031,990</u>	<u>\$500,015</u>	<u>\$662,025</u>

See Accompanying Notes to the General Purpose Financial Statements

Fiduciary Fund Type	Account Groups		Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations			
Agency					
\$0	\$0	\$0	\$340,250	\$10,373	\$350,623
0	0	0	24,416	0	24,416
0	0	0	4,526	0	4,526
0	0	0	291,228	0	291,228
0	0	601,477	617,352	0	617,352
0	0	0	65,161	0	65,161
21,087,979	0	265,095	21,451,931	0	21,451,931
0	0	0	105,349	0	105,349
0	0	0	3,536,145	0	3,536,145
1,093,730	0	0	1,096,441	0	1,096,441
0	0	0	18,565	3,911	22,476
0	0	0	1,492,329	103,099	1,595,428
0	0	302,003	302,003	0	302,003
0	0	47,608	47,608	236,240	283,848
<u>22,181,709</u>	<u>0</u>	<u>1,216,183</u>	<u>29,393,304</u>	<u>353,623</u>	<u>29,746,927</u>
0	17,479,920	0	17,479,920	0	17,479,920
0	0	0	285,949	0	285,949
0	0	0	280,330	2,626,372	2,906,702
0	0	0	529,729	0	529,729
0	0	0	291,406	0	291,406
0	0	0	236,240	0	236,240
0	0	0	10,229	0	10,229
0	0	0	4,299,586	0	4,299,586
<u>0</u>	<u>17,479,920</u>	<u>0</u>	<u>23,413,389</u>	<u>2,626,372</u>	<u>26,039,761</u>
<u>\$22,181,709</u>	<u>\$17,479,920</u>	<u>\$1,216,183</u>	<u>\$52,806,693</u>	<u>\$2,979,995</u>	<u>\$55,786,688</u>

VAN WERT COUNTY

**COMBINED STATE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Revenues:				
Property and Other Taxes	\$891,249	\$1,931,506	\$0	\$2,822,755
Permissive Sales Tax	3,328,564	0	0	3,328,564
Intergovernmental	1,243,148	7,607,932	56,250	8,907,330
Charges for Services	562,063	1,534,643	77,965	2,174,671
Licenses and Permits	2,636	58,177	0	60,813
Fines and Forfeitures	91,362	129,776	0	221,138
Special Assessments	0	386,092	0	386,092
Interest	447,955	16,632	9,768	474,355
Other	343,242	118,513	38,213	499,968
Total Revenues	<u>6,910,219</u>	<u>11,783,271</u>	<u>182,196</u>	<u>18,875,686</u>
Expenditures:				
Current:				
General Government:				
Legislative and Executive	1,831,817	1,245,271	0	3,077,088
Judicial	1,028,781	10,408	0	1,039,189
Public Safety	1,913,103	203,589	21,861	2,138,553
Public Works	25,622	2,531,850	0	2,557,472
Health	20,808	49,313	0	70,121
Human Services	320,675	6,132,150	0	6,452,825
Economic Development and Assistance	160,584	253,167	0	413,751
Intergovernmental	222,434	0	0	222,434
Capital Outlay	126,391	1,122,041	135,652	1,384,084
Debt Service:				
Principal Retirement	12,136	86,263	0	98,399
Interest and Fiscal Charges	2,642	46,070	33,781	82,493
Total Expenditures	<u>5,664,993</u>	<u>11,680,122</u>	<u>191,294</u>	<u>17,536,409</u>
Excess of Revenues Over (Under) Expenditures	<u>1,245,226</u>	<u>103,149</u>	<u>(9,098)</u>	<u>1,339,277</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Fixed Assets	5,118	5,941	0	11,059
Inception of Capital Lease	0	255,857	0	255,857
Operating Transfers - In	2,180	200,123	565,117	767,420
Operating Transfers - Out	(470,240)	(302,180)	0	(772,420)
Total Other Financing Sources (Uses)	<u>(462,942)</u>	<u>159,741</u>	<u>565,117</u>	<u>261,916</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>782,284</u>	<u>262,890</u>	<u>556,019</u>	<u>1,601,193</u>
Fund Balances (Deficit) at Beginning of Year-Restated (Note 3)	<u>1,652,178</u>	<u>2,688,700</u>	<u>(574,009)</u>	<u>3,766,869</u>
Increase (Decrease) in Reserve for Inventory	<u>(19,305)</u>	<u>18,433</u>	<u>0</u>	<u>(872)</u>
Fund Balances (Deficit) at End of Year	<u><u>\$2,415,157</u></u>	<u><u>\$2,970,023</u></u>	<u><u>(\$17,990)</u></u>	<u><u>\$5,367,190</u></u>

See Accompanying Notes to the General Purpose Financial Statements

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VAN WERT COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON GAAP BASIS) AND ACTUAL - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property and Other Taxes	\$873,200	\$891,249	\$18,049	\$1,889,108	\$1,931,566	\$42,458
Permissive Sales Tax	2,700,000	3,302,232	602,232	0	0	0
Intergovernmental	1,072,994	1,213,179	140,185	7,350,914	7,184,767	(166,147)
Charges for Services	489,000	509,611	20,611	1,467,052	1,513,532	46,480
Licenses and Permits	3,100	2,636	(464)	61,167	57,953	(3,214)
Fines and Forfeitures	102,500	92,169	(10,331)	105,642	127,886	22,244
Special Assessments	0	0	0	180,000	196,998	16,998
Interest	305,700	438,415	132,715	31,000	37,403	6,403
Other	28,725	107,518	78,793	69,789	104,110	34,321
Total Revenues	5,575,219	6,557,009	981,790	11,154,672	11,154,215	(457)
Expenditures:						
Current:						
General Government:						
Legislative and Executive	2,387,359	1,929,784	457,575	1,385,140	1,300,118	85,022
Judicial	1,099,861	1,050,265	49,596	19,092	12,127	6,965
Public Safety	2,076,593	1,962,575	114,018	296,941	197,081	99,860
Public Works	26,275	25,902	373	2,974,469	2,616,610	357,859
Health	39,740	20,808	18,932	55,549	51,056	4,493
Human Services	445,623	363,389	82,234	7,016,624	6,461,233	555,391
Economic Development and Assistance	160,584	160,584	0	339,155	256,218	82,937
Intergovernmental	221,103	221,103	0	0	0	0
Capital Outlay	303,967	290,893	13,074	1,138,701	931,677	207,024
Debt Service:						
Principal Retirement	0	0	0	59,423	57,303	2,120
Interest and Fiscal Charges	0	0	0	7,946	7,904	42
Total Expenditures	6,761,105	6,025,303	735,802	13,293,040	11,891,327	1,401,713
Excess of Revenues Over (Under) Expenditures	(1,185,886)	531,706	1,717,592	(2,138,368)	(737,112)	1,401,256
Other Financing Sources (Uses):						
Other Financing Sources	241,244	302,945	61,701	434,000	560,698	126,698
Other Financing Uses	(3,208)	(2,000)	1,208	0	0	0
Proceeds from Sale of Notes	135,000	135,000	0	615,000	354,995	(260,005)
Proceeds from Sale of Fixed Assets	2,000	5,118	3,118	8,885	5,941	(2,944)
Advances - In	0	1,135,568	1,135,568	0	476,720	476,720
Advances - Out	0	(1,204,268)	(1,204,268)	0	(408,020)	(408,020)
Operating Transfers - In	2,180	2,180	0	268,911	200,123	(68,788)
Operating Transfers - Out	(552,322)	(470,240)	82,082	(309,740)	(302,180)	7,560
Total Other Financing Sources (Uses)	(175,106)	(95,697)	79,409	1,017,056	888,277	(128,779)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,360,992)	436,009	1,797,001	(1,121,312)	151,165	1,272,477
Fund Balances at Beginning of Year	1,322,691	1,322,691	0	2,553,762	2,553,762	0
Prior Year Encumbrances Appropriated	151,701	151,701	0	328,961	328,961	0
Fund Balances at End of Year	\$113,400	\$1,910,401	\$1,797,001	\$1,761,411	\$3,033,888	\$1,272,477

See Accompanying Notes to the General Purpose Financial Statements

Debt Service Funds			Capital Projects Funds		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	46,000	56,250	10,250
0	0	0	75,700	77,965	2,265
0	0	0	0	0	0
0	0	0	0	0	0
315,902	189,094	(126,808)	0	0	0
5,000	9,767	4,767	0	0	0
46,524	41,416	(5,108)	0	0	0
<u>367,426</u>	<u>240,277</u>	<u>(127,149)</u>	<u>121,700</u>	<u>134,215</u>	<u>12,515</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	14,782	14,782	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	563,103	458,484	104,619
3,303,601	3,303,593	8	0	0	0
133,595	129,805	3,790	0	0	0
<u>3,437,196</u>	<u>3,433,398</u>	<u>3,798</u>	<u>577,885</u>	<u>473,266</u>	<u>104,619</u>
<u>(3,069,770)</u>	<u>(3,193,121)</u>	<u>(123,351)</u>	<u>(456,185)</u>	<u>(339,051)</u>	<u>117,134</u>
0	8,880	8,880	0	0	0
0	0	0	0	0	0
791,308	911,865	120,557	98,390	100,390	2,000
0	0	0	0	0	0
0	552,658	552,658	0	94,890	94,890
0	(552,658)	(552,658)	0	(94,890)	(94,890)
1,452,202	1,441,385	(10,817)	300,290	300,290	0
0	0	0	(1,177,289)	(1,176,558)	731
<u>2,243,510</u>	<u>2,362,130</u>	<u>118,620</u>	<u>(778,609)</u>	<u>(775,878)</u>	<u>2,731</u>
(826,260)	(830,991)	(4,731)	(1,234,794)	(1,114,929)	119,865
834,859	834,859	0	1,207,856	1,207,856	0
0	0	0	47,960	47,960	0
<u>\$8,599</u>	<u>\$3,868</u>	<u>(\$4,731)</u>	<u>\$21,022</u>	<u>\$140,887</u>	<u>\$119,865</u>

VAN WERT COUNTY

**COMBINED STATEMENT OF REVENUE, EXPENSES AND CHANGES
IN RETAINED EARNINGS - ALL ENTERPRISE FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
	<u>Enterprise</u>		
Operating Revenues:			
Charges for Services	\$310,165	\$7,425	\$317,590
Public Support	0	37,855	37,855
Subsidy from County Board	0	123,763	123,763
Program Services	0	394,522	394,522
Gross Sales	0	181,153	181,153
Other Operating Revenues	0	16,368	16,368
Total Operating Revenues	<u>310,165</u>	<u>761,086</u>	<u>1,071,251</u>
Operating Expenses:			
Personal Services	166,775	322,028	488,803
Contractual Services	43,766	0	43,766
Materials and Supplies	6,361	0	6,361
Program Services	0	353,685	353,685
Management/General Expense	0	6,097	6,097
Depreciation	31,202	27,247	58,449
Total Operating Expenses	<u>248,104</u>	<u>709,057</u>	<u>957,161</u>
Operating Income	<u>62,061</u>	<u>52,029</u>	<u>114,090</u>
Non-Operating Revenues (Expenses):			
Grants	600	41,366	41,966
Interest	0	117,813	117,813
Proceeds from Sale of Fixed Assets	150	0	150
Loss on Disposal of Fixed Assets	0	(13,075)	(13,075)
Interest and Fiscal Charges	(3,837)	(13,415)	(17,252)
Total Non-Operating Revenues (Expenses)	<u>(3,087)</u>	<u>132,689</u>	<u>129,602</u>
Income Before Operating Transfers	58,974	184,718	243,692
Operating Transfers - In	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Net Income	63,974	184,718	248,692
Retained Earnings at Beginning of Year	216,356	2,441,654	2,658,010
Retained Earnings at End of Year	<u>280,330</u>	<u>2,626,372</u>	<u>2,906,702</u>
Contributed Capital at Beginning of Year	243,562	0	243,562
Contributions	42,387	0	42,387
Contributed Capital at End of Year	<u>285,949</u>	<u>0</u>	<u>285,949</u>
Total Fund Equity at End of Year	<u>\$566,279</u>	<u>\$2,626,372</u>	<u>\$3,192,651</u>

See Accompanying Notes to the General Purpose Financial Statements

VAN WERT COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY -
BUDGET (NON GAAP BASIS) AND ACTUAL - ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	\$299,705	\$305,502	\$5,797
Grants	0	600	600
Proceeds from Sale of Notes	80,000	80,000	0
Proceeds from Sale of Fixed Assets	0	150	150
Total Revenues	<u>379,705</u>	<u>386,252</u>	<u>6,547</u>
Expenses:			
Personal Services	168,764	164,241	4,523
Contractual Services	91,006	89,825	1,181
Materials and Supplies	14,928	14,831	97
Capital Outlay	50,263	48,237	2,026
Debt Service:			
Principal Retirement	110,334	110,334	0
Interest and Fiscal Charges	4,410	4,360	50
Total Expenses	<u>439,705</u>	<u>431,828</u>	<u>7,877</u>
Excess of Revenues Under Expenses			
Before Advances and Operating Transfers	(60,000)	(45,576)	14,424
Advances - In			
Advances - In	0	80,000	80,000
Advances - Out			
Advances - Out	0	(80,000)	(80,000)
Operating Transfers - In			
Operating Transfers - In	5,000	5,000	0
Excess of Revenues Under Expenses, Advances, and Operating Transfers			
	(55,000)	(40,576)	14,424
Fund Equity at Beginning of Year			
	7,780	7,780	0
Prior Year Encumbrances Appropriated			
	53,617	53,617	0
Fund Equity at End of Year	<u>\$6,397</u>	<u>\$20,821</u>	<u>\$14,424</u>

See Accompanying Notes to the General Purpose Financial Statements

VAN WERT COUNTY

COMBINED STATEMENT OF CASH FLOWS -
ALL ENTERPRISE FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Primary Government</u>		<u>Total Reporting Entity (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Component Units</u>	
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
Cash Flows from Operating Activities:			
Cash Received From Customers and Support	\$305,502	\$763,751	\$1,069,253
Other Operating Receipts	0	16,368	16,368
Cash Paid for Employee Services and Benefits	(164,241)	(322,028)	(486,269)
Cash Paid to Suppliers	(97,993)	(360,495)	(458,488)
Net Cash Provided by Operating Activities	<u>43,268</u>	<u>97,596</u>	<u>140,864</u>
Cash Flows from Noncapital Financing Activities:			
Grants	600	41,366	41,966
Advances - In	80,000	0	80,000
Advances - Out	(80,000)	0	(80,000)
Operating Transfers - In	5,000	0	5,000
Net Cash Provided by Noncapital Financing Activities	<u>5,600</u>	<u>41,366</u>	<u>46,966</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(51,121)	(257,158)	(308,279)
Proceeds from Sale of Notes	80,000	0	80,000
Proceeds from Sale of Loans	0	190,390	190,390
Proceeds from Sale of Fixed Assets	150	5,050	5,200
Note Principal Payments	(100,000)	(12,115)	(112,115)
Loan Principal Payments	(10,334)	(1,000)	(11,334)
Note Interest Payments	(3,810)	(7,301)	(11,111)
Loan Interest Payments	(550)	(2,203)	(2,753)
Net Cash Used in Capital and Related Financing Activities	<u>(85,665)</u>	<u>(84,337)</u>	<u>(170,002)</u>
Cash Flows from Investing Activities:			
Interest	0	236,333	236,333
Purchase of Investments	0	(196,426)	(196,426)
Net Cash Provided by Investing Activities	<u>0</u>	<u>39,907</u>	<u>39,907</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(36,797)	94,532	57,735
Cash and Cash Equivalents at Beginning of Year	<u>61,404</u>	<u>383,084</u>	<u>444,488</u>
Cash and Cash Equivalents at End of Year	<u>\$24,607</u>	<u>\$477,616</u>	<u>\$502,223</u>

(Continued)

VAN WERT COUNTY

COMBINED STATEMENT OF CASH FLOWS -
 ALL ENTERPRISE FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
 FOR THE YEAR ENDED DECEMBER 31, 1999
 (Continued)

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
	<u>Enterprise</u>		
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>			
Operating Income	\$62,061	\$52,029	\$114,090
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</u>			
Depreciation	31,202	27,247	58,449
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(4,643)	18,337	13,694
Increase in Due from Other Funds	(20)	0	(20)
Decrease in Prepaid Items	0	696	696
Decrease in Accounts Payable	(48,116)	(713)	(48,829)
Increase in Accrued Wages	828	0	828
Increase in Compensated Absences Payable	713	0	713
Increase in Due to Other Funds	249	0	249
Increase in Due to Other Governments	994	0	994
Net Cash Provided by Operating Activities	<u>\$43,268</u>	<u>\$97,596</u>	<u>\$140,864</u>

Non-Cash Transactions:

During 1999, the special revenue funds purchased machinery and equipment for the Recycling Enterprise Fund from grant monies. Two pieces of equipment were also donated. The total fair market value of the machinery and equipment was \$42,387.

See Accompanying Notes to the General Purpose Financial Statements

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VAN WERT COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 1999

1. REPORTING ENTITY AND BASIS OF PRESENTATION

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

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

A. Reporting Entity

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

1. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Van Wert County, this includes the Children's Services Board, the Board of Mental Retardation and Developmental Disabilities, the Child Support Enforcement Agency, the Community Corrections Planning Board, the Lincolnway Home, the Van Wert County Veterans Services, and all departments and activities that are directly operated by the elected County officials. Van Wert County Brumback Public Library is included as part of the primary government.

Van Wert County Brumback Public Library

The Brumback Library was constructed and donated to Van Wert County per the will of the late J. S. Brumback and a contract made between the heirs of the estate and the Van Wert County Commissioners in 1898. The Library was established as a free public library for the benefit of the citizens of Van Wert County, Ohio, at that time. The law was enacted under Section 891a Revised Statute found on page 355 of Volume 93. The Statute provides: "Any County accepting such a bequest, donation or gift shall be bound to faithfully carry out the agreement so made to provide and maintain such a library." It is therefore the legal duty of the Board of County Commissioners to faithfully comply with the terms of the contract and maintain and operate the library as a County Library.

2. Component Units

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

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

1. REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

A. Reporting Entity (Continued)

2. Component Units (Continued)

Blended Component Unit

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

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

Discretely Presented Component Units

The component unit column in the combined financial statements identifies the financial data of the County's discretely presented component units, Thomas Edison Center, Van Wert Housing Services, Inc., the Van Wert County Port Authority, and the Van Wert County Airport Authority. They are reported separately to emphasize that they are legally separate from the County. Condensed financial information for the component units is presented in Note 22.

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

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

1. REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

A. Reporting Entity (Continued)

2. Component Units (Continued)

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

Van Wert County Port Authority - The Van Wert County Port Authority is a legally separate organization created to maintain and operate the rail property located within the County. The Board of the Port Authority is appointed by the Van Wert County Commissioners. The Van Wert County Commissioners have potential to receive financial benefit from the Port Authority, since the County is entitled to any surplus of the Port Authority. The County is also financially accountable for the Authority. The Van Wert County Auditor is the fiscal agent for the Port Authority.

Van Wert County Airport Authority - The Van Wert County Airport Authority is a legally separate organization created by resolution of the Van Wert County Commissioners on December 20, 1974. The Board of the Airport Authority is made up of five members, each with a term of five years. The members were originally appointed by the Van Wert County Commissioners; subsequent appointments are made by the Board of Trustees of the Regional Airport Authority, subject to the approval of the Board of Van Wert County Commissioners. The County has issued debt for the Airport Authority in the County's name, making the County financially accountable for the Airport Authority. Separately issued financial statements can be obtained from the Van Wert County Regional Airport Authority at P.O. Box 111, Scott, Ohio 45886.

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

Van Wert County General Health District
Van Wert County Soil and Water Conservation District
Van Wert County Law Library

The County is associated with certain organizations which are defined as Joint Ventures, Jointly Governed Organizations, a Related Organization, and an Insurance Purchasing Pool. The County's Joint Ventures, the Van Wert County Emergency Management Agency (EMA), the Van Wert County Regional Planning Commission (the Commission), and the Van Wert County Swimming Pool (the Pool), are presented in Note 23 of the general purpose financial statements. The Jointly Governed Organizations of the County, the Alcohol, Drug Addiction

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

1. REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

A. Reporting Entity (Continued)

2. Component Units (Continued)

and Mental Health Services Board of Mercer, Paulding and Van Wert Counties (Tri County Mental Health Board), the Community Improvement Corporation of the City of Van Wert and County of Van Wert, Ohio (the CIC), the Van Wert County Council on Aging, Inc. (the Council), the West Central Partnership, Inc. (the Partnership), and the Maumee Valley Resource Conservation and Development Area (the MV-RCD Area), are presented in Note 24 of the general purpose financial statements. The Related Organization, the Van Wert County Hospital Commission (Commission), is presented in Note 25, and the Insurance Purchasing Pool, the County Commissioners' Association of Ohio Service Corporation (CCAOSC) is presented in Note 26 of the general purpose financial statements.

B. Basis of Presentation - Fund Accounting

The County uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain County functions or activities.

A fund is defined as a fiscal and accounting entity with a self balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the County are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types

Governmental funds are those through which most governmental functions of the County are financed. The acquisition, use and balances of the County's expendable financial resources and the related current liabilities (except those accounted for in enterprise funds) are accounted for through governmental funds. The following are the County's governmental fund types:

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

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Funds - These funds are used to account for the accumulation of financial resources for, and the payment of, general long-term obligations principal, interest and related costs and special assessment long-term debt principal, interest and related costs.

VAN WERT COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

1. REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

B. Basis of Presentation - Fund Accounting

Capital Projects Funds - These funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by enterprise funds).

Proprietary Fund Type

The proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector. The following is the proprietary fund type utilized by the County:

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Fund Type

Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following is the County's only fiduciary fund type:

Agency Funds - These funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - The General Fixed Assets Account Group is used to account for all fixed assets of the County, other than those fixed assets accounted for in the enterprise funds.

General Long-Term Obligations Account Group - The General Long-Term Obligations Account Group is used to account for all long-term obligations of the County, except those accounted for in the enterprise funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Van Wert County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County also applies Financial Accounting Standards Board (FASB) statements issued on or before November 30, 1989, to the enterprise funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the County's accounting policies are described below. Separate information for discretely presented component units can be found in Note 22.

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Enterprise fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined, and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The available period for the County is thirty-one days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: state-levied locally shared taxes (including gasoline tax), interest, permissive sales tax, federal and state grants and entitlements, amounts due from the Van Wert County Airport Authority for funds borrowed, amounts due from other funds for goods, services, or prior advances, and charges for current services. Major revenue sources not susceptible to accrual include fines and forfeitures and licenses and permits which are not considered measurable until received.

The County reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Special assessments are recorded as deferred revenue because they do not meet the availability criteria. Property taxes measurable as of December 31, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance 2000 operations, have also been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due, and costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Measurement Focus and Basis of Accounting (Continued)

The enterprise funds are reported using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. Unbilled service charges receivable are recognized as revenue at year end.

B. Budgetary Process

The budgetary process is prescribed by provisions of the Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. All funds, other than agency funds, legally are required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each department. Advances-in and advances-out are not required to be budgeted since they represent a cash flow resource. Budgetary modifications may only be made by resolution of the County Commissioners. Budgetary information has not been presented for the Library Enrichment Foundation of the Brumback Library (blended component unit) because it is not included in the entity for which the "appropriated budget" is adopted nor does the entity maintain separate budgetary records. Budgetary information has also not been presented for the discretely presented component units.

Tax Budget

A budget of estimated revenues and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources

The County Budget Commission reviews estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the estimated beginning of year fund balance and projected revenue of each fund. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be amended further during the year if the County Auditor determines, and the Budget Commission agrees, that an estimate needs either to be increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 1999.

VAN WERT COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Budgetary Process (Continued)

Appropriations

A temporary appropriation resolution to control expenditures may be passed on or around January 1 of each year for the period January 1 to March 31. The annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the Commissioners. Several supplemental appropriation resolutions were legally enacted by the County Commissioners during the year, however none of them were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Budgeted Level of Expenditures/Expenses

Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation resolution. Expenditures/expenses plus encumbrances may not legally exceed appropriations at the level of appropriation. Commissioners appropriations are made to fund, department and object level (i.e., General Fund - Commissioners - salaries, supplies, equipment, contract repairs, travel expenses, maintenance, other expenses.)

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the Non GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for enterprise funds.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and is not reappropriated.

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Cash Equivalents

Cash balances of the County's funds, except cash held by a trustee or fiscal agent and in segregated accounts, are pooled and invested in short-term investments in order to provide improved cash management. Individual fund integrity is maintained through County records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet. For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, funds included within the Treasurer's cash management pool and investments with original maturities of three months or less are considered to be cash and cash equivalents.

During 1999, the County invested in certificates of deposit, repurchase agreements and STAR Ohio. The Library Enrichment Foundation of the Brumback Library invests in corporate stock.

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

The County has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 1999. 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 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, 1999.

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

Cash and cash equivalents that are held separately in escrow accounts at a financial institution for retainages and not held with the County Treasurer are recorded on the balance sheet as "Cash and Cash Equivalents with Fiscal Agents" and represents deposits.

Investments that are held separately by the Van Wert Housing Services, Inc. and the Library Enrichment Foundation of the Brumback Library and not held with the County Treasurer are recorded on the balance sheet as "Investments in Segregated Accounts."

Interest revenue is distributed to the funds according to statutory requirements. Interest revenue of \$447,955 was credited to the General Fund during 1999, which includes \$318,919 assigned from other county funds. Interest revenue of \$16,632 and \$9,768 was also credited to the special revenue funds and the capital projects funds, respectively.

D. Receivables and Payables

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

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Receivables and Payables (Continued)

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

E. Inventory of Supplies

Inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased. Reported supplies inventory is equally offset by a fund balance reserve in the governmental fund types which indicates that it does not constitute available expendable financial resources even though it is a component of net current assets.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 1999, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure in the year in which services are consumed.

G. Estimates

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

H. Interfund Assets and Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "Due from Other Funds" or "Due to Other Funds" on the balance sheet. Short-term interfund loans or the short-term portion of advances are classified as "Interfund Receivable" and "Interfund Payable".

I. Fixed Assets

The fixed asset values were initially determined at December 31, 1989 assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. Donated fixed assets are capitalized at fair market value on the date donated. The County maintains a capitalization threshold of five hundred dollars.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost.

VAN WERT COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Fixed Assets (Continued)

General Fixed Assets

General fixed assets (fixed assets used in governmental fund type operations) are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Assets Account Group at historical cost or estimated historical cost. Assets in the General Fixed Assets Account Group are not depreciated.

Public domain (infrastructure) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized or reported, as these assets are immovable and of value only to the County.

Enterprise Fund Fixed Assets

Property, plant, and equipment reflected in the enterprise funds are stated at historical cost (or estimated historical cost) and are updated for the cost of additions and retirements during the year.

Depreciation is provided on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	20-40 years
Machinery and Equipment	5 -20 years
Furniture and Fixtures	5 years
Vehicles	10 years

J. Contributed Capital

Contributed capital represents donations by private sources, resources from other funds, grants restricted for capital construction, and assets whose construction was financed by special assessments. These assets are recorded at their fair market value on the date contributed and are not subject to repayment. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

Because the County did not prepare financial statements in accordance with generally accepted accounting principles prior to 1989, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to enterprise funds have been classified as retained earnings.

K. Capitalization of Interest

The County's policy is to capitalize net interest on enterprise fund construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax exempt borrowing used to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 1999, interest costs incurred on construction projects in enterprise funds were not material.

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences

The County follows the provisions of Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the County will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the County has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the County's termination policy.

The County records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The County records a liability for accumulated unused sick leave for all employees after 20 years of current service with the County. For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the General Long-Term Obligations Account Group. In enterprise funds, the entire amount of compensated absences is reported as a fund liability.

M. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, entitlements and shared revenues, are recorded as receivables and revenues when measurable and available. Reimbursement-type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants and entitlements received for enterprise fund operating purposes are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. Such resources restricted for the construction of capital assets are recorded as contributed capital.

N. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required contributions are reported as a liability in the General Long-Term Obligations Account Group to the extent that they will not be paid with current expendable available financial resources. Payments made more than thirty-one days after year end are generally considered not to have been paid with current available financial resources. Capital leases and long-term loans are recognized as a liability of the General Long-Term Obligations Account Group until due.

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Accrued Liabilities and Long-Term Obligations (Continued)

Long-term obligations financed by enterprise funds are reported as liabilities in the appropriate enterprise funds.

Under Ohio law, a debt retirement fund may be created and used for the payment of all debt principal and interest. Generally accepted accounting principles require the allocation of the debt liability among the special revenue and capital projects funds, and the General Long-Term Obligations Account Group, with principal and interest payments on matured general obligation long-term debt being reported in the debt service fund.

To comply with GAAP reporting requirements, the County's debt retirement fund has been split among the appropriate funds and account group. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

O. Reserves of Fund Balance

The County records reservations for portions of fund balance which are legally segregated for specific future use or which do not represent available expendable financial resources and, therefore, are not available for expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, materials and supplies inventory, loans receivable, and unclaimed monies.

P. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expense in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All remaining interfund transfers are reported as operating transfers.

Q. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. When the title of a statement indicates that component units are included, two total columns are presented. The first is captioned "Total Primary Government (Memorandum Only)" to indicate that only those activities that comprise the County's legal entity have been included. The second is captioned "Total Reporting Entity (Memorandum Only)" and includes the activity and operations of the County's legally separate discretely presented component units (See Note 22). The total column on statements which do not include component units have no additional caption.

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

3. PRIOR PERIOD ADJUSTMENTS

Restatements were necessary for equity in pooled cash and cash equivalents, cash and cash equivalents in segregated accounts, and loans receivable. Equity in pooled cash and cash equivalents was restated due to grant activity that was recorded in the special revenue funds that should have been recorded in the agency funds and for a debt service reallocation that should have been recorded last year. Cash and cash equivalents in segregated accounts was increased due to a prior year recording error. Loans receivable was increased due to a loan entered into in a prior year.

These changes had the following effect on fund balance/retained earnings/total liabilities as previously reported at December 31, 1998:

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Agency</u>
Fund Balance/Retained Earnings/Total				
Liabilities as previously reported	\$2,718,079	\$840,083	(\$1,451,989)	\$20,818,196
Restatement of equity in pooled cash and cash equivalents	(29,519)	(840,083)	831,130	38,472
Restatement of cash and cash equivalents in segregated accounts	140	0	0	0
Restatement of loans receivable	<u>0</u>	<u>0</u>	<u>46,850</u>	<u>0</u>
Restated Fund Balance/Retained Earnings/ Total Liabilities at December 31, 1998	<u>\$2,688,700</u>	<u>\$ 0</u>	<u>(\$574,009)</u>	<u>\$20,856,668</u>

These changes had the following effect on the excess of revenues and other financing sources over (under) expenditures and other financing uses as previously reported for the year ended December 31, 1998:

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses as previously reported	(\$306,285)	\$840,083	(\$1,282,572)
Restatement of equity in pooled cash and cash equivalents	(47,425)	(840,083)	831,130
Restatement of cash and cash equivalents in segregated accounts	140	0	0
Restatement of loans receivable	<u>0</u>	<u>0</u>	<u>46,850</u>
Restated Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses for the year ended December 31, 1998	<u>(\$353,570)</u>	<u>\$ 0</u>	<u>(\$404,592)</u>

Fixed assets were reduced in the General Fixed Assets Account Group by \$13,638 from \$17,039,131 to \$17,025,493 due to a prior year recording error. Capital leases payable in the General Long-Term Obligations Account Group was increased due to a capital lease that had not been recorded in prior years. Total liabilities were restated by \$3,514 from \$959,409 to \$962,923.

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non GAAP Basis) and Actual - All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non GAAP Basis) and Actual - All Enterprise Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis). Material encumbrances are disclosed in the notes for the enterprise funds (GAAP basis).
4. Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. State statute requires short-term note debt to be repaid from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.
6. Although not part of the appropriated budget, the Library Enrichment Foundation of the Brumback Library Special Revenue Fund is included as part of the reporting entity when preparing financial statements that conform with GAAP.
7. Advances - In and Advances - Out are operating transactions (budget basis) as opposed to balance sheet transactions.

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis are as follows:

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	All Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$782,284	\$262,890	\$0	\$556,019
Adjustments:				
Revenue Accruals	(50,265)	(131,592)	0	3,203
Expenditure Accruals	(196,061)	191,324	0	(123,496)
Prepaid Items	290	2,112	0	(7,079)
Encumbrances	(166,539)	(459,365)	0	(257,784)
Debt Principal Payments	0	(4,380)	(3,303,593)	0
Proceeds from Sale of Notes	135,000	354,995	911,865	100,390
Advances	(68,700)	68,700	0	0
Transfers	0	0	1,441,385	(1,441,385)
Reallocation for Debt Activity	0	(174,555)	119,352	55,203
Activity of Nonbudgeted Fund	0	41,036	0	0
Budget Basis	<u>\$436,009</u>	<u>\$151,165</u>	<u>(\$830,991)</u>	<u>(\$1,114,929)</u>

**Net Income/Excess of Revenues Under
Expenses, Advances, and Operating Transfers**

	Enterprise
GAAP Basis	\$63,974
Adjustments:	
Revenue Accruals	(4,663)
Expense Accruals	(96,975)
Debt Principal Payments	(110,334)
Proceeds from Sale of Notes	80,000
Depreciation	31,202
Encumbrances	(3,780)
Budget Basis	<u>(\$40,576)</u>

5. COMPLIANCE AND ACCOUNTABILITY

A. Compliance

The Human Services Special Revenue Fund had appropriations of \$1,477,153 greater than estimated resources of \$1,461,098 by \$16,055 during 1999.

VAN WERT COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

5. COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Accountability

The following funds had a deficit fund balance/retained earnings as of December 31, 1999:

	<u>Deficit Fund Balance/ Retained Earnings</u>
<u>Special Revenue Funds:</u>	
Human Services	\$192,956
Ditch Maintenance	656,464
 <u>Capital Projects Funds:</u>	
South Delphos Area Sewer	42,496
Airport Construction	1,269
Human Services Building Construction	347,506
 <u>Enterprise Fund:</u>	
Waste Disposal	3,344

The deficit in the Human Services Special Revenue Fund was caused by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The deficits in the Ditch Maintenance Special Revenue Fund, South Delphos Area Sewer, Airport Construction, and Human Services Building Construction Capital Projects Funds arose from the requirement to report bond and revenue anticipation note liabilities in the fund which received the note proceeds. The deficit will be alleviated when the bonds are issued or when the notes are paid.

The deficit in the Waste Disposal Enterprise Fund was a result of user charges not covering operational costs. The County will continue to monitor this and provide operating transfers from the General Fund if necessary to alleviate future deficits.

6. DEPOSITS AND INVESTMENTS

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

Monies held by the County which are not considered active are classified as inactive.

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the 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.

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

Inactive monies are permitted to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investment in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the County's average portfolio; and
10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio.

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

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

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

At year-end, the County had \$38,359 in undeposited cash on hand which is included on the balance sheet of the County as part of "Equity in Pooled Cash and Cash Equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits

At year-end, the carrying amount of the County's deposits was \$5,422,501, and the bank balance was \$5,611,802. Of the County's deposits, \$61,247 consisted of deposits for the Port Authority, a discretely presented component unit for which the County Auditor is the fiscal agent. Of the bank balance, \$641,113 was covered by federal deposit insurance and \$4,970,689 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the County's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the Federal Deposit Insurance Corporation.

Investments

The County's investments are categorized below to give an indication of the level of risk assumed by the County at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held in the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's name. STAR Ohio, an investment pool operated by the Ohio State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Primary Government		
	Category 1	Category 3	Fair Value
STAR Ohio	\$0	\$0	\$2,303,219
Repurchase Agreement	0	246,561	246,561
Stock	122,573	0	122,573
Total	\$122,573	\$246,561	\$2,672,353

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the general purpose financial statements and the classifications per GASB Statement No. 3 is as follows:

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

	Primary Government	
	Cash and Cash	
	Equivalents/Deposits	Investments
GASB Statement 9	\$7,923,309	\$148,657
Cash on Hand	(38,359)	0
Port Authority Component Unit	61,247	0
Investments:		
Repurchase Agreement	(246,561)	246,561
Certificates of Deposit	26,084	(26,084)
STAR Ohio	(2,303,219)	2,303,219
GASB Statement 3	\$5,422,501	\$2,672,353

7. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property (other than public utility) located in the County. Property tax revenue received during 1999 for real and public utility property taxes is for 1998 taxes and property tax revenue received during 1999 for tangible personal property (other than public utility) is for 1999 taxes.

The 1999 real property taxes are levied after October 1, 1999, on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 1999 real property taxes are collected in and intended to finance 2000.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 88 percent of cost). The 1999 public utility property taxes became a lien December 31, 1998, are levied after October 1, 1999, and are collected in 2000 with real property taxes.

The 1999 tangible personal property taxes are levied after October 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are 25 percent of assessed valuations.

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, state statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

7. PROPERTY TAXES (Continued)

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to each subdivision its portion of the taxes. The collection and distribution of taxes for the County and for all subdivisions within the County is accounted for through agency funds of the County. The amount of the County's tax collections which will flow through an agency fund is reported as "Taxes Receivable" on the combined balance sheet in both the agency fund and the governmental fund which will receive the tax distribution. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 1999. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 1999 operations. The receivable is offset by deferred revenue.

The full tax rate for all County operations for the year ended December 31, 1999, was \$8.10 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 1999 property tax receipts were based are as follows:

Agricultural/Residential Real Property	\$250,441,290
Other Real Property	46,767,790
Tangible Personal Property	50,832,732
Public Utility Personal Property	<u>24,835,590</u>
Total Assessed Value	<u><u>\$372,877,402</u></u>

8. PERMISSIVE SALES AND USE TAX

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

Proceeds of the tax are credited entirely to the General Fund. Amounts received within the available period are accrued as revenue. Sales and use tax revenue in 1999 amounted to \$3,328,564.

9. RECEIVABLES

Receivables at December 31, 1999, consisted of taxes, interest, special assessments, accounts (billings for user charged services), due from other funds, interfund, loans, and intergovernmental receivables arising from grants. All receivables are considered collectible in full except County Home resident charges, Probate Court fees, and Juvenile Court receivables.

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

9. RECEIVABLES (Continued)

A summary of accounts receivable for County Home resident charges, Probate Court fees, and Juvenile Court receivables, as well as other receivables owed to the County is as follows:

	County Home Resident Charges	Recycling Receivable	Probate Court Fees	Juvenile Court Receivable	Other Accounts Receivable	Total Accounts Receivable
Receivable	\$2,194,142	\$191,811	\$11,262	\$174,364	\$320,905	\$2,892,484
Allowance for Uncollectibles	<u>(2,128,560)</u>	<u>0</u>	<u>(4,472)</u>	<u>(144,192)</u>	<u>0</u>	<u>(2,277,224)</u>
Net Accounts Receivable	<u>\$65,582</u>	<u>\$191,811</u>	<u>\$6,790</u>	<u>\$30,172</u>	<u>\$320,905</u>	<u>\$615,260</u>

A summary of intergovernmental receivables follows:

General Fund

Estate Tax Reimbursement	\$895
Advertising Reimbursement	1,133
Local Government	45,064
Local Government Revenue Assistance	8,977
Indigent Defense Grant	13,542
FEMA Reimbursement	6,893
Sheriff Reimbursement	1,404
Election Costs	12,713
TB Control	1,032
Probate Court Subsidy Reimbursement	79
Law Enforcement Block Grant	<u>14,077</u>
Total General Fund	<u>105,809</u>

Special Revenue Funds

Motor Vehicle License Tax	\$53,008
Gasoline Tax	113,063
Motor Vehicle Permissive	6,934
Library and Local Government	72,477
Federal COPS Grant	9,755
Federal Weatherization-HHS Grant	225
Federal Weatherization-DOE Grant	6,581
Human Services	26,953
Title IV-E	9,907
Foster Care Grant	<u>14,792</u>
Total Special Revenue Funds	<u>313,695</u>

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

9. RECEIVABLES (Continued)

Agency Funds

Library and Local Government	15,909
Local Government	45,436
Local Government Revenue Assistance	9,052
Special Emergency Planning Grant	8,084
Federal Community Service Block Grant	18,397
Gasoline Tax	49,078
Motor Vehicle Permissive	1,510
Motor Vehicle License	<u>19,424</u>
Total Agency Funds	<u>166,890</u>
Total All Funds	<u><u>\$586,394</u></u>

Loans Receivable

The County has three loans receivable with the Van Wert County Airport Authority. Two of the loans are for construction of T-hangars, while the third loan is for removal of underground fuel tanks. The loans are repaid yearly as principal and interest come due. At December 31, 1999, the total amount of loans receivable in the General Fund and the Airport Construction Capital Projects Fund is \$135,000 and \$101,240, respectively.

10. FIXED ASSETS

A summary of the enterprise funds' fixed assets at December 31, 1999, follows:

Buildings	\$307,357
Machinery and Equipment	125,582
Furniture and Fixtures	11,357
Vehicles	<u>183,578</u>
Total	627,874
Less accumulated depreciation	<u>(182,287)</u>
Net Book Value	<u><u>\$445,587</u></u>

A summary of the changes in general fixed assets during 1999 follows:

	Restated Balance at December 31, 1998	Additions	Deletions	Balance at December 31, 1999
Land	\$150,952	\$0	\$0	\$150,952
Land Improvements	20,399	0	0	20,399
Buildings	11,544,694	25,363	0	11,570,057
Machinery and Equipment	1,873,275	288,817	47,325	2,114,767
Furniture and Fixtures	431,412	62,827	5,539	488,700
Vehicles	<u>3,004,761</u>	<u>246,309</u>	<u>116,025</u>	<u>3,135,045</u>
Total General Fixed Assets	<u><u>\$17,025,493</u></u>	<u><u>\$623,316</u></u>	<u><u>\$168,889</u></u>	<u><u>\$17,479,920</u></u>

There was no significant construction in progress at December 31, 1999.

VAN WERT COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

11. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 1999, the County contracted with Midwest Pool Management, Inc. for liability, property and crime insurance.

Coverages provided by the insurance pool are as follows:

Liability	
(A) General, Auto, Law and Nursing Home Liability Combined (per occurrence)	\$1,000,000
(B) Public Official Errors and Omissions Liability (per occurrence - included above)	1,000,000
Aggregate	1,000,000
(C) Excess Liability, General, Liquor, Auto, Law, Public Official Liability and Miscellaneous Errors and Omissions (per occurrence and annual aggregate)	4,000,000
Property (per occurrence)	174,000,000
Flood and Earthquake (annual aggregate)	35,000,000
Boiler and Machinery	30,000,000
Crime Insurance:	
Faithful Performance	250,000
Money and Securities	250,000
Employee Dishonesty	250,000
Depositor's Forgery	250,000

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

Workers' compensation benefits are provided through the State Bureau of Workers' Compensation. For 1999, the County participated in the County Commissioners' Association of Ohio Workers' Compensation Group Rating Program provided by the County Commissioners' Association of Ohio Service Corporation (CCAOSC), a workers' compensation insurance purchasing pool (See Note 26). The intent of the CCAOSC is to achieve lower workers' compensation rates while establishing safe working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the CCAOSC. Each participant pays its workers' compensation premium to the State based on the rate for the CCAOSC rather than its individual rate. In order to allocate the savings derived by formation of the CCAOSC, and to maximize the number of participants in the CCAOSC, annually the CCAOSC's executive committee calculates the total savings which accrued to the CCAOSC through its formation. This savings is then compared to the overall savings percentage of the CCAOSC. The CCAOSC's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the CCAOSC is limited to counties that can meet the CCAOSC's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the CCAOSC. Each year, the County pays an enrollment fee to the CCAOSC to cover the costs of administering the CCAOSC.

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

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

11. RISK MANAGEMENT (Continued)

Beginning January 1, 1994, the County elected to enter into an agreement with Mercer, Hancock, and Auglaize counties to form the Midwest Employee Benefit Consortium, a risk-sharing pool, to provide for health, dental and life insurance. Since then, Shelby County has also become a member. The Pool is governed by a Board of Trustees consisting of five trustees, appointed by each member from the County Commissioners. The Board elects a President, Vice President, Treasurer, and Secretary. The Board is responsible for its own financial matters and the Pool maintains its own books of account. Budgeting and financing of the Pool is subject to the approval of the Board. Settled claims have not exceeded coverage in the last three years.

The County pays monthly contributions to the Pool, which are used to purchase excess loss insurance for the Pool, pay current claims and related claim settlement expenses and to establish and maintain sufficient reserves. The plan is non-contributing for employees and is owned and operated by the Pool. The members' contributions represent 115 percent of the expected costs of the Pool, which will allow the Pool to establish excess reserves for future operations. The funds are maintained in a bank trust account established for the sole purpose and benefit of the Pool's operations.

The Pool has entered into an agreement for individual and aggregate excess loss coverage with a commercial insurance carrier. The individual excess loss coverage has been structured to indemnify the Pool for medical claims paid to an individual in excess of \$75,000 per year, with an individual lifetime maximum of \$950,000 per person per year. The aggregate excess loss coverage has been structured to indemnify the Pool for aggregate claims in excess of 120 percent of projected claims. In the event that the losses of the consortium in any year exceeds amounts paid to the Pool, together with all stop-loss, reinsurance and other coverage then in effect, then the payment of all uncovered losses shall revert to and be the sole obligation of all county members of the Pool. No such loss has occurred in the past three years.

The County currently has no specified percentage share of the Pool. The only time at which a percentage share would be calculated occurs if the Pool votes to terminate. After a vote to terminate the Pool, the Board would wind-up the Pool's business as quickly as practicable, but in any event would complete this process no later than twelve months after the termination date. During such period, the Pool would continue to pay all claims and expenses until the Pool's funds are exhausted. After payment of all claims and expenses, or upon the termination of the aforesaid twelve month period, any remaining surplus funds held by the Pool would be distributed according to the determination of the Board. The County's payment for health insurance coverage to the Midwest Employee Benefit Consortium in 1999 was \$1,209,397.

During 1997, the Brumback Library decided to drop the Midwest Employee Benefit Consortium for health care coverage. The Brumback Library contracted with Aetna U.S. Healthcare for medical insurance. The Guardian was contracted with by the Brumback Library for dental coverage, while VisionPlus is used for vision insurance.

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

12. DEFINED BENEFIT PENSION PLANS

A. Public Employees Retirement System

All County full-time employees, other than teachers, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the County is required to contribute 9.35 percent. For law enforcement employees, the employee contribution is 9 percent and the employer contribution is 16.70 percent.

Contributions are authorized by State statute. The contribution rates are determined actuarially. The County's required contributions to PERS for the years ended December 31, 1999, 1998 and 1997 were \$743,557, \$683,009, and \$556,657, respectively. The full amount has been contributed for 1998 and 1997. 70 percent has been contributed for 1999 with the remainder being reported as a liability within the General Long-Term Obligations Account Group.

B. State Teachers Retirement System

Certified teachers employed by the school for the Mental Retarded/Developmentally Disabled participate in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the County is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Prior to July 1, 1998, the portion to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The County's required contributions for pension obligations to STRS for the years ended December 31, 1999, 1998 and 1997 were \$8,056, \$14,554, and \$23,605, respectively. The full amount has been contributed for 1999, 1998 and 1997.

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

13. POSTEMPLOYMENT BENEFITS

A. Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 1999 employer contribution rate was 13.55 percent of covered payroll for employees not engaged in law enforcement; 4.2 percent was the portion that was used to fund health care for the year 1999. The law enforcement employer rate for 1999 was 16.70 percent and 4.2 percent was used to fund health care.

For 1999, benefits were funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS was 118,062. The County's actual contributions for 1999 which were used to fund OPEB were \$325,231.

B. State Teachers Retirement System

The County provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. STRS is funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the County, this amount equaled \$6,391.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998 (the latest information available). For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

14. DEFERRED COMPENSATION PLANS

County employees and elected officials participate in the Ohio Public Employees Deferred Compensation Plan or the Ohio County Commissioners Association Deferred Compensation Plan. Both plans were created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plans permit deferral of compensation until future years. According to the plans, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

15. CAPITAL LEASES - LESSEE DISCLOSURE

During 1999, the County entered into several capitalized leases for machinery and equipment and vehicles. The terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service in the combined financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Machinery and equipment and vehicles acquired by lease have been capitalized in the General Fixed Assets Account Group at amounts equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the General Long-Term Obligations Account Group. Principal payments made during 1999 totaled \$45,476. The following is an analysis of assets leased under capital leases as of December 31, 1999:

	GFAAG
Machinery and Equipment	\$179,596
Vehicles	215,962

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 1999.

Year	GLTOAG
2000	\$95,369
2001	99,058
2002	76,354
2003	66,724
Total	337,505
Less: Amount Representing Interest	(35,502)
Present Value of Minimum Lease Payments	\$302,003

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

16. LONG-TERM DEBT

The changes in the County's long-term obligations for the year ended December 31, 1999, consist of the following:

	Restated Balance at December 31, 1998	Increases	Decreases	Balance at December 31, 1999
<u>Loans Payable:</u>				
8.00% - 1992 Engineer's Loan	\$60,000	\$0	\$20,000	\$40,000
5.32% - 1996 Hydraulic Excavator	30,666	0	30,666	0
5.64% - 1997 Dog Warden Truck	9,865	0	2,257	7,608
TOTAL - Loans Payable	100,531	0	52,923	47,608
<u>Other Long-Term Obligations:</u>				
Compensated Absences Payable	512,458	89,019	0	601,477
Due to Other Governments	258,312	265,095	258,312	265,095
Obligations Under Capital Lease	91,622	255,857	45,476	302,003
TOTAL - Other Long-Term Obligations	862,392	609,971	303,788	1,168,575
TOTAL - General Long-Term Obligations	\$962,923	\$609,971	\$356,711	\$1,216,183

Loans payable will be paid from the Motor Vehicle Gas Tax and Dog and Kennel Special Revenue Funds. Compensated absences and due to other governments will be paid from the fund from which the employees' salaries are paid. Capital lease obligations will be paid from the fund that maintains custody of the related asset.

Changes in the long-term obligations reported in the enterprise funds during 1999 were as follows:

	Balance at December 31, 1998	Increases	Decreases	Balance at December 31, 1999
<u>Loan Payable:</u>				
5.32% - 1996 Solid Waste JCB Backhoe	\$10,334	\$0	\$10,334	\$0

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors should not exceed one percent of the total assessed valuation of the County. The Code further provides that the total voted and unvoted net debt of the County less the same exempt debt should not exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The effects of the debt limitations at December 31, 1999 are an overall debt margin of \$7,127,584 and an unvoted debt margin of \$3,034,423.

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

16. LONG-TERM DEBT (Continued)

The following is a summary of the County's future annual principal and interest requirements for long-term obligations:

Year	Loans Payable
2000	\$26,021
2001	24,421
2002	2,821
Total	\$53,263

The County issued a hospital revenue bond in 1995 with the principal amount of \$160,575 outstanding at December 31, 1999. During 1996, the County issued a health care facilities revenue bond with the principal amount of \$328,000 outstanding at December 31, 1999 for facilities used by the Stepping Stones Center, Inc. During 1997, the County issued three bonds. An industrial development revenue bond was authorized for Kennedy Manufacturing Company in the principal amount of \$3,000,000. As of December 31, 1999, \$2,071,825 had been issued. A health care facilities revenue bond was issued for the Van Wert Area Visiting Nurses Association, with the principal amount of \$1,845,000 outstanding at December 31, 1999. Also issued was a hospital facilities revenue bond for the Van Wert County Hospital Association, with the principal amount of \$2,046,740 outstanding at December 31, 1999. The proceeds of the bonds do not constitute a general obligation, debt or bonded indebtedness of the County. The County is not obligated in any way to pay debt charges on the bonds from any of its funds, and therefore they have been excluded entirely from the County's debt presentation. Neither is the full faith and credit or taxing power of the County pledged to make repayment.

17. SHORT-TERM OBLIGATIONS

A summary of the short-term transactions for the year ended December 31, 1999 follows:

Fund Type/Fund/Issue	Interest Rate	Balance at December 31,			Balance at December 31,
		1998	Increases	Decreases	1999
General Obligation Notes:					
General Fund	4.82%	\$0	\$135,000	\$0	\$135,000
Special Revenue Fund:					
Probate/Juvenile Court Computer System Fund	4.75%	18,875	0	4,380	14,495

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

17. SHORT-TERM OBLIGATIONS (Continued)

<u>Fund Type/Fund/Issue</u>	<u>Interest Rate</u>	<u>Balance at December 31, 1998</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 1999</u>
Capital Projects Funds:					
Swimming Pool Slide Fund	6.68%	\$77,251	\$68,151	\$145,402	\$0
911 Equipment Maintenance Fund	5.02%	48,961	0	48,961	0
South Delphos Area Sewer Fund	4.75%	0	45,000	0	45,000
Airport Construction Fund	4.64%	46,850	55,390	1,000	101,240
Human Services Building Construction Fund	4.75%	450,000	360,000	450,000	360,000
Jail Construction Fund	3.93%	2,000,000	0	2,000,000	0
Total General Obligation Notes		<u>2,641,937</u>	<u>663,541</u>	<u>2,649,743</u>	<u>655,735</u>
Special Assessment Notes:					
Special Revenue Fund:					
Ditch Maintenance Fund					
Wallace Ditch	4.75%	0	4,289	0	4,289
Jennings Creek Ditch	4.60%	23,898	25,033	23,898	25,033
Long Prairie and Fauble	5.75%	40,022	19,320	40,022	19,320
Bergner Ditch	5.75%	5,238	2,527	5,238	2,527
Middlecreek Ditch	4.31%	12,135	0	12,135	0
Spice Run	4.60%	83,102	69,134	83,102	69,134
27 Mile Creek	4.60%	58,884	61,422	58,884	61,422
Allen Watt	4.60%	11,576	9,487	11,576	9,487
Mown Prairie	4.60%	58,376	49,189	58,376	49,189
Mollenkopf/Salmon	7.07%	12,952	11,576	14,128	10,400
Dog Creek	4.75%	26,953	191,583	104,792	113,744
Pup Creek	6.68%	43,450	39,300	46,550	36,200
Parker Ditch	4.75%	10,241	8,009	10,241	8,009
Maddox Creek	4.75%	24,625	221,257	24,625	221,257
Price Ditch	4.75%	70,872	44,263	70,872	44,263
Cable Ditch	4.75%	30,811	16,700	30,811	16,700
Feigert Ditch	4.75%	7,833	8,162	7,833	8,162
Monkey Run Ditch	4.75%	41,312	43,043	41,312	43,043
Pottawatome Ditch	4.75%	13,835	14,415	13,835	14,415
Total Special Assessment Notes		<u>576,115</u>	<u>838,709</u>	<u>658,230</u>	<u>756,594</u>
Total		<u>\$3,218,052</u>	<u>\$1,502,250</u>	<u>\$3,307,973</u>	<u>\$1,412,329</u>

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

17. SHORT-TERM OBLIGATIONS (Continued)

All of the notes are bond and revenue anticipation notes, are backed by the full faith and credit of Van Wert County and are payable from special assessments and governmental funds. The note liability is reflected in the fund which received the proceeds. In the event that property owners fail to make their special assessment payments, the County is responsible for providing the resources to meet the annual principal and interest payments. The Long Prairie and Fauble and Bergner Ditch Special Assessment Notes outstanding at December 31, 1999 will be refinanced annually until long-term bonds are issued. The rest of the notes outstanding at December 31, 1999 are multi-year notes. All of the notes are prepayable without penalty at the option of the County at any time prior to maturity. Principal and interest requirements to retire the County's multi-year notes outstanding at December 31, 1999, are as follows:

Year	Notes Payable
2000	\$219,103
2001	255,156
2002	263,731
2003	249,536
2004	331,102
2005-2009	291,490
2010-2014	42,976
2015-2016	32,535
Total	<u>\$1,685,629</u>

Changes in the short-term obligations reported in the enterprise funds during 1999 were as follows:

	Balance at December 31, 1998	Increases	Decreases	Balance at December 31, 1999
Note Payable:				
4.75% - 1998 Recycling Building and Trucks	\$100,000	\$80,000	\$100,000	\$80,000

The note payable will be paid from the Recycling Enterprise Fund's operating revenues.

Principal and interest requirements to retire the note outstanding at December 31, 1999, is as follows:

Year	Notes Payable
2000	\$23,800
2001	22,850
2002	21,900
2003	20,950
Total	<u>\$89,500</u>

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

18. INTERFUND TRANSACTIONS

Interfund balances at December 31, 1999, consist of the following individual fund receivables and payables:

<u>Fund Type/Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$13,179	\$2,641	\$105,349	\$0
<u>Special Revenue Funds:</u>				
Motor Vehicle Gas Tax Fund	2,620	0	0	0
Human Services Fund	0	46,270	0	96,649
Dog and Kennel Fund	0	25	0	0
County Home Fund	0	67	0	0
Child Support Enforcement Agency Fund	33,282	1,721	0	0
Youth Bureau Fund	1,705	0	0	0
Children's Services Fund	14,355	1,705	0	8,700
Federal Weather DOE Fund	0	1,500	0	0
Federal Weather HHS Fund	0	27	0	0
Federal Heap Program Fund	0	552	0	0
Federal COPS Fund	0	7,343	0	0
Thomas Edison Fund	0	2,673	0	0
Total Special Revenue Funds	<u>51,962</u>	<u>61,883</u>	<u>0</u>	<u>105,349</u>
<u>Enterprise Fund:</u>				
Recycling Fund	20	637	0	0
Total All Funds	<u>\$65,161</u>	<u>\$65,161</u>	<u>\$105,349</u>	<u>\$105,349</u>

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

19. SEGMENT INFORMATION

The County's enterprise funds account for the provision of a solid waste disposal facility and the collection and handling of recyclable materials. Key financial information as of and for the year ended December 31, 1999, for each enterprise fund is as follows:

	Waste Disposal	Recycling	Total
Operating Revenues	\$0	\$310,165	\$310,165
Depreciation Expense	6,636	24,566	31,202
Operating Income (Loss)	(6,636)	68,697	62,061
Grants	0	600	600
Proceeds from Sale of Fixed Assets	0	150	150
Interest and Fiscal Charges	0	3,837	3,837
Operating Transfers -In	0	5,000	5,000
Net Income (Loss)	(6,636)	70,610	63,974
Fixed Asset Additions	0	51,121	51,121
Current Contributed Capital	0	42,387	42,387
Net Working Capital	0	188,046	188,046
Total Assets	58,538	603,487	662,025
Long-Term Liabilities Payable from Revenue	0	67,354	67,354
Total Fund Equity	58,538	507,741	566,279
Total Encumbrances at December 31, 1999	0	3,780	3,780

20. SIGNIFICANT CONTRACTUAL COMMITMENTS

As of December 31, 1999, the County had contractual purchase commitments as follows:

Company	Project	Amount Remaining On Contract
Bruce Dangler	Building Purchase	\$37,500
Navistar International	Truck	57,550
Kalida Truck Equipment, Inc.	Dump Body, Hydraulic System, and 10 Foot Patrol Wing for Truck	20,518
United Precast, Inc.	Concrete Beams	50,000
Moorman Electric	Contract Service	33,734
Lippincott Plumbing & Heating, Inc.	Contract Service	81,476
Lacy Building Corp.	Contract Service	126,374
Hill Rom Company	County Home Beds	60,000
Koehlinger Lock & Safe, Inc.	Video Surveillance Equipment	13,060
Rosengarten Construction	27 Mile Ditch	382,929

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

21. CONTRIBUTED CAPITAL

During 1999, the special revenue funds purchased buildings, machinery and equipment, and vehicles for the Recycling Enterprise Fund from grant monies. The amounts representing contributed capital at December 31, 1999, are as follows:

	Waste		Total
	Disposal	Recycling	
Value of Fixed Assets Contributed During 1999	\$0	\$42,387	\$42,387
Contributed Capital January 1, 1999	<u>61,882</u>	<u>181,680</u>	<u>243,562</u>
Contributed Capital December 31, 1999	<u><u>\$61,882</u></u>	<u><u>\$224,067</u></u>	<u><u>\$285,949</u></u>

22. CONDENSED FINANCIAL STATEMENTS FOR DISCRETELY PRESENTED COMPONENT UNITS

A. Balance Sheet

	Thomas Edison Center	Van Wert Housing Services, Inc.	Port Authority	Airport Authority	Total
	Current Assets	<u>\$252,786</u>	<u>\$145,873</u>	<u>\$61,247</u>	<u>\$69,044</u>
Non-current Assets:					
Investments	0	1,482,752	0	0	1,482,752
Land & Land Improvements	0	28,962	204,454	176,616	410,032
Buildings	0	257,300	7,834	105,240	370,374
Equipment, Improvements, and Furnishings	98,289	35,571	0	113,951	247,811
Vehicles	25,000	0	0	6,750	31,750
Accumulated Depreciation	<u>(29,278)</u>	<u>(40,763)</u>	<u>(3,526)</u>	<u>(18,107)</u>	<u>(91,674)</u>
Total Non-current Assets	<u>94,011</u>	<u>1,763,822</u>	<u>208,762</u>	<u>384,450</u>	<u>2,451,045</u>
Total Assets	<u><u>\$346,797</u></u>	<u><u>\$1,909,695</u></u>	<u><u>\$270,009</u></u>	<u><u>\$453,494</u></u>	<u><u>\$2,979,995</u></u>
Liabilities and Retained Earnings:					
Current Liabilities	<u>\$17,403</u>	<u>\$10,393</u>	<u>\$0</u>	<u>\$3,911</u>	<u>\$31,707</u>
Non-current Liabilities:					
Notes Payable	0	85,676	0	0	85,676
Loans Payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>236,240</u>	<u>236,240</u>
Total Liabilities	17,403	96,069	0	240,151	353,623
Retained Earnings	<u>329,394</u>	<u>1,813,626</u>	<u>270,009</u>	<u>213,343</u>	<u>2,626,372</u>
Total Liabilities and Retained Earnings	<u><u>\$346,797</u></u>	<u><u>\$1,909,695</u></u>	<u><u>\$270,009</u></u>	<u><u>\$453,494</u></u>	<u><u>\$2,979,995</u></u>

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

**22. CONDENSED FINANCIAL STATEMENTS FOR DISCRETELY PRESENTED COMPONENT UNITS
(Continued)**

B. Statement of Revenues, Expenses and Changes in Retained Earnings

	<u>Thomas Edison Center</u>	<u>Van Wert Housing Services, Inc.</u>	<u>Port Authority</u>	<u>Airport Authority</u>	<u>Total</u>
Revenues	\$648,371	\$205,791	\$2,520	\$63,583	\$920,265
Expenses	<u>575,443</u>	<u>121,907</u>	<u>196</u>	<u>38,001</u>	<u>735,547</u>
Excess of Revenues Over Expenses	72,928	83,884	2,324	25,582	184,718
Retained Earnings at 1/1/99	<u>256,466</u>	<u>1,729,742</u>	<u>267,685</u>	<u>187,761</u>	<u>2,441,654</u>
Retained Earnings at 12/31/99	<u><u>\$329,394</u></u>	<u><u>\$1,813,626</u></u>	<u><u>\$270,009</u></u>	<u><u>\$213,343</u></u>	<u><u>\$2,626,372</u></u>

C. Measurement Focus and Basis of Accounting

The financial statements that are presented for the Thomas Edison Center, the Van Wert Housing Services, Inc., the Port Authority, and the Airport Authority use the governmental model of Governmental Accounting Standards Board Statement No. 29, "The Use of Not-for-Profit Accounting and Financial Reporting Principles by Governmental Entities" for non-profit corporations. These component units are accounted for like enterprise funds using the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

D. Budgetary Basis of Accounting

Budgetary information for the discretely presented component units is not presented because they are not included in the entity for which the "appropriated budget" is adopted and do not maintain separate budgetary financial records.

E. Deposits and Investments

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

1. Thomas Edison Center

Thomas Edison Center had \$125 in petty cash which is included on the balance sheet as part of "Cash and Cash Equivalents in Segregated Accounts". This amount is uninsured and uncollateralized.

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

**22. CONDENSED FINANCIAL STATEMENTS FOR DISCRETELY PRESENTED COMPONENT UNITS
(Continued)**

E. Deposits and Investments (Continued)

At year end, the carrying amount of deposits for Thomas Edison Center was \$212,651 and the bank balance was \$226,016. Of the bank balance, \$100,374 was covered by federal depository insurance, and \$125,642 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the County's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the Federal Deposit Insurance Corporation. There are no statutory guidelines regarding the deposit and investments of funds for the not-for-profit corporation.

2. Van Wert Housing Services, Inc.

Van Wert Housing had \$15,987 in undeposited cash which is included on the balance sheet as part of "Cash and Cash Equivalents in Segregated Accounts". This amount is uninsured and uncollateralized.

At year end, the carrying amount of deposits for Van Wert Housing Services, Inc. was \$118,562 and the bank balance was \$118,562. Of the bank balance, \$100,000 was covered by federal depository insurance, while \$18,562 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the County's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the County to a successful claim by the Federal Deposit Insurance Corporation. There are no statutory guidelines regarding the deposit and investment of funds for the not-for-profit corporation.

Investments consisted of primarily U.S. Government obligations, corporate obligations, and common stocks which are reported at fair value. Fair value at year end was \$1,482,752, while the cost was \$1,283,454.

3. Port Authority

Since the County Auditor is the fiscal agent for the Port Authority, the Port Authority follows the same investment guidelines as the County Treasurer. Information concerning deposits for the Port Authority can be found in Note 6 to the general purpose financial statements.

4. Airport Authority

At year end, the carrying amount of deposits for the Airport Authority was \$18,100, and the bank balance was \$18,586, all of which was covered by federal depository insurance. The Airport Authority follows the same investment guidelines as the County Treasurer.

Investments consisted \$50,944 in STAR Ohio. 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 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, 1999.

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

**22. CONDENSED FINANCIAL STATEMENTS FOR DISCRETELY PRESENTED COMPONENT UNITS
(Continued)**

F. Fixed Assets

A summary of the component units' fixed assets at December 31, 1999, follows:

	Thomas Edison Center	Van Wert Housing Services, Inc.	Port Authority	Airport Authority	Total
Land	\$0	\$28,962	\$204,454	\$176,616	\$410,032
Buildings	0	257,300	7,834	105,240	370,374
Equipment, Improvements, and Furnishings	98,289	35,571	0	113,951	247,811
Vehicles	25,000	0	0	6,750	31,750
Total	123,289	321,833	212,288	402,557	1,059,967
Less accumulated depreciation	(29,278)	(40,763)	(3,526)	(18,107)	(91,674)
Net Book Value	<u>\$94,011</u>	<u>\$281,070</u>	<u>\$208,762</u>	<u>\$384,450</u>	<u>\$968,293</u>

Depreciation is provided on a straight-line basis over an estimated useful life of 12 years for Thomas Edison Center. The Van Wert Housing Services, Inc. depreciates buildings over an estimated useful life of 40 years, equipment and furnishings over an estimated useful life of 12 years, and computers over an estimated useful life of 3 years. The Port Authority depreciates its fixed assets over an estimated useful life of 40 years, and 5 to 20 years for the Airport Authority. All component units maintain a capitalization threshold of five hundred dollars.

G. Notes Payable

A summary of the note transactions for the component units for the year ended December 31, 1999 follows:

	Interest Rate	Balance at December 31, 1998	Increases	Decreases	Balance at December 31, 1999
<u>Thomas Edison Center</u>					
Note #1	8.00%	\$13,882	\$0	\$4,699	\$9,183
<u>Van Wert Housing Services, Inc.</u>					
Residential Property #1	7.25%	27,147	0	2,248	24,899
Residential Property #2	7.00%	26,938	0	1,951	24,987
Residential Property #3	7.25%	14,900	0	1,716	13,184
Residential Property #4	7.25%	32,347	0	1,501	30,846
Total		101,332	0	7,416	93,916
Total Notes Payable		<u>\$115,214</u>	<u>\$0</u>	<u>\$12,115</u>	<u>\$103,099</u>

Terms on the Thomas Edison Center note #1 call for a total of 36 monthly payments of \$470.05 starting on October 1, 1998.

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

**22. CONDENSED FINANCIAL STATEMENTS FOR DISCRETELY PRESENTED COMPONENT UNITS
(Continued)**

G. Notes Payable (Continued)

Terms on the Van Wert Housing Services, Inc. residential property #1 note call for a total of 180 monthly payments of \$354.73 starting on February 1, 1993. Terms on the Van Wert Housing Services, Inc. residential property #2 note call for a total of 180 monthly payments of \$314.59 starting on December 1, 1993. Terms on the Van Wert Housing Services, Inc. residential property #3 note call for a total of 120 monthly payments of \$232.25 starting on January 1, 1996. Terms on the Van Wert Housing Services, Inc. residential property #4 note call for a total of 180 monthly payments of \$324.92 starting on September 2, 1997.

H. Loans Payable

A summary of the loan transactions for the component units for the year ended December 31, 1999 follows:

	Interest	Balance at			Balance at
	Rate	December 31,	Increases	Decreases	December 31,
		1998			1999
<u>Airport Authority</u>					
Airport Hangar #1	Variable	\$46,850	\$0	\$1,000	\$45,850
Fuel Tank Removal	Variable	0	135,000	0	135,000
Airport Hangar #2	Variable	0	55,390	0	55,390
Total Loans Payable		<u>\$46,850</u>	<u>\$190,390</u>	<u>\$1,000</u>	<u>\$236,240</u>

All of the Airport Authority Loans are variable rate notes. The interest rate on the loans is adjusted annually on the date that the annual payment is due. The adjusted rate is the prime rate multiplied by 65 percent. The interest rate shall never exceed the lesser of 12 percent or the maximum interest rate permitted by law. Terms on the Airport Hangar loan #1 due to the County call for a total of 20 annual payments starting on August 1, 1997 at varying amounts based on the interest rate and principal due at that time. Terms on the Fuel Tank loan due to the County call for five annual payments starting on August 2, 2000 at varying amounts based on the interest rate and principal due at that time. Terms on the Airport Hangar loan #2 due to the County call for a total of 20 annual payments starting on October 1, 2000 at varying amounts based on the interest rate and principal due at that time.

I. Segment Information

Net working capital for Thomas Edison Center, Van Wert Housing Services, Inc., the Port Authority and the Airport Authority was \$235,383, \$135,480, \$61,247 and \$65,133, respectively. During 1999, Thomas Edison Center, Van Wert Housing Services, Inc., and the Airport Authority purchased fixed assets in the amount of \$49,450, \$35,001, and \$172,707, respectively. Other segment information can be obtained in the condensed financial statements presented above.

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

23. JOINT VENTURES

A. Van Wert County Emergency Management Agency

The Van Wert County Emergency Management Agency (EMA) is a joint venture among Van Wert County, the City of Van Wert, and townships and villages within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is composed of the following seven members: one County Commissioner representing the board of county commissioners entering into the agreement; five chief executives representing the municipal corporations and townships entering into the agreement; and one non-elected representative. During 1999, the County contributed \$31,000 (44 percent) for the operation of the agency. The EMA is a joint venture since it cannot continue to exist without the financial support of the County. The County does not have an equity interest in the joint venture. The EMA is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Complete financial statements can be obtained from the EMA located at 1300 Old Route 30, Post Office Box 602, Van Wert, Ohio 45891.

B. Van Wert County Regional Planning Commission

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

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. The County contributed \$5,000 (24 percent) during 1999 for the operations of the Commission. The Commission is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Complete financial statements can be obtained from the Commission located at 719 East Crawford Street, Van Wert, Ohio 45891.

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

23. JOINT VENTURES (Continued)

C. Van Wert County Swimming Pool

The Van Wert County Swimming Pool (the Pool) is a joint venture between Van Wert County and the City of Van Wert. The Pool is jointly operated by the City and the County for the benefit of all the citizens of the County. The recreation board governs the operations of the Pool. The board is made up of five members, with the City Council appointing two members to the board and the County Commissioners also appointing two members. The four members then appoint the fifth member. The Pool is no longer a self-supporting enterprise. Pool rates are adjusted on a yearly basis in order to provide for a sufficient reserve over and above normal operational costs for any necessary improvements, but the rates have not been sufficient to provide for the payment of the Swimming Pool Slide Note. During 1999, the County contributed \$45,214 for a portion of the principal due on the Swimming Pool Slide Note since the Pool was unable to pay all of the principal due. The Swimming Pool Slide Note was paid off in 1999 (See Note 17). The Pool is a joint venture since continued participation by the County is necessary for the Pool's continued existence. In future years, it is anticipated that the County will subsidize pool operations with the City's help. Complete financial statements can be obtained from the Pool located at 120 East Main Street, Van Wert, Ohio 45891.

24. JOINTLY GOVERNED ORGANIZATIONS

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

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

The ability to influence operations depends on the County's representation on the Board. The Board of Trustees consists of eighteen members: four members are appointed by the Director of the Ohio Department of Mental Health, four members are appointed by the Director of the Ohio Department of Alcohol and Drug Addiction Services and the remaining ten members are appointed by the County Commissioners of Mercer, Paulding and Van Wert counties in the same proportion as the County's population bears to the total population of the three counties combined. During 1999, a tax levy provided \$303,056 for the operations of the organization.

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

The Community Improvement Corporation of the City of Van Wert and County of Van Wert, Ohio (the CIC) is a jointly governed organization between the City and the County. The general purpose of the CIC is to pursue and maintain economic development within the County. The CIC is governed by a Board of Trustees made up of fifteen members, who include: three elected or appointed officers of the City, to be designated annually by the City Council; three elected or appointed officers of the County, to be designated annually by the Board of County Commissioners; six people to be designated annually by the Board of Trustees of The Van Wert Area Chamber of Commerce; the President of the Van Wert Industrial Development Corporation (in ex officio status); and two people who are residents of the County, to be elected at the annual meeting of the members by a majority of the members listed previously. During 1999, the County contributed \$9,584 for the operation of the CIC.

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

24. JOINTLY GOVERNED ORGANIZATIONS

C. Van Wert County Council on Aging, Inc.

The Van Wert County Council on Aging, Inc. (the Council) is a jointly governed organization among the County, the City of Van Wert, neighboring townships, and local related organizations. The Council was formed to secure and maintain maximum independence and dignity for older persons (1) in a home environment for older persons capable of self-care with appropriate supportive services by providing such services and to remove individual and social barriers to economic and personal independence, (2) in a home-like environment for older persons not capable of self-care with adequate institutional situations by providing assistance to these institutions in developing policy. The Board of Directors consists of thirteen members, who shall represent, as nearly as possible, a cross section of the entire county population. Representatives of local health services, low income persons, the clergy, government officials, consumers and other concerned citizens shall be appointed to the Board. For 1999, the County disbursed \$146,981 of the organization's tax levy to the Council for its operation.

D. West Central Partnership, Inc.

The West Central Partnership, Inc. (the Partnership) is a jointly governed organization among Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam and Van Wert counties. The Partnership was formed to administer local loan programs in these counties for the State of Ohio Department of Development using 166 funds and raise money for such purpose and to expend, contribute, disburse, or otherwise handle and dispose of the same for such purpose. The Board of Trustees consists of nine members, including a County Commissioner from each of the member counties and the Director of Region 3, West Central SBDC Partnership. The counties do not contribute any monies for the operation of the Partnership.

E. Maumee Valley Resource Conservation and Development Area

The Maumee Valley Resource Conservation and Development Area (the MV-RCD Area) is a jointly governed organization among the Counties of Allen, Defiance, Fulton, Henry, Paulding, Putnam, Van Wert, and Williams. The MV-RCD Area is organized to accelerate local efforts toward improving the social and economic conditions of the area through the conservation, development and utilization of natural resources. The Executive Council consists of twenty-four members. Each county appoints three members, with a member from each of the following: Board of County Commissioners, Soil and Water Conservation District, and a member at large. The member at large may represent one of the following interests: cities and villages, township trustees, Regional Planning, business, industry, labor, Chamber of Commerce, economic development, environmental groups, league of women voters, specialty growers, farm organizations, and concerned citizens. For 1999, the County contributed \$500 to the MV-RCD Area for its operation.

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

25. RELATED ORGANIZATION

Van Wert County Hospital Commission

The Van Wert County Hospital Commission (Commission) is a legally separate body politic. The ten board members of the Commission are appointed by the Van Wert County Commissioners: one member each from the townships of Willshire-Liberty, Harrison-Pleasant, Tully-Union, Hoaglin-Jackson, Ridge-Washington, and York-Jennings, along with three members from the City of Van Wert. The County is not able to impose its will on the Commission and no financial benefit and/or burden relationship exists. The Commission is responsible for approving its own budgets, appointing personnel and accounting and finance related activities. The Commission was organized under Ohio Revised Code 3390.14. The purpose is to have jurisdiction over the hospital facilities, provided the hospital corporation is responsible for operations.

26. INSURANCE PURCHASING POOL

The County Commissioners' Association of Ohio Service Corporation

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

27. RELATED PARTY TRANSACTIONS

Thomas Edison Center, Inc., a discretely presented component unit of Van Wert County, has entered into a contractual agreement with the Van Wert County Board of Mental Retardation/Developmental Disabilities (MRDD), whereby the MRDD provides sheltered employment for mentally retarded or handicapped individuals in Van Wert County. The MRDD provides the workshop with personnel necessary for the operation of the habilitation services to the client, land and buildings for the operation of the center, maintenance and repair of the buildings and professional staff to supervise and train clients of Thomas Edison Center, Inc.

The additional income and related expenses are reflected in the financial statements of the component unit. In 1999, the contributions to Thomas Edison Center, Inc. for salaries, fringes, maintenance and repairs of buildings and administrative costs was \$123,763.

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

VAN WERT COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

28. CONTINGENCIES

A. Litigation

The County is party to legal proceedings. The County is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the County.

B. 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 terms of the grant. Based on prior experience, the County Commissioners believe such disallowances, if any, will be immaterial.

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VAN WERT COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR YEAR ENDED DECEMBER 31, 1999

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
(Passed through Ohio Department of Development)						
Community Development Block Grant/State's Program	BC -96-074-1	14.228	(\$1,207)	\$0	(\$67,670)	\$0
	BF-97-074-1		0	0	4,581	0
	BF-98-074-1		48,700	0	40,643	0
	BC-98-074-1		35,000	0	70,745	0
Total			82,493	0	48,299	0
Home Investment Partnership (HOME) Program	BC-98-074-2	14.239	17,000	0	5,876	0
Direct Program						
Home Investment Partnership (HOME) Program	BC-96-074-2	14.239	34,898	0	91,119	0
	BC-98-074-2		148,432	0	100,081	0
Total			200,330	0	197,076	0
Total United States Department of Housing and Urban Development			282,823	0	245,375	0
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
(Passed through Ohio Department of Health and Human Services)						
Low-Income Home Energy Assistance	98-HA-152	93.568	0	0	161	0
	99-HA-153		30,586	0	28,186	0
	00-HA-153		13,700	0	12,500	0
	99-HE-253		7,519	0	11,975	0
	00-HE-253		25,744	0	9,877	0
	99-HC-253		23,495	0	23,473	0
	H97-136		0	0	281	0
	H98-136		5,945	0	9,836	0
	H99-136		9,527	0	9,638	0
Total			116,516	0	105,927	0
Child Welfare Services State Grant	N/A	93.645	42,654	0	42,654	0
			42,654	0	42,654	0
Child Abuse and Neglect State Grant	N/A	93.669	1,921	0	1,921	0
			1,921	0	1,921	0
Independent Living	N/A	93.674	1,713	0	1,713	0
			1,713	0	1,713	0
Total Ohio Department of Health and Human Services			162,804	0	152,215	0
(Passed through Ohio Department of Mental Retardation and Developmental Disabilities)						
Medical Assistance Program	8100012	93.778	111,575	0	111,575	0
			111,575	0	111,575	0
Social Services Block Grant	MR-81	93.667	18,913	0	18,913	0
	MR-81		7,875	0	7,875	0
Total			26,788	0	26,788	0
Total United States Department of Health and Human Services			301,167	0	290,578	0

VAN WERT COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR YEAR ENDED DECEMBER 31, 1999
(CONTINUED)

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF EDUCATION						
(Passed through Ohio Department of Education)						
Special Education Cluster:						
Special Education Preschool Grant	071183-PG-S1-99P	84.173	0	0	7,653	0
	071183-PG-S1-00P		13,702	0	6,398	0
Total			13,702	0	14,051	0
Special Education Grants to States	071183-6B-SF-99P	84.027	9,332	0	6,906	0
	071183-6B-SF-00P		11,201	0	6,754	0
Total			20,533	0	13,660	0
Total Special Education Cluster			34,235	0	27,711	0
(Passed through the Ohio Department of Health)						
Special Education Grants for Infants and Families	8162-A	84.181	54,999	0	63,608	0
	8162-A		19,357	0	10,425	0
Total			74,356	0	74,033	0
Total United States Department of Education			108,591	0	101,744	0
UNITED STATES DEPARTMENT OF ENERGY						
(Passed through the Ohio Department of Development)						
Weatherization Assistance for Low-Income Persons	D97-136	81.042	0	0	473	0
	D98-136		10,708	0	13,536	0
	D99-136		51,990	0	40,224	0
Total			62,698	0	54,233	0
Stripper	S97-136	Oil	0	0	9	0
	S98-136		3,481	0	4,450	0
	S99-136		8,866	0	6,940	0
Total			12,347	0	11,399	0
Total United States Department of Energy			75,045	0	65,632	0
FEDERAL EMERGENCY MANAGEMENT AGENCY						
(Passed through the Ohio Department of Public Safety)						
Emergency Management State and Local Assistance	FY'98	83.534	9,698	0	0	0
	FY'99		10,823	0	10,990	0
	FY'00		0	0	6,893	0
Total Federal Emergency Management Agency			20,521	0	17,883	0
UNITED STATES DEPARTMENT OF AGRICULTURE						
(Passed through the Ohio Department of Education)						
Food Distribution	N/A	10.550	0	0	0	506
Total United States Department of Agriculture			0	0	0	506
UNITED STATES DEPARTMENT OF JUSTICE						
Direct Program						
Public Safety Partnership & Community Policing Grants	95-CF-WX-2837	16.710	36,149	0	22,956	0
Local Law Enforcement Block Grant Program	98LBVX6872	16.592	14,465	0	0	0
	99LBVX6872		0	0	14,077	0
(Passed through Office of Criminal Justice Services)						
Juvenile Accountability Incentive Block Grant	DWRTCJSV00552	16.523	11,296	0	150	0
Total United States Department of Justice			61,910	0	37,183	0
Total Federal Assistance			<u>\$850,057</u>	<u>\$0</u>	<u>\$758,395</u>	<u>\$506</u>

See Accompanying Notes to the Schedule of Federal Awards Expenditures

VAN WERT COUNTY
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 1999

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B – MATCHING REQUIREMENTS

Certain Federal programs require that the Government contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Government has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

NOTE C – FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. At December 31, 1999, the County had \$108 in donated food commodity inventory.

NOTE D – COMMUNITY DEVELOPMENT BLOCK GRANT

The negative expenditures in the FY 96 CDBG was due to a transfer of expenditures between the FY 96 CDBG (CHIP) implementation account and the FY 96 HOME private rehabilitation account. This transfer was for the wages and fringe benefits for two employees that performed rehab work on the HOME grant.



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OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Van Wert County
121 East Main Street
Van Wert, Ohio 45891

To the Board of Commissioners:

We have audited the financial statements of Van Wert County (the County) as of and for the year ended December 31, 1999, and have issued our report thereon dated July 10, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the County in a separate letter dated July 10, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 1999-60281-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the County in a separate letter dated July 10, 2000.

This report is intended for the information of the audit committee, management, county commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

July 10, 2000



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Van Wert County
121 East Main Street
Van Wert, Ohio 45891

To the Board of Commissioners:

Compliance

We have audited the compliance of Van Wert County (the County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 1999. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the County's management. 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 generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that 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, the County complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 1999.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with 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 have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

**Internal Control Over Compliance
(Continued)**

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the County in a separate letter dated July 10, 2000.

This report is intended for the information of the audit committee, management, county commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Jim Petro
Auditor of State

July 10, 2000

**VAN WERT COUNTY
FOR THE YEAR ENDED DECEMBER 31, 1999**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions 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?	No
(d)(1)(vii)	Major Programs (list):	Home Investment Partnership (HOME) Program CFDA# 14.239 Medical Assistance Program, CFDA #93.778
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**VAN WERT COUNTY
FOR THE YEAR ENDED DECEMBER 31, 1999**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

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

Finding Number	1999-60281-001
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Child Support Enforcement Agency - Reconciliation

During 1999, the County Child Support Enforcement Agency (CSEA) fully implemented the Support Enforcement Tracking System (SETS). SETS is a federally mandated system established to record and issue child support payments for each county. Since implementation, CSEA has experienced difficulties in reconciling SETS to its bank accounts and has encountered various errors in relation to disbursements made by SETS. The County CSEA is currently attempting to reconcile January of 1999. The State of Ohio is responsible for SETS and has guaranteed funds to correct all errors with the system.

The County CSEA receives payments for child support and enters the data into SETS. CSEA has various monitoring controls in place to ensure that accurate data are input into SETS. At the time of payment, it becomes the responsibility of the State to ensure that accurate payments are made to the guardian of the child or children. However, many errors have come to the attention of CSEA that have been attributed to SETS and not CSEA.

We recommend CSEA and the State continue to coordinate their efforts to eliminate the cause of errors and correct the limitations imposed on the reconciliation process.



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VAN WERT COUNTY FINANCIAL CONDITION

VAN WERT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 3, 2000