

Vinton County Financial Condition

Single Audit

January 1 , 2002 Through December 31, 2002

Fiscal Year Audited Under GAGAS: 2002

**BALESTRA & COMPANY**

CERTIFIED PUBLIC ACCOUNTANTS

(A division of Harr & Scherer, CPAs, Inc.)

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Member American Institute of Certified Public Accountants  
Ohio Society of Certified Public Accountants





**Auditor of State  
Betty Montgomery**

Board of Commissioners  
Vinton County  
100 Main Street  
McArthur, Ohio 45651

We have reviewed the Independent Auditor's Report of Vinton County, prepared by Balestra & Company, for the audit period January 1, 2002 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Vinton County is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

April 30, 2003

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VINTON COUNTY  
FINANCIAL CONDITION

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# BALESTRA & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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Vinton County Board of Commissioners  
100 Main Street  
McArthur, Ohio 45651

## Independent Auditor's Report

We have audited the accompanying general purpose financial statements of Vinton County (the County), as of and for the year ended December 31, 2002, 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 auditing standards generally accepted in the United States of America 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 Vinton County, as of December 31, 2002, and the results of its operations and the cash flows of its Non-Expendable Trust Fund and Discretely Presented Component Unit for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2003 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying schedule of expenditures of federal awards 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.

*Balestra & Company*

Balestra & Company

March 7, 2003

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## General Purpose Financial Statements

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The general purpose financial statements of the County include the basic combined financial statements, presented by fund type and account group, and notes to the financial statements that are essential to the fair presentation of financial position and results of operation and cash flows of the nonexpendable trust fund and discretely presented component unit.

**VINTON COUNTY, OHIO**  
 Combined Balance Sheet  
 All Fund Types, Account Groups  
 and Discretely Presented Component Unit  
 As of December 31, 2002

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPE
	General	Special Revenue	Capital Projects	Non-Expendable Trust and Agency
<b>Assets and Other Debits:</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$69,033	\$1,666,320	\$1,778,988	\$702,314
Cash and Cash Equivalents in Segregated Accounts	0	0	0	248,088
Receivables:				
Taxes	582,826	392,075	0	4,272,734
Accounts	478	14,617	0	0
Accrued Interest	5,339	0	0	0
Due from Other Funds	9,243	6,210	0	3,926
Due from Other Governments	144,008	2,914,000	0	118,676
Materials and Supplies				
Inventory	0	134,255	0	0
Notes Receivable (Net of Allowance for Doubtful Accounts)	0	1,047,491	0	0
Advances to Other Funds	12,971	52,684	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<b>Other Debits:</b>				
Other Assets	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$823,898</b>	<b>\$6,227,652</b>	<b>\$1,778,988</b>	<b>\$5,345,738</b>

The notes to the financial statements are an integral part of this statement.

ACCOUNT GROUPS		Totals (Memorandum Only)	COMPONENT UNIT	Totals (Memorandum Only) Reporting Entity
General Fixed Assets	General Long-Term Obligations	Primary Government	Vinton Industries, Inc.	
\$0	\$0	\$4,216,655	\$171,452	\$4,388,107
0	0	248,088	0	248,088
0	0	5,247,635	0	5,247,635
0	0	15,095	0	15,095
0	0	5,339	0	5,339
0	0	19,379	0	19,379
0	0	3,176,684	0	3,176,684
0	0	134,255	0	134,255
0	0	1,047,491	0	1,047,491
0	0	65,655	0	65,655
3,998,450	0	3,998,450	116,076	4,114,526
0	0	0	10	10
0	2,724,243	2,724,243	0	2,724,243
<u>\$3,998,450</u>	<u>\$2,724,243</u>	<u>\$20,898,969</u>	<u>\$287,538</u>	<u>\$21,186,507</u>

(Continued)

**VINTON COUNTY, OHIO**  
 Combined Balance Sheet  
 All Fund Types, Account Groups  
 and Discretely Presented Component Unit  
 As of December 31, 2002

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPE
	General	Special Revenue	Capital Projects	Non-Expendable Trust and Agency
<b>Liabilities, Fund Equity and Other Credits:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$0	\$32,764	\$0	\$0
Contracts Payable	0	0	18	0
Accrued Wages and Benefits	60,001	212,633	0	0
Compensated Absences Payable	342	20,559	0	0
G.O. Bonds Payable	0	0	0	0
Due to Other Funds	0	0	0	19,379
Due to Other Governments	0	0	0	4,860,048
Deferred Revenue	562,698	2,364,444	0	0
Undistributed Monies	0	0	0	351,576
Payroll Withholdings	0	0	0	99,086
Advances from Other Funds	0	65,655	0	0
	-----	-----	-----	-----
<b>Total Liabilities</b>	<b>623,041</b>	<b>2,696,055</b>	<b>18</b>	<b>5,330,089</b>
	-----	-----	-----	-----
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	456	38,007	0	0
Reserved for Unclaimed Monies	36,578	0	0	0
Reserved for Notes Receivable	0	1,047,491	0	0
Reserved for Inventory	0	134,255	0	0
Reserved for Endowments	0	0	0	15,000
Unreserved:				
Undesignated (Deficit)	163,823	2,311,844	1,778,970	649
	-----	-----	-----	-----
<b>Total Fund Equity (Deficit) and Other Credits</b>	<b>200,857</b>	<b>3,531,597</b>	<b>1,778,970</b>	<b>15,649</b>
	-----	-----	-----	-----
<b>Total Liabilities and Fund Equity and Other Credits</b>	<b>\$823,898</b>	<b>\$6,227,652</b>	<b>\$1,778,988</b>	<b>\$5,345,738</b>
	=====	=====	=====	=====

The notes to the financial statements are an integral part of this statement.

ACCOUNT GROUPS		Totals (Memorandum Only)	COMPONENT UNIT	Totals (Memorandum Only) Reporting Entity
General Fixed Assets	General Long-Term Obligations	Primary Government	Vinton Industries, Inc.	
\$0	\$0	\$32,764	\$541	\$33,305
0	0	18	0	18
0	0	272,634	0	272,634
0	272,286	293,187	0	293,187
0	2,451,957	2,451,957	0	2,451,957
0	0	19,379	0	19,379
0	0	4,860,048	0	4,860,048
0	0	2,927,142	0	2,927,142
0	0	351,576	0	351,576
0	0	99,086	0	99,086
0	0	65,655	0	65,655
0	2,724,243	11,373,446	541	11,373,987
3,998,450	0	3,998,450	0	3,998,450
0	0	38,463	0	38,463
0	0	36,578	0	36,578
0	0	1,047,491	0	1,047,491
0	0	134,255	0	134,255
0	0	15,000	0	15,000
0	0	4,255,286	286,997	4,542,283
3,998,450	0	9,525,523	286,997	9,812,520
\$3,998,450	\$2,724,243	\$20,898,969	\$287,538	\$21,186,507

**VINTON COUNTY, OHIO**  
 Combined Statement of Revenues, Expenditures,  
 And Changes in Fund Balances  
 All Governmental Fund Types  
 For the Year Ended December 31, 2002

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Revenues:</b>					
Taxes	\$1,520,078	\$407,752	\$0	\$0	\$1,927,830
Charges for Services	432,306	361,264	0	0	793,570
Fees, Licenses and Permits	2,633	51,155	0	0	53,788
Fines and Forfeitures	97,471	28,723	0	0	126,194
Intergovernmental	331,955	9,104,906	0	542,506	9,979,367
Interest	138,399	10,863	0	0	149,262
Other	246,637	399,001	12,400	67,458	725,496
<b>Total Revenues</b>	<b>2,769,479</b>	<b>10,363,664</b>	<b>12,400</b>	<b>609,964</b>	<b>13,755,507</b>
<b>Expenditures:</b>					
Current:					
General Government:					
Legislative and Executive	1,253,018	286,647	0	0	1,539,665
Judicial	374,877	275,329	0	0	650,206
Public Safety	580,884	260,118	0	0	841,002
Public Works	0	3,818,364	0	0	3,818,364
Health	27,321	1,163,547	0	0	1,190,868
Human Services	101,971	4,774,655	0	0	4,876,626
Conservation and Recreation	9,700	10,264	0	0	19,964
Capital Outlay	0	0	0	1,099,920	1,099,920
Other	458,972	0	0	0	458,972
Debt Service:					
Principal Retirement	0	0	18,375	0	18,375
Interest and Fiscal Charges	0	0	27,468	0	27,468
<b>Total Expenditures</b>	<b>2,806,743</b>	<b>10,588,924</b>	<b>45,843</b>	<b>1,099,920</b>	<b>14,541,430</b>
Excess of Revenues Over (Under) Expenditures	(37,264)	(225,260)	(33,443)	(489,956)	(785,923)
<b>Other Financing Sources (Uses):</b>					
Proceed from Sale of Bonds	0	0	0	2,000,000	2,000,000
Operating Transfers - In	0	7,045	33,443	0	40,488
Operating Transfers - Out	(40,488)	0	0	0	(40,488)
<b>Total Other Financing Sources (Uses)</b>	<b>(40,488)</b>	<b>7,045</b>	<b>33,443</b>	<b>2,000,000</b>	<b>2,000,000</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(77,752)	(218,215)	0	1,510,044	1,214,077
Fund Balances at Beginning of Year - (Restated Note 19)	278,609	3,771,006	0	268,926	4,318,541
Increase (Decrease) in Reserve for Inventory	0	(21,194)	0	0	(21,194)
<b>Fund Balance (Deficit) at End of Year</b>	<b>\$200,857</b>	<b>\$3,531,597</b>	<b>\$0</b>	<b>\$1,778,970</b>	<b>\$5,511,424</b>

The notes to the financial statements are an integral part of this statement.

**VINTON COUNTY, OHIO**  
 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, 2002

	GENERAL		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$1,340,000	\$1,497,287	\$157,287
Charges for Services	488,671	440,926	(47,745)
Fees, Licenses and Permits	1,190	1,480	290
Fines and Forfeitures	119,639	95,672	(23,967)
Intergovernmental	461,000	253,466	(207,534)
Interest	150,000	158,435	8,435
Other	262,569	414,184	151,615
	-----	-----	-----
<i>Total Revenues</i>	2,823,069	2,861,450	38,381
	-----	-----	-----
<b>Expenditures:</b>			
Current:			
General Government:			
Legislative and Executive	1,256,911	1,247,146	9,765
Judicial	373,081	372,754	327
Public Safety	579,130	577,539	1,591
Health	26,875	26,876	(1)
Human Services	102,077	101,911	166
Conservation and Recreation	9,700	9,700	0
Other	434,890	435,346	(456)
	-----	-----	-----
<i>Total Expenditures</i>	2,782,664	2,771,272	11,392
	-----	-----	-----
Excess of Revenues Over/(Under) Expenditures	40,405	90,178	49,773
	-----	-----	-----
<b>Other Financing Sources (Uses):</b>			
Advances - In	0	11,990	11,990
Advances - Out	0	(8,972)	(8,972)
Operating Transfers - Out	(40,488)	(40,488)	0
	-----	-----	-----
<i>Total Other Financing Sources (Uses)</i>	(40,488)	(37,470)	3,018
	-----	-----	-----
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(83)	52,708	52,791
	-----	-----	-----
Fund Balance at Beginning of Year	1,466	1,466	0
	-----	-----	-----
Fund Balance/(Deficit) at End of Year	\$1,383	\$54,174	\$52,791
	=====	=====	=====
The notes to the financial statements are an integral part of this statement.			(Continued)

**VINTON COUNTY, OHIO**  
 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, 2002  
 (Continued)

	SPECIAL REVENUE		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$348,000	\$384,854	\$36,854
Charges for Services	125,299	320,245	194,946
Fines and Forfeitures	27,085	27,969	884
Intergovernmental	7,117,632	8,015,792	898,160
Interest	(21,434)	11,241	32,675
Other	1,867,808	2,184,606	316,798
<i>Total Revenues</i>	9,464,390	10,944,707	1,480,317
<b>Expenditures:</b>			
Current:			
General Government:			
Legislative and Executive	307,699	286,109	21,590
Judicial	517,428	274,463	242,965
Public Safety	338,157	256,032	82,125
Public Works	3,750,093	4,041,252	(291,159)
Health	1,204,972	1,150,019	54,953
Human Services	4,921,252	4,928,253	(7,001)
Other	10,265	10,265	0
<i>Total Expenditures</i>	11,049,866	10,946,393	103,473
Excess of Revenues Over/(Under) Expenditures	(1,585,476)	(1,686)	1,583,790
<b>Other Financing Sources (Uses):</b>			
Advances - In	74,693	72,560	(2,133)
Advances - Out	0	(75,578)	(75,578)
Operating Transfers - In	8,005	7,045	(960)
Operating Transfers - Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	82,698	4,027	(78,671)
Excess of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing Uses	(1,502,778)	2,341	1,505,119
Fund Balance at Beginning of Year	1,622,779	1,622,779	0
Fund Balance at End of Year	\$120,001	\$1,625,120	\$1,505,119

(Continued)



**VINTON COUNTY, OHIO**  
 Combined Statement of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 All Governmental Fund Types  
 For the Year Ended December 31, 2002  
 (Continued)

	DEBT SERVICE		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Other	\$12,400	\$12,400	\$0
<i>Total Revenues</i>	12,400	12,400	0
<b>Expenditures:</b>			
Debt Service:			
Principal Retirement	18,375	18,375	0
Interest and Fiscal Charges	27,468	27,468	0
<i>Total Expenditures</i>	45,843	45,843	0
Excess of Revenues Over/(Under) Expenditures	(33,443)	(33,443)	0
<b>Other Financing Sources (Uses):</b>			
Operating Transfers - In	33,443	33,443	0
<i>Total Other Financing Sources (Uses)</i>	33,443	33,443	0
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	0	0	0
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances	0	0	0
Fund Balance (Deficit) at End of Year	\$0	\$0	\$0

(Continued)

**VINTON COUNTY, OHIO**  
 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, 2002  
 (Continued)

	CAPITAL PROJECTS		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Intergovernmental	\$542,056	\$542,056	\$0
Other	40,229	40,229	0
<i>Total Revenues</i>	582,285	582,285	0
<b>Expenditures:</b>			
Capital Outlay	2,678,793	899,806	1,778,987
<i>Total Expenditures</i>	2,678,793	899,806	1,778,987
Excess of Revenues Over/(Under) Expenditures	(2,096,508)	(317,521)	1,778,987
<b>Other Financing Sources (Uses):</b>			
Proceed of Notes	2,000,000	2,000,000	0
<i>Total Other Financing Sources</i>	2,000,000	2,000,000	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(96,508)	1,682,479	1,778,987
Fund Balance at Beginning of Year	96,508	96,508	0
Fund Balance at End of Year	\$0	\$1,778,987	\$1,778,987

The notes to the financial statements are an integral part of this statement.

**VINTON COUNTY, OHIO**  
Statement of Revenues, Expenses and  
Changes in Retained Earnings/Fund Balance  
Non-Expendable Trust Fund and Discretely Presented Component Unit  
For the Year Ended December 31, 2002

	PRIMARY GOVERNMENT Non-Expendable Trust	COMPONENT UNIT Vinton Industries, Inc.	Totals (Memorandum Only) Reporting Entity
<b><i>Operating Revenues:</i></b>			
Charges for Services	\$0	\$26,720	\$26,720
Contributions	0	39,967	39,967
Interest	647	0	647
<i>Total Operating Revenues</i>	647	66,687	67,334
<b><i>Operating Expenses:</i></b>			
Personal Services	800	0	800
Program Services	0	48,483	48,483
Depreciation	0	15,624	15,624
<i>Total Operating Expenses</i>	800	64,107	64,907
Operating Income/(Loss)	(153)	2,580	2,427
<b><i>Non-Operating Revenues (Expenses):</i></b>			
Interest Income	0	7,627	7,627
<i>Total Non-Operating Revenues (Expenses)</i>	0	7,627	7,627
Net Income (Loss)	(153)	10,207	10,054
Retained Earnings/Fund Balance at Beginning of Year	15,802	276,790	292,592
Retained Earnings/Fund Balance at End of Year	\$15,649	\$286,997	\$302,646

The notes to the financial statements are an integral part of this statement.

**VINTON COUNTY, OHIO**  
Statement of Revenues, Expenditures and Changes  
In Fund Balances - Budget (Non-GAAP Basis) and Actual  
Non-Expendable Trust Fund  
For the Year Ended December 31, 2002

	NON-EXPENDABLE TRUST		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Interest	(\$14,302)	\$647	\$14,949
<i>Total Revenues</i>	(14,302)	647	14,949
<b>Expenditures:</b>			
Personal Services	1,500	800	700
<i>Total Expenditures</i>	1,500	800	700
Excess of Revenues Under Expenditures	(15,802)	(153)	15,649
Fund Balance at Beginning of Year	15,802	15,802	0
Fund Balance at End of Year	\$0	\$15,649	\$15,649

The notes to the financial statements are an integral part of this statement.

**VINTON COUNTY, OHIO**  
Statement of Cash Flows  
Non-Expendable Trust Fund and Discretely Presented Component Unit  
For the Year Ended December 31, 2002

	PRIMARY GOVERNMENT Non-Expendable Trust	COMPONENT UNIT Vinton Industries, Inc.	Totals (Memorandum Only) Reporting Entity
<b><i>Increase (Decrease) in Cash and Cash Equivalents:</i></b>			
<b><i>Cash Flows from Operating Activities:</i></b>			
Cash Received from Customers	\$647	\$66,687	\$67,334
Cash Payments to Suppliers for Goods and Services	(800)	0	(800)
Cash Payments for Program Services	0	(48,432)	(48,432)
<i>Net Cash Provided by (Used for) Operating Activities</i>	(153)	18,255	18,102
<b><i>Cash Flows from Capital and Related Financing Activities:</i></b>			
Payments for Capital Acquisitions	0	(32,933)	(32,933)
<i>Net Cash Used for Capital and Related Financing Activities</i>	0	(32,933)	(32,933)
<b><i>Cash Flows from Investing Activities:</i></b>			
Interest Income	0	7,627	7,627
<i>Net Cash Provided by Capital and Related Financing Activities</i>	0	7,627	7,627
Net Increase/(Decrease) in Cash and Cash Equivalents	(153)	(7,051)	(7,204)
Cash and Cash Equivalents at Beginning of Year	15,802	178,503	194,305
Cash and Cash Equivalents at End of Year	\$15,649	\$171,452	\$187,101
<b><i>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</i></b>			
Operating Income (Loss)	(\$153)	\$2,580	\$2,427
<b><i>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</i></b>			
Depreciation	0	15,624	15,624
Changes in Assets and Liabilities:			
Increase/(Decrease) in Accounts Payable	0	51	51
Total Adjustments	0	15,675	15,675
Net Cash Provided by (Used for) Operating Activities	(\$153)	\$18,255	\$18,102
Cash and Cash Equivalents - All Fiduciary Funds	\$702,314		
Cash and Cash Equivalents - All Agency Funds	(686,665)		
Cash and Cash Equivalents - Non-Expendable Trust Fund	\$15,649		

The notes to the financial statements are an integral part of this statement.

**Vinton County**  
**Notes to The General Purpose Financial Statements**  
**For the Fiscal Year Ended December 31, 2002**

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**NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION**

Vinton County, Ohio (the County), is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, County Court Judge, Probate-Juvenile Judge, and Common Pleas Court Judge.

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

**Reporting Entity:** The 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. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Vinton County, this includes the Vinton County Board of Mental Retardation and Development Disabilities, Vinton County Children Services Board, Family and Children First Council, and departments and activities that are directly operated by the elected County officials.

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

**Discretely Presented Components Unit:** The component unit column in the combined financial statements identifies the financial data of the County's component unit, Vinton Industries, Inc. This entity is reported separately to emphasize that it is legally separate from the County.

Vinton Industries, Inc. (the Corporation) is a legally separate, not-for-profit corporation, served by a self-appointing Board of Trustees. The Corporation, under contractual agreement with the Vinton County Board of Mental Retardation and Developmental Disabilities, provides sheltered employment for mentally retarded or handicapped adults in Vinton County. The Vinton County Board of Mental Retardation and Developmental Disabilities provides the Corporation with some funds to operate with. The Corporation also raises revenue through the services its clients provide for other entities and goods it sells.

Additional information related to Vinton Industries, Inc., is presented in Note 17 to the General Purpose Financial Statements. Complete financial statements of the individual component unit can be obtained from the administration offices of Vinton Industries, Inc., Post Office Box 477, McArthur, Ohio 45651.

The County is associated with certain organizations which are defined as Jointly Governed Organizations. These organizations are presented in Note 16 to the General Purpose Financial Statements. These organizations are:

- The Gallia, Jackson, Meigs, and Vinton Joint Solid Waste Management District
- South Central Regional Juvenile Detention Center
- Buckeye Joint-County Self Insurance Council
- Alcohol, Drug Addiction and Mental Health Services Board of Athens, Hocking and Vinton Counties
- Vinton County Community Improvement Corporation

**Vinton County**  
**Notes to The General Purpose Financial Statements**  
**For the Fiscal Year Ended December 31, 2002**

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**NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION** (Continued)

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 Entities listed below, the County serves as fiscal agent, but the Entities are not fiscally dependent on the County. Accordingly, the activity of the following Entities and agencies are presented as Agency Funds within the County's financial statements.

- Soil and Water Conservation District
- Vinton County Health District

***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 herein, 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 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 are accounted for through governmental funds. The following are the County's governmental fund types:

*General Funds* These funds are 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 for 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 debt principal, interest and related costs and special assessment long-term debt principal, interest and related costs.

*Capital Projects Funds* These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

***Fiduciary Fund Types:*** 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 are the County's fiduciary fund types:

*Non-Expendable Trust Funds* These funds are used to account for trusts or bequests of the County whereby, the resources of the trust may not be expended.

**Vinton County**  
**Notes to The General Purpose Financial Statements**  
**For the Fiscal Year Ended December 31, 2002**

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**NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION** (Continued)

*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.

*General Long-Term Obligations Account Group* The General Long-Term Obligations Account Group is used to account for all long-term debt of the County.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to accounting principles generally accepted in the United States of America for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources.

**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 are generally 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 Non-Expendable Trust 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. Non-Expendable Trust fund 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.

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

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. (See Note 6.) Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.



**Vinton County**  
**Notes to The General Purpose Financial Statements**  
**For the Fiscal Year Ended December 31, 2002**

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, and grants.

***Deferred Revenue*** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue.

Under the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the non-expendable trust fund. Revenues are recognized in the accounting period which they are earned, and expenses are recognized at the time they are incurred.

***Budgetary Process:*** The budgetary process is prescribed by provisions of Ohio 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. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, legally are required to be budgeted and appropriated. The legal level of budgetary control is at the fund level. Budgetary modifications may only be made by resolution of the County Commissioners.

***Tax Budget:*** A budget of estimated revenues and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 15 of each year, for the period January 1 to December 31 of the following year.

***Budgeted Level of Expenditures:*** Administrative control is maintained through the establishment of fund budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation resolution without authority from the Commissioners. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation. Commissioners appropriations are made at the fund level.

***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 actual 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 to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2002.

**Vinton County**  
**Notes to The General Purpose Financial Statements**  
**For the Fiscal Year Ended December 31, 2002**

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***NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (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. An 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. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

*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.

*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.

*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. Investments are reported using adjusted cost basis, which approximates market value. Each fund type's share of the pool is presented on the balance sheet in the account "Equity in Pooled Cash and Cash Equivalents." 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. Cash and cash equivalents that are held separately 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." Interest is distributed to the General Fund, the MVGT Fund, the Economic Development Fund, the U.S.T. Escrow Fund, and the Sheppard Trust Fund. Interest earned by the primary government during 2002 amounted to \$149,909.

*Inventory of Supplies:* Inventories of governmental funds are stated at cost which 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 funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

*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.

*Notes Receivable:* The County issues loans through several programs to qualifying businesses or individuals who then pay off the loans over a given time period. The total loans receivable, less an allowance for uncollectible accounts, is recorded in the accompanying financial statements as notes receivable and reserve for notes receivable.

**Vinton County**  
**Notes to The General Purpose Financial Statements**  
**For the Fiscal Year Ended December 31, 2002**

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

***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.

Using this criteria, the County has elected to not record Court receivables within the Agency fund type. This amount, while potentially significant, is not considered measurable, and because collections are often significantly in arrears, the County is unable to determine a reasonable value.

***Fixed Assets and Depreciation:*** The fixed asset values initially were determined at December 31, 1995, 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 estimated fair market value on the date donated. During 2002, the County increased its threshold for which fixed assets are to be reported from \$500 to \$5,000. 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.

***General Fixed Assets:*** General fixed assets (fixed assets used in governmental fund type operation) 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.

***Capitalized Interest:*** The County does not capitalize interest for fixed assets acquired from governmental funds.

***Compensated Absences:*** The County uses the provisions of GASB 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 employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and by those employees for whom it is probable will become eligible to receive payment in the future. The amount is based on accumulated leave and employees' wage rates at year end.

County employees earn vacation and sick leave at varying rates depending on length of service and departmental policy. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service. Accumulated, unused sick leave is paid up to a maximum of 240 hours, depending on the length of service.

For governmental fund types, 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.

**Vinton County**  
**Notes to The General Purpose Financial Statements**  
**For the Fiscal Year Ended December 31, 2002**

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

***Intergovernmental Revenues:*** For governmental fund types, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, shared revenues, and entitlements 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.

***Reserves of Fund Equity:*** The County records reservations for those portions of fund balance which are legally segregated for specific future use or which do not represent available, spendable resources and, therefore, are not available for expenditure. Undesignated fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, unclaimed monies, inventory of supplies, notes receivable, and endowments.

***Long-Term Debt:*** Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term obligations account group.

***Interfund Transactions:*** During the course of normal operations, the County has numerous transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Operating subsidies are also recorded as operating transfers. Non-recurring and non-routine transfers of equity between funds and the transfer of residual balances of discontinued funds or projects to the general fund or capital projects funds are classified as residual equity transfers. Transactions that constitute reimbursements for expenditures or expenses initially made from a fund that are properly allocable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures and expenses in the fund that is reimbursed.

***Estimates:*** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

***Total Columns on General Purpose Financial Statements:*** Total columns on the general purpose financial statements are captioned "Totals (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 accounting principles generally accepted in the United States of America. 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 a component unit is included, two total columns are presented. The first is captioned "Primary Government" to indicate that only those activities that comprise the County's legal entity have been included. The second is captioned "Reporting Entity" and includes the activity and operations of the County's legally separate discretely presented component unit (see Note 1). The "Totals" column on statements which do not include a component unit have no additional caption.

**Vinton County**  
**Notes to The General Purpose Financial Statements**  
**For the Fiscal Year Ended December 31, 2002**

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**NOTE 3 - CONVERSION OF OPERATIONS FROM BUDGET BASIS TO GAAP BASIS**

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (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 and Actual - All Governmental Fund Types and the Statement of Revenues, Expenses, and Changes in Fund Balance - Budget and Actual - Non-Expendable Trust Fund 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).
4. Advances in and out are treated as other financing sources/uses (budget basis) rather than as interfund liabilities (GAAP basis).
5. Principal payments on notes are treated as expenditures (budget basis) rather than as reductions of liabilities (GAAP basis).

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:

Excess (Deficiency) of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
All Fund Types

	General	Special Revenue	Capital Projects
GAAP Basis	\$(77,752)	\$(218,215)	\$1,510,044
Increases (Decreases) Due To:			
Revenue Accruals	91,971	581,043	(27,679)
Expenditure Accruals	35,927	(319,462)	200,114
Advances	3,018	(3,018)	0
Encumbrances	(456)	(38,007)	0
Budget Basis	\$52,708	\$2,341	\$ 1,682,479

There were no adjustments required for the the Debt Service Funds and Non-Expendable Trust Fund as the budget basis and the GAAP basis net income/excess of revenues over (under) expenses were the same.

**Vinton County**  
**Notes to The General Purpose Financial Statements**  
**For the Fiscal Year Ended December 31, 2002**

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**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

A. Accountability

The following funds have a fund balance deficit as of December 31, 2002:

<i>Special Revenue Funds</i>	
Law Enforcement Block Grant Fund	\$18
Recycle Grant Fund	242
Litter '95	314
DRETAC Fund	1,194
CDBG Water Commr. Fund	17,684
Safe Schools Fund	348
Formula 97 (FY96) Fund	365
ODNR/Fairground Fund	32,948
Chip VII Fund	900
FY00 Formula Fund	9
State Victim's Assistance Fund	247
County Court Spec. Project	222
 <i>Capital Project Funds</i>	
Industrial Park Fund	18

These deficits were the result of the application of accounting principles generally accepted in the United States of America to the financial reporting to these funds. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

B. Compliance

The following funds had appropriations in excess of estimated resources at December 31, 2002:

<i>Special Revenue Funds</i>	
Job and Family Services Fund	\$17,359
ODOT Grant Fund	361,928
CHIP FY00 Fund	54,000
LEPC Fund	14,969

The following funds had expenditures plus encumbrances in excess of appropriations at December 31, 2002:

<i>Special Revenue Funds</i>	
CDBG Fund	\$3,183
CHIP X Fund	4,767

**NOTE 5 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the County into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**Vinton County**  
**Notes to The General Purpose Financial Statements**  
**For the Fiscal Year Ended December 31, 2002**

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***NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)***

Inactive deposits are public deposits that the Board has identified as not required for use within the two year period of designation of depositories. Inactive deposits must be either evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim moneys. Interim moneys are those moneys which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

State statute permits interim monies to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or other obligations of or security issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or 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. Bonds and obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized agencies.

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.

**Vinton County**  
**Notes to The General Purpose Financial Statements**  
**For the Fiscal Year Ended December 31, 2002**

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**NOTE 5 - DEPOSITS AND INVESTMENTS** (Continued)

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, *Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*.

**Deposits:** At year end, the carrying amount of the County's deposits was \$4,636,195 and the bank balance was \$5,197,403. Of the bank balance:

1. \$543,196 was covered by federal depository insurance; and
2. \$4,654,207 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County held to a successful claim by the FDIC.

**Investments:** The County's investments are required to be categorized 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 by 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.

During 2002, the County did not have any investments.

The classification of cash and cash equivalents on the combined financial statements is based on criteria set forth in GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting*.

**NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed for 1997. Real property taxes are payable annually or semiannually. The first payment is due February 15, with the remainder payable by July 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due October 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by October 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.



**Vinton County**  
**Notes to The General Purpose Financial Statements**  
**For the Fiscal Year Ended December 31, 2002**

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**NOTE 6 - PROPERTY TAXES** (Continued)

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to itself its share of the taxes collected. The County records receipt of these taxes in various funds.

Accrued property taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable and unpaid as of December 31, 2002. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2002 operations. The receivable is therefore offset by a credit to deferred revenue.

The full tax rate for all County operations for the year ended December 31, 2002, was \$12.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2002 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	\$103,490,680
Public Utility Personal Property	25,720,830
Tangible Personal Property	<u>12,646,083</u>
Total Property Taxes	<u>\$141,857,593</u>

**NOTE 7 - PERMISSIVE SALES AND USE TAX**

The County Commissioners, by resolution and vote of the people, imposed a one percent tax on certain retail sales made in the County. 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 that have been collected by the State and are to be received within the available period are accrued as revenue. Sales and use tax revenue for 2002 amounted to \$693,758.

**NOTE 8 - FIXED ASSETS**

A summary of the changes in general fixed assets during 2002 is as follows:

<u>Asset Category</u>	<u>*Balance for the Year Ended 12/31/01</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance for the Year Ended 12/31/02</u>
Land	\$ 58,558	\$ ---	\$ ---	\$ 58,558
Buildings	1,323,515	---	---	1,323,515
Vehicles	1,162,637	---	38,200	1,124,437
Construction in Progress	---	193,101	---	193,101
Machinery and Equipment	<u>1,292,889</u>	<u>5,950</u>	<u>---</u>	<u>1,298,839</u>
Totals	<u>\$ 3,837,599</u>	<u>\$199,051</u>	<u>\$ 38,200</u>	<u>\$3,998,450</u>

\* See Note 19 for restatement.

**Vinton County**  
**Notes to The General Purpose Financial Statements**  
**For the Fiscal Year Ended December 31, 2002**

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**NOTE 9 - INTERGOVERNMENTAL RECEIVABLES (DUE FROM OTHER GOVERNMENTS)**

A summary of the principal items of intergovernmental receivables is as follows:

Fund / Type	Amount
<i>General Fund</i>	
Grant	\$5,704
Homestead & Rollback	32,209
Local Government	106,095
<i>Total General Fund</i>	144,008
<i>Special Revenue Funds</i>	
Gasoline Taxes	693,701
Grants	2,220,299
<i>Total Special Revenue Funds</i>	2,914,000
<i>Agency Funds</i>	
License, Gasoline, and Permissive Taxes	93,676
Local Government and Local Government Revenue Assistance	25,000
<i>Total Agency Funds</i>	118,676
<b><i>Total All Funds</i></b>	<b>\$3,176,684</b>

**NOTE 10 - RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 1997, the County contracted with Buckeye Joint-County Self Insurance Council (a public entity shared risk pool, see Note 16) for liability, auto, and crime insurance. This joint venture is a cost-sharing pool. The program has a \$0 to \$2,500 deductible per occurrence.

Coverages provided by the program are as follows:

General Liability	\$2,000,000
Public Officials Including	
Law Enforcement	2,000,000
Inland Marine	10 Percent of Loss
Automobile	1,000,000
Faithful Performance and	
Employee Bond	250,000

In addition, the County maintains separate replacement cost insurance on buildings and contents in the amount of \$1,400,000, other property insurance including \$5,000 for extra expenses and \$100,000 for valuable papers and records insurance.

**Vinton County**  
**Notes to The General Purpose Financial Statements**  
**For the Fiscal Year Ended December 31, 2002**

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**NOTE 10 - RISK MANAGEMENT** (Continued)

Health insurance was provided by a private carrier, United Health Care for the year.

Workers' compensation benefits are provided through the State Bureau of Workers' Compensation. The County pays all elected officials' bonds by statute.

The County has not incurred significant reductions in insurance coverage from coverage in the prior year by major category of risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**NOTE 11- DEFINED BENEFIT RETIREMENT PLAN**

***Ohio Public Employees Retirement System:*** All Vinton County full-time employees participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit pension plan created by the State of Ohio. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Ohio Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-6705 or 1-800-222-PERS(7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 8.5% for employees other than law enforcement and public safety. The law enforcement classification consists of sheriffs, deputy sheriffs, and township police with an employee contribution rate of 10.1%. Public safety division members contribute at 9%. The 2002 employer contribution rate for local government employer units was 13.55% of covered payroll. For both law enforcement and public safety, the employer rate was 16.70% of covered payroll.

Vinton County's contributions to PERS for the years ended December 31, 2002, 2001 and 2000 were \$755,791, \$542,690, and \$447,086, respectively. These contributions were equal to the required contributions for each of the years.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

***Ohio Public Employees Retirement System:*** The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement service is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. The portion of the 2002 employer contribution rate that was used to fund health care for the year 2002 for local government employer units was \$278,887, 5% of covered payroll.

**Vinton County**  
**Notes to The General Purpose Financial Statements**  
**For the Fiscal Year Ended December 31, 2002**

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**NOTE 12 - POSTEMPLOYMENT BENEFITS** (Continued)

The health inflation and significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the OPERS of Ohio's latest actuarial review performed as of December 31, 2001. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets.

The investment assumption rate for 2001 was 8.00%

An annual increase of 4.00% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%.

Health care costs were assumed to increase 4.00% annually.

The number of active contributing participants was 402,041. \$11.6 billion represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 2001. The actuarially accrued liability and the unfunded actuarial liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

In December 2001, the Board adopted the health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of Health Care. The Choices Plan will be offered to all persons newly hired under OPERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, will incorporate a cafeteria approach, offering a more broad range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Accounts.

**NOTE 13 - DEFERRED COMPENSATION**

Vinton County employees and elected officials may participate in either the Ohio Public Employees Deferred Compensation program or the County Commissioners' Association of Ohio Deferred Compensation Program, both created in accordance with Internal Revenue Service 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 to employees until termination, retirement, death or in the case of an unforeseeable emergency.

**Vinton County**  
**Notes to The General Purpose Financial Statements**  
**For the Fiscal Year Ended December 31, 2002**

**NOTE 14 - LONG-TERM DEBT**

The County's long-term obligations at year end consisted of the following:

<u>Types / Issues</u>	<u>Outstanding at 12/31/01</u>	<u>Increases</u>	<u>Decreases</u>	<u>Outstanding at 12/31/02</u>
2002 - 5.1%				
County Job and Family Services Building General Obligation Bonds	\$ 0	\$2,000,000	\$ 0	\$2,000,000
1994 - 7.0%				
County Health Department Building General Obligation Bonds	81,035	0	6,728	74,307
2001 - 5.50%				
Juvenile Training District General Obligation Bonds	170,524	0	5,056	165,468
2000 - 5.75%				
County Courthouse Elevator Project General Obligation Bonds	218,773	0	6,591	212,182
Compensated Absences	<u>297,709</u>	<u>0</u>	<u>25,423</u>	<u>272,286</u>
Total General Long-Term Obligations	<u>\$ 768,041</u>	<u>\$2,000,000</u>	<u>\$43,798</u>	<u>\$2,724,243</u>

The County issued two separate General Obligation Bonds in 1994 for the Vinton County Health Building in the amount of \$210,000 and for the Vinton County Human Services Building in the amount of \$925,000. The Human Services Building was never constructed and only engineering and related costs were paid for out of the bond issue.

The County issued General Obligation Bonds in 2000 in the amount of \$225,000 for building improvements which included the construction of an elevator in the County Courthouse.

The County issued General Obligation Bonds in 2001 in the amount of \$172,951 for their share of the construction costs of the South Central Ohio Regional Detention Training and Rehabilitation District.

The County issued General Obligation Bonds in 2002 in the amount of \$2,000,000 for the Job & Family Services building.

The debt service on these General Obligation Bond issues is payable from the Debt Service Funds. The compensated absences liability will be paid from the fund from which the employees are paid. Additions and deletions of accrued vacation and sick leave are shown net since it is impractical for the County to determine these amounts separately.

The following is a summary of the County's future principal and interest requirements for general long-term debt obligations, including \$1,829,323 of interest :

	<u>Health Department</u>	<u>Courthouse Elevator Project</u>	<u>Detention and Rehabilitation District</u>	<u>Job &amp; Family Services</u>
2003	\$ 12,400	\$ 19,077	\$ 14,366	\$ 173,328
2004	12,400	19,077	14,366	142,444
2005	12,400	19,077	14,366	142,444
2006	12,400	19,077	14,366	142,444
2007-2011	49,600	95,383	71,830	712,220
2012-Thereafter	<u>0</u>	<u>171,689</u>	<u>136,477</u>	<u>2,279,126</u>
Totals	<u>\$ 99,200</u>	<u>\$324,303</u>	<u>\$265,771</u>	<u>\$3,592,006</u>

**Vinton County**  
**Notes to The General Purpose Financial Statements**  
**For the Fiscal Year Ended December 31, 2002**

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**NOTE 15 - INTERFUND TRANSACTIONS**

Interfund balances at December 31, 2002, 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>
<i>General Fund</i>	\$9,243	\$ 0
<i>Special Revenue Funds</i>		
House Arrest	300	0
Motor Vehicle and Gas Tax Fund	2,347	0
Indigent Guardianship Fund	50	0
Juvenile Court	169	0
County Court Research and Computer Fund	2,857	0
Probate Court Cost of Business Fund	114	0
Indigent Driver Alcohol	339	0
Marriage License Special Fund	<u>34</u>	<u>0</u>
Total Special Revenue Funds	6,210	0
<i>Agency Funds</i>		
Law Library Fund	3,926	0
County Court Agency Fund	0	10,282
Probate Court Agency Fund	<u>0</u>	<u>9,097</u>
Total Agency Funds	<u>3,926</u>	<u>19,379</u>
<b>Total All Funds</b>	<b><u>\$19,379</u></b>	<b><u>\$19,379</u></b>

Advances receivable and payable at December 31, 2002 consisted of the following:

<u>Fund Type/Fund</u>	<u>Advances Due From Other Funds</u>	<u>Advances Due To Other Funds</u>
<i>General Fund</i>	\$ 12,971	\$ 0
<i>Special Revenue Funds</i>		
DRETAC Fund	0	158
County Court Spec. Project Fund	0	4,821
Economic Development Loan Fund	52,684	0
Litter Fund	0	3,992
FY 02 CHIP Fund	0	35,000
Safe Schools Fund	0	4,000
FY 02 CHIP Rehab Fund	<u>0</u>	<u>17,684</u>
Total Special Revenue Funds	<u>52,684</u>	<u>65,655</u>
Total All Funds	<b><u>\$ 65,655</u></b>	<b><u>\$ 65,655</u></b>

**Vinton County**  
**Notes to The General Purpose Financial Statements**  
**For the Fiscal Year Ended December 31, 2002**

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**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS**

***Gallia, Jackson, Meigs, and Vinton Joint Solid Waste Management District***

The County is a member of the Gallia, Jackson, Meigs, and Vinton Joint Solid Waste Management District, which is a jointly governed organization of the four-named counties. The purpose of the District is to make disposal of waste in the four-county area more comprehensive in terms of recycling, incinerating, and land filling. The District is the residual district of the Six-County Joint Solid Waste District which was created in 1989, as required by the Ohio Revised Code. The original District consisted of Athens, Gallia, Hocking, Jackson, Meigs, and Vinton Counties; however, Athens and Hocking Counties have subsequently withdrawn.

The Gallia, Jackson, Meigs, and Vinton Joint Solid Waste Management District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste. Although the Counties contributed amounts to the District at the time of its creation, all contributions have since been returned to the respective Counties and no future contributions by the Counties are anticipated. Continued existence of the District is not dependent on the Counties' continued participation, no equity interest exists, and no debt is outstanding. In the event that fees collected by the District are not sufficient for operating costs and expenses, the member Counties would share the costs incurred in the same proportions that the populations of each County, as reported in the most recent decennial census of the United States Bureau of Census, are to the total population of all member Counties.

***South Central Regional Juvenile Detention Center***

The South Central Regional Juvenile Detention Center is a jointly governed organization that was created as a holding place for juvenile offenders waiting for disposition by the respective Juvenile Courts of the member Counties. The current members include Pike, Pickaway, Ross, Jackson, Hocking, Athens, Fayette, Vinton and Highland Counties. The Center's Board consists of one member from each participating County that is appointed by the Juvenile Court Judge or a County Commissioner from each county. The joint Board selects the superintendent as the Center's administrator.

The Center's revenue is from per diem charges for inmates to the respective Counties and a percent of the County tax base to the total tax base. Ross County is the fiscal officer of the Center. Vinton County does not have any financial interest or responsibility. During 2002, Vinton County contributed \$178,840 to the Center.

***Buckeye Joint-County Self Insurance Council***

The Buckeye Joint-County Self Insurance Council is a jointly governed organization that serves Athens, Hocking, Jackson, Lawrence, Meigs, Monroe, Morgan, Noble, Perry, Pike, Vinton, and Washington counties, and was formed as an Ohio non-profit corporation for the purpose of establishing an insurance pool to obtain general liability, law enforcement, professional and fleet insurance. Member counties provide operating resources to the corporation based on actuarially determined rates.

The degree of control exercised by any participating government is limited to its representation on the Board. The Governing Board is composed of at least one County Commissioner from each of the participating counties. The Governing Board annually elects officers which include President, Vice President, Second Vice-President and two Governing Board Members. The expenditures and investments of funds by the officer must be approved by the Governing Board unless specific limits have been set by the Governing Board to permit.

In the event of losses, the first \$250 to \$1,000 of any valid claim, depending on the type of loss, will be paid by the member. The next payment, with a maximum pay ranging from \$100,000 to \$1,000,000 per occurrence, will come from the self-insurance pool based on the member's percentage of contribution. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments. Vinton County does not have any ongoing financial interest or responsibility. The agreement between the County and the Council indicates that a voluntary withdraw or termination by the County shall constitute a forfeiture of any pro-data share of the council reserve fund.

**Vinton County**  
**Notes to The General Purpose Financial Statements**  
**For the Fiscal Year Ended December 31, 2002**

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**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS** (Continued)

In the event of the termination of the Council, current members shall be paid in an amount they have contributed to the Council as of the last month of the Council's existence. Current calculation of this potential residual interest is, therefore, not possible. During 2002, Vinton County paid \$46,651 to the Council for insurance coverage. This jointly governed organization is a cost-sharing pool.

***Alcohol, Drug Addiction and Mental Health Services Board of Athens, Hocking and Vinton Counties***

The Alcohol, Drug Addiction and Mental Health Services Board of Athens, Hocking and Vinton Counties is a jointly governed organization that serves Athens, Hocking and Vinton Counties, and is established for the purpose of providing alcohol, drug addiction and mental health services to the residents of these counties.

Each participating county has agreed to levy a tax within their county to assist in the operation of the Board, whose passage requires a majority in the total three county district. This entity is governed by an eighteen member Board that is responsible for its own financial matters and operates autonomously from Vinton County. The Athens County Auditor serves as the fiscal agent for the revenues of the Board, but the Board is responsible to budget and account for their resources. Nine of the Board Members are appointed by the Commissioners of the member Counties apportioned by population. Five of the remaining members are appointed by the Ohio Department of Alcohol and Drug Addiction Service and the other four members are appointed by the Ohio Department of Mental Health. The Board derives its revenue from local property taxes, intergovernmental grants and reimbursements, and other miscellaneous revenue. Vinton County has no ongoing financial interest or responsibility in this Board.

***Vinton County Community Improvement Corporation***

Vinton County is affiliated with the Vinton County Community Improvement Corporation (hereafter referred to as the CIC). The CIC has a twelve member Board which consists of the Vinton County Commissioners, the Vinton County Auditor and the Vinton County Treasurer as well as various other business representatives and community members. The Vinton County Treasurer serves as the President of the CIC. The CIC's purpose is to better the County by providing means for job development. The County is not financially accountable for the CIC. For a copy of the CIC's audit report, contact Larry E. Clary, CIC President at (740)596-5690.

**NOTE 17 - COMPONENT UNIT**

***Vinton Industries, Inc. (Corporation)***

Vinton Industries, Inc., a discretely presented component unit of Vinton County, prepared their financial statements on a modified basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles. The Corporation maintains only checking accounts. The Corporation has no investments or non-cash holdings other than certificates of deposit. At December 31, 2002, the carrying amount of the Corporation's deposits was \$171,452 and the bank balance was \$171,088. The entire bank balance was covered by federal deposit insurance. There are no statutory guidelines regarding the deposit and investment of funds by the Corporation. Property, plant and equipment have been recorded at cost and depreciation is computed on the straight line method over the estimated useful lives of the assets.

The Corporation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income tax is required.



**Vinton County**  
**Notes to The General Purpose Financial Statements**  
**For the Fiscal Year Ended December 31, 2002**

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**NOTE 18 - CONTINGENT LIABILITIES**

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.

The County had several pending litigation cases at December 31, 2002. Management believes that the financial impact of these cases, if any, would not be material to the financial statements of the County.

**NOTE 19 - RESTATEMENT OF FUND BALANCES**

**Restatement of Fund Balances** The fund balances at December 31, 2001 of the Governmental Funds were restated from amounts previously reported to eliminate interfund transactions and consumable inventory. The General Fixed Asset Account Group balance was restated from amounts previously reported to eliminate the reporting of Property, Plant and Equipment below the capitalization threshold, which was increased from \$500 to \$5,000. These restatements had the following effect on fund balance/balance as they were previously reported as of December 31, 2001:

	General	Special Revenue	Capital Projects	General Fixed Assets
Fund Balance/Balance at December 31, 2001	\$278,659	\$3,936,515	\$238,499	\$4,334,302
Restatement Amount	(50)	(165,509)	30,427	(496,703)
Adjusted Fund Balance/Balance at January 1, 2002	\$278,609	\$3,771,006	\$268,926	\$3,837,599

**NOTE 20 - CONTRACT COMMITMENTS**

The County had the following contract commitments outstanding at December 31, 2002:

Contractor	Contract Amount	Payments	Balance at December 31, 2002
Tops in Technology	\$199,611	\$172,814	\$26,797
Roslovic & Partners	1,036,559	169,501	867,058
Certified Mechanical	90,200	21,620	68,580
Central Fire Protection	59,773	0	59,773
JF Heibel Electric	144,900	1,980	142,920
Accurate Mechanical	266,750	0	266,750
Totals	\$1,797,793	\$365,915	\$1,431,878

Vinton County Financial Condition  
Vinton County

Schedule of Federal Awards Expenditures  
For the Year Ended December 31, 2002

Federal Grantor/ Pass Through Grantor/ Program Title	2002 Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>U. S. Department of Housing &amp; Urban Development</b>			
<i>Passed through the Ohio Department of Development</i>			
Community Development Block Grants		14.228	
Leax Water Line Project	G30317		\$1,702
New Horizon	G21011		14,979
Micro Enterprise	G20975		22,000
FY 00 Chip	G10516		90,531
FY 02 Chip	G30419		86,501
FY 00 Formula	G10634		50,000
FY 01 Formula	G20440		86,000
FY 02 Formula	G30479		<u>6,385</u>
<b>Total U. S. Department of Housing &amp; Urban Development</b>			<b>358,098</b>
<b>U.S. Department of Commerce</b>			
Public Works and Development Facilities	N	11.300	<u>142,601</u>
<b>Total U.S. Department of Commerce</b>			<b>142,601</b>
<b>U. S. Department of Justice</b>			
<i>Passed through Governor's Office of Criminal Justice Services</i>			
Cops Universal II Grant	1996UMWX0953	16.710	7,503
Byrne Memorial	2001-DG-B02-7124	16.579	69,285
Drug Courts Program Office Program	2001-DC-BX-0040	16.585	<u>122,895</u>
<i>Total passed through Ohio Governor's Office of Criminal Justice Services</i>			<b>199,683</b>
Law Enforcement Block Grant	N	16.592	1,239
State Domestic Preparedness Equipment Program	N	16.007	<u>3,008</u>
<b>Total U. S. Department of Justice</b>			<b>203,930</b>
<b>U.S. Department of Education</b>			
<i>Passed through the Ohio Department of Health</i>			
Special Education Grant for Infants & Families - Early Intervention	82-1-02-FAN-H609	84.181	<u>1,242</u>
<b>Total U. S. Department of Education</b>			<b>1,242</b>
<b>U.S. Department of Labor</b>			
<i>Passed through the Ohio Department of Job and Family Services</i>			
<i>Workforce Initiative Allocation Cluster:</i>			
Workforce Initiative Allocation-Dislocated Workers	N/A	17.260	113,359
Workforce Initiative Allocation-Adult	N/A	17.258	289,569
Workforce Initiative Allocation-Youth	N/A	17.259	<u>180,200</u>
<i>Total Workforce Initiative Allocation Cluster:</i>			<b><u>583,128</u></b>
<b>Total U.S. Department of Labor</b>			<b>583,128</b>
<b>U.S. Department of Health &amp; Human Services</b>			
<i>Passed through the Ohio Department of Human Services</i>			
Medical Assistance Program	N/A	93.778	<u>26,800</u>
<i>Total Passed through the Ohio Department of Human Services</i>			<b>26,800</b>
<i>Passed through the Ohio Department of MRDD</i>			
Social Services Block Grant - Title XX	N/A	93.667	<u>20,937</u>
<b>Total U. S. Department of Health &amp; Human Services</b>			<b>47,737</b>

(Continued)

Vinton County Financial Condition  
Vinton County

Schedule of Federal Awards Expenditures  
For the Year Ended December 31, 2002

Federal Grantor/ Pass Through Grantor/ Program Title	2002 Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>U.S. Department of Transportation</b>			
Airport Improvement Program	N	20.106	97,768
<i>Passed through by the Ohio Department of Transportation</i>			
Highway Planning & Construction	N/A	20.205	424,242
<i>Passed through the Ohio Department of Emergency Management Agency</i>			
Emergency Planning & Community Right to Know	N/A	20.703	11,909
Hazardous Materials Emergency Preparedness	N/A	20.703	2,934
<i>Total Passed through the Ohio Department of Emergency Management Agency</i>			14,843
<b>Total U.S. Department of Transportation</b>			536,853
<b>U.S. Department Of Agriculture</b>			
Rural Business Enterprise Grant (RBEG)	N	10.769	35,000
<b>Total U.S. Department of Agriculture</b>			35,000
<b>U.S. Department of Appalachian Regional Commission</b>			
Vinton County Enhanced 911	N	23.001	64,036
<i>Passed through the Ohio Department of Development</i>			
Economic Development Feasibility	G21105	23.002	8,500
<b>Total U.S. Department of Appalachian Regional Commission</b>			72,536
<b>U.S. Department of Environmental Protection Agency</b>			
<i>Passed through the Ohio Environmental Protection Agency</i>			
Rural Hardship Grant Program	PL 104-134	66.470	50,404
<b>Total U.S. Department of Environmental Protection Agency</b>			50,404
<b>U.S. Department of Federal Emergency Management Agency</b>			
<i>Passed through the Ohio Emergency Management Agency</i>			
Pre-Disaster Mitigation Grant	N/A	83.557	1,007
Terrorism Consequent Management Preparedness Grant	N/A	83.552	1,537
Emergency Management Preparedness Grant	N/A	83.552	7,597
<b>Total U.S. Department of Federal Emergency Management Agency</b>			10,141
<b>Total Federal Financial Assistance</b>			<b>\$2,041,670</b>

Legend:

N/A=Not available

N=Direct federal award

See accompanying Notes to the Schedule of Federal Awards Expenditures

**Vinton County**  
**Notes to Schedule of Federal Awards Expenditures**  
**For the Fiscal Year Ended December 31, 2002**

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**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 - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) LOAN PROGRAMS**

The County has established a revolving loan program to provide low interest loans to businesses to create jobs for persons from low to moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Department of Development (ODOD). The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages of property and equipment and by guarantees. At December 31, 2002, the gross amounts of loans outstanding under this program was \$1,047,491. Delinquent amounts due are \$88,046.

**NOTE C - MATCHING REQUIREMENTS**

Certain federal programs require that the County contribute non-federal funds (matching funds) to support federally - funded programs. The County has complied with the matching requirements. The expenditures of non-federal matching funds is not included on this Schedule.

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**BALESTRA & COMPANY**  
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**Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Vinton County Board of Commissioners  
100 Main Street  
McArthur, Ohio 45651

We have audited the financial statements of Vinton County (the County), as of and for the year ended December 31, 2002, and have issued our report thereon dated March 7, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 March 7, 2003.

**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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the County in a separate letter dated March 7, 2003.

Vinton County

**Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Page 2

This report is intended solely for the information and use of the audit committee, management, the Board of 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.

*Balestra & Company*

Balestra & Company

March 7, 2003

**BALESTRA & COMPANY**  
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**Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over  
Compliance in Accordance With OMB Circular A-133**

Vinton County Board of Commissioners  
100 Main Street  
McArthur, Ohio 45651

**Compliance**

We have audited the compliance of Vinton 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 each of its major federal programs for the year ended December 31, 2002. Vinton County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on Vinton County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Vinton County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2002. However, the results of our audit procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2002-001. We also noted certain other instances of noncompliance that do not require inclusion in this report that we have reported to the management of the County in a separate letter dated March 7, 2003.



Vinton County

**Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

Page 2

**Internal Control Over Compliance**

The management of Vinton County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could 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 the internal control over compliance in accordance with OMB Circular A-133.

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 operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over federal programs which we have reported to the management of the County in a separate letter dated March 7, 2003.

This report is intended solely for the information and use of the audit committee, management, the Board of 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.

*Balestra & Company*

Balestra & Company

March 7, 2003

**VINTON COUNTY  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 SECTION .505  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001**

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

(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)?	No
(d)(1)(iii)	Was there any reported noncompliance 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)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	Yes
(d)(1)(vii)	Major Programs (list):	Workforce initiative Allocation Cluster CFDA #'s 17.258, 17.259, 17.260 & Highway Planning & Construction Grant, CFDA #20.205
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**VINTON COUNTY  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 SECTION .505  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002**

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

Finding Number	None
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**3. FINDINGS FOR FEDERAL AWARDS**

Finding Number	2002-001
CFDA Title and Number	Workforce Investment Act Cluster, CFDA #17.258, 17.259 and 17.260
Federal Award Number/Year	2002
Federal Agency	U.S. Department of Labor
Pass-Through Agency	Ohio Department of Job & Family Services

**Subrecipient Monitoring**

Each recipient and subrecipient must continuously monitor grant-supported activities in accordance with the 29 CFR part 97. The Vinton County Department of Job & Family Services relies solely on annual monitoring reviews performed by the State of Ohio Department of Job & Family Services to ensure compliance with WIA regulations by the County's subrecipients, Sojourners Care Network and Buckeye Vocational Services, Inc. agencies. Errors could go undetected and federal findings could result by the County not monitoring these subrecipient agencies periodically throughout the program year. The Vinton County Department of Job & Family Services should develop and implement controls over monitoring its subrecipients to ensure compliance with federal requirements over its federal programs.

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2002-001	The County Department of Job & Family Services will develop and implement controls for monitoring its subrecipients to ensure compliance with federal requirements.	December 31, 2003	Jody Walker, Director, Vinton County Job & Family Services





**Auditor of State  
Betty Montgomery**

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## **VINTON COUNTY FINANCIAL CONDITION**

### **VINTON 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  
MAY 20, 2003**