FINANCIAL CONDITION
VAN WERT COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2001

JIM PETRO
AUDITOR OF STATE
STATE OF OHIO

FINANCIAL CONDITION
VAN WERT COUNTY

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Commissioners:

We have audited the accompanying general-purpose financial statements of Van Wert County, (the County), as of and for the year ended December 31, 2001, 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 Van Wert County, as of December 31, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

During the year ended December 31, 2001, the County adopted Governmental Accounting Statements No. 33 and 36.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2002 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

We performed our audit to form an opinion on the general-purpose financial statements of the County, taken as a whole. The accompanying schedule of federal awards expenditures is presented for 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. We subjected this information 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.

Jim Petro
Auditor of State

September 16, 2002

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FINANCIAL CONDITION
VAN WERT COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2001

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Type
	General	Special Revenue	Capital Projects	Enterprise	Agency
Assets and Other Debits					
Assets:					
Equity in Pooled Cash and Cash Equivalents	$2,293,570	$3,389,140	$1,453,188	$85,642	$1,665,143
Cash and Cash Equivalents in Segregated Accounts	36,910	20,105			136,771
Investments in Segregated Accounts		127,208			20,000
Receivables:					
Taxes	1,430,628	1,932,635			19,114,958
Accounts	352,510	166,047		205,719	332,318
Special Assessments		1,264,879			4,055,674
Accrued Interest	20,929				
Due from Other Funds	11,029	64,124			
Due from Other Governments	531,533	3,068,575			2,111,595
Materials and Supplies Inventory	18,741	236,938			
Loans Receivable	121,500		94,295		
Prepaid Items	18,038	43,178		116	
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				513,194	
Other Debits:					
Amount to be Provided from General Government Resources					
Total Assets and Other Debits	4,835,388	10,312,829	1,547,483	804,671	27,436,459
Liabilities, Fund Equity and Other Credits					
Liabilities:					
Accounts Payable	93,162	175,564		1,138	
Contracts Payable		912	98,773		
Accrued Wages	124,755	215,995		6,128	
Compensated Absences Payable	7,632	10,836		2,474	
Due to Other Funds	8,459	66,141		553	
Due to Other Governments	20,321	56,377		5,796	26,361,428
Deferred Revenue	1,917,627	6,028,759			
Undistributed Monies					1,075,031
Accrued Interest Payable	3,276	14,664	4,210	436	
Notes Payable	142,110	1,121,734	335,295	40,000	
Capital Leases Payable					
Early Retirement Incentive Payable					
Loans Payable					
Total Liabilities	2,317,342	7,690,982	438,278	56,525	27,436,459
Fund Equity and Other Credits:					
Investment in General Fixed Assets					
Contributed Capital				327,760	
Retained Earnings				420,386	
Fund Balance:					
Reserved for Encumbrances	40,140	112,272	75		
Reserved for Materials and Supplies Inventory	18,741	236,938			
Reserved for Loans Receivable	121,500		94,295		
Reserved for Unclaimed Monies	15,818				
Unreserved	2,321,847	2,272,637	1,014,835		
Total Fund Equity and Other Credits	2,518,046	2,621,847	1,109,205	748,146	
Total Liabilities, Fund Equity and Other Credits	$4,835,388	$10,312,829	$1,547,483	$804,671	$27,436,459

See Accompanying Notes to the General Purpose Financial Statements.

Account Groups				
General Fixed Assets	General Long-Term Obligations	Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
		$8,886,683	$49,516	$8,936,199
		193,786	375,532	569,318
		147,208	1,427,950	1,575,158
		22,478,221		22,478,221
		1,056,594	24,953	1,081,547
		5,320,553		5,320,553
		20,929		20,929
		75,153		75,153
		5,711,703		5,711,703
		255,679	300	255,979
		215,795		215,795
		61,332	2,733	64,065
19,548,116		20,061,310	1,117,203	21,178,513
	1,346,825	1,346,825		1,346,825
19,548,116	1,346,825	65,831,771	2,998,187	68,829,958
		269,864	24,523	294,387
		99,685		99,685
		346,878		346,878
	659,767	680,709		680,709
		75,153		75,153
	286,330	26,730,252		26,730,252
		7,946,386		7,946,386
		1,075,031		1,075,031
		22,586	4,622	27,208
		1,639,139	133,954	1,773,093
	255,053	255,053		255,053
	142,974	142,974		142,974
	2,701	2,701	236,405	239,106
	1,346,825	39,286,411	399,504	39,685,915
19,548,116		19,548,116		19,548,116
		327,760		327,760
		420,386	2,598,683	3,019,069
		152,487		152,487
		255,679		255,679
		215,795		215,795
		15,818		15,818
		5,609,319		5,609,319
19,548,116		26,545,360	2,598,683	29,144,043
$19,548,116	$1,346,825	$65,831,771	$2,998,187	$68,829,958

FINANCIAL CONDITION
VAN WERT COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2001

	Governmental Fund Types			Total
	General	Special Revenue	Capital Projects	(Memorandum Only)
Revenues:				
Property and Other Taxes	$1,010,215	$2,081,776		$3,091,991
Permissive Sales Tax	3,260,806			3,260,806
Intergovernmental	1,296,417	9,347,418	84,000	10,727,835
Charges for Services	759,134	1,780,310		2,539,444
Licenses and Permits	20,592	60,035		80,627
Fines and Forfeitures	104,639	110,874		215,513
Special Assessments		684,771	1,522	686,293
Interest	607,523	34,219		641,742
Other	331,117	273,684		604,801
Total Revenues	7,390,443	14,373,087	85,522	21,849,052
Expenditures:				
Current:				
General Government:				
Legislative and Executive	2,422,416	1,388,100		3,810,516
Judicial	1,121,276	16,644		1,137,920
Public Safety	2,034,958	371,184		2,406,142
Public Works	266,120	3,022,043		3,288,163
Health	29,166	48,901		78,067
Human Services	229,945	7,860,755		8,090,700
Economic Development and Assistance	47,500	333,427		380,927
Intergovernmental	307,324			307,324
Capital Outlay	1,937	772,931	485,006	1,259,874
Debt Service:				
Principal Retirement	1,004	112,793		113,797
Interest and Fiscal Charges		75,172	17,525	92,697
Total Expenditures	6,461,646	14,001,950	502,531	20,966,127
Excess of Revenues Over (Under) Expenditures	928,797	371,137	(417,009)	882,925
Other Financing Sources (Uses):				
Proceeds from Sale of Fixed Assets	8,681			8,681
Inception of Capital Lease	2,295	129,758		132,053
Operating Transfers - In		127,833	1,151,633	1,279,466
Operating Transfers - Out	(1,223,947)	(50,181)	(5,338)	(1,279,466)
Total Other Financing Sources (Uses)	(1,212,971)	207,410	1,146,295	140,734
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(284,174)	578,547	729,286	1,023,659
Fund Balances at Beginning of Year-Restated (Note 3)	2,807,709	2,027,813	379,919	5,215,441
Increase (Decrease) in Reserve for Inventory	(5,489)	15,487		9,998
Fund Balances at End of Year	$2,518,046	$2,621,847	$1,109,205	$6,249,098

See Accompanying Notes to the General Purpose Financial Statements.

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FINANCIAL CONDITION
VAN WERT COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON GAAP BASIS) AND ACTUAL - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001

	General Fund		
	Budget	**Actual**	**Variance Favorable (Unfavorable)**
Revenues:			
Property and Other Taxes	$989,920	$1,010,215	$20,295
Permissive Sales Tax	2,951,000	3,243,759	292,759
Intergovernmental	1,141,185	1,329,688	188,503
Charges for Services	598,904	674,517	75,613
Licenses and Permits	20,420	20,592	172
Fines and Forfeitures	95,500	107,930	12,430
Special Assessments			
Interest	305,700	621,044	315,344
Other	143,977	212,820	68,843
Total Revenues	6,246,606	7,220,565	973,959
Expenditures:			
Current:			
General Government:			
Legislative and Executive	2,594,485	2,497,787	96,698
Judicial	1,227,564	1,134,133	93,431
Public Safety	2,293,220	2,217,413	75,807
Public Works	27,423	27,059	364
Health	30,186	29,459	727
Human Services	239,137	233,330	5,807
Economic Development and Assistance	47,500	47,500	
Intergovernmental	344,053	307,370	36,683
Capital Outlay	38,863	30,442	8,421
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
Total Expenditures	6,842,431	6,524,493	317,938
Excess of Revenues Over (Under) Expenditures	(595,825)	696,072	1,291,897
Other Financing Sources (Uses):			
Proceeds from Sale of Notes	20,610	20,610	
Proceeds from Sale of Fixed Assets	5,200	8,681	3,481
Advances - In		556,029	556,029
Advances - Out	(1,522)	(557,551)	(556,029)
Operating Transfers - In			
Operating Transfers - Out	(1,223,947)	(1,223,947)	
Total Other Financing Sources (Uses)	(1,199,659)	(1,196,178)	3,481
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,795,484)	(500,106)	1,295,378
Fund Balances at Beginning of Year	2,455,574	2,455,574	
Prior Year Encumbrances Appropriated	174,309	174,309	
Fund Balances at End of Year	$834,399	$2,129,777	$1,295,378

See Accompanying Notes to the General Purpose Financial Statements.

Special Revenue Funds			Debt Service Funds			Capital Projects Funds		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$2,033,660	$2,081,730	$48,070						
8,631,753	9,133,055	501,302				84,000	84,000	
1,716,569	1,773,062	56,493						
58,079	59,956	1,877						
100,261	115,322	15,061						
222,618	222,633	15	462,930	468,335	5,405			
22,500	22,377	(123)						
65,173	71,286	6,113	23,630	23,630				
12,850,613	13,479,421	628,808	486,560	491,965	5,405	84,000	84,000	
1,515,331	1,392,118	123,213						
52,341	27,339	25,002						
265,526	220,185	45,341						
3,285,955	3,126,000	159,955						
53,434	49,553	3,881						
8,542,107	8,237,725	304,382						
413,494	336,048	77,446						
1,135,441	847,173	288,268				811,973	454,922	$357,051
27,344	27,344		577,900	577,900				
2,589	2,267	322	99,075	99,075				
15,293,562	14,265,752	1,027,810	676,975	676,975		811,973	454,922	357,051
(2,442,949)	(786,331)	1,656,618	(190,415)	(185,010)	5,405	(727,973)	(370,922)	357,051
235,000	235,000							
	527,048	527,048		30,503	30,503			
	(527,048)	(527,048)		(28,981)	(28,981)			
122,667	127,833	5,166	128,675	128,675		199,353	1,046,353	847,000
(50,181)	(50,181)					(5,338)	(5,338)	
307,486	312,652	5,166	128,675	130,197	1,522	194,015	1,041,015	847,000
(2,135,463)	(473,679)	1,661,784	(61,740)	(54,813)	6,927	(533,958)	670,093	1,204,051
2,540,459	2,540,459		61,908	61,908		726,504	726,504	
667,398	667,398					11,366	11,366	
$1,072,394	$2,734,178	$1,661,784	$168	$7,095	$6,927	$203,912	$1,407,963	$1,204,051

FINANCIAL CONDITION
VAN WERT COUNTY

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS - ALL ENTERPRISE FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS FOR THE YEAR ENDED DECEMBER 31, 2001

	Primary Government		
	Enterprise	**Component Units**	**Total Reporting Entity (Memorandum Only)**
Operating Revenues:			
Charges for Services	$350,490	$12,392	$362,882
Public Support		5,128	5,128
Subsidy from County Board		117,218	117,218
Program Services		70,023	70,023
Gross Sales		113,275	113,275
Other Operating Revenues	3,018	17,200	20,218
Total Operating Revenues	353,508	335,236	688,744
Operating Expenses:			
Personal Services	195,149	126,183	321,332
Contractual Services	69,339		69,339
Materials and Supplies	22,655		22,655
Program Services		233,152	233,152
Management/General Expense		38,041	38,041
Depreciation	45,880	59,738	105,618
Total Operating Expenses	333,023	457,114	790,137
Operating Income (Loss)	20,485	(121,878)	(101,393)
Non-Operating Revenues (Expenses):			
Grants	1,351	120,604	121,955
Interest		(23,111)	(23,111)
Donations from Governmental Funds	51,808		51,808
Loss on Disposal of Fixed Assets		(20)	(20)
Interest and Fiscal Charges	(3,177)	(22,615)	(25,792)
Total Non-Operating Revenues (Expenses)	49,982	74,858	124,840
Net Income (Loss)	70,467	(47,020)	23,447
Retained Earnings at Beginning of Year	349,919	2,645,703	2,995,622
Retained Earnings at End of Year	420,386	2,598,683	3,019,069
Contributed Capital at Beginning and End of Year	327,760		327,760
Total Fund Equity at End of Year	$748,146	$2,598,683	$3,346,829

See Accompanying Notes to the General Purpose Financial Statements.

FINANCIAL CONDITION
VAN WERT COUNTY

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
BUDGET (NON GAAP BASIS) AND ACTUAL - ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	$338,743	$353,629	$14,886
Grants	1,351	1,351	
Other		3,018	3,018
Total Revenues	340,094	357,998	17,904
Expenses:			
Personal Services	195,826	195,826	
Contractual Services	72,273	70,580	1,693
Materials and Supplies	19,575	19,567	8
Capital Outlay	54,216	53,033	1,183
Total Expenses	341,890	339,006	2,884
Excess of Revenues Over (Under) Expenses	(1,796)	18,992	20,788
Operating Transfers - Out	(23,395)	(23,395)	
Excess of Revenues Under Expenses and Operating Transfers	(25,191)	(4,403)	20,788
Fund Equity at Beginning of Year	80,977	80,977	
Prior Year Encumbrances Appropriated	6,000	6,000	
Fund Equity at End of Year	$61,786	$82,574	$20,788

See Accompanying Notes to the General Purpose Financial Statements.

FINANCIAL CONDITION
VAN WERT COUNTY

COMBINED STATEMENT OF CASH FLOWS
ALL ENTERPRISE FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2001

	Primary Government Enterprise	Component Units	Total Reporting Entity (Memorandum Only)
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received From Customers and Support	$353,629	$370,202	$723,831
Other Operating Receipts	3,018	17,200	20,218
Cash Paid for Employee Services and Benefits	(195,826)	(126,183)	(322,009)
Cash Paid to Suppliers	(94,081)	(257,470)	(351,551)
Net Cash Provided by Operating Activities	66,740	3,749	70,489
Cash Flows from Noncapital Financing Activities:			
Grants	1,351	120,603	121,954
Operating Transfers - Out	(23,395)		(23,395)
Net Cash Provided by (Used in) Noncapital Financing Activities	(22,044)	120,603	98,559
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(46,031)	(143,279)	(189,310)
Proceeds from Notes		27,000	27,000
Note Principal Payments		(10,537)	(10,537)
Loan Principal Payments		(10,270)	(10,270)
Note Interest Payments		(9,307)	(9,307)
Loan Interest Payments		(13,360)	(13,360)
Net Cash Used in Capital and Related Financing Activities	(46,031)	(159,753)	(205,784)
Cash Flows from Investing Activities:			
Interest		55,552	55,552
Sale of Investments		215	215
Net Cash Provided by Investing Activities		55,767	55,767
Net Increase (Decrease) in Cash and Cash Equivalents	(1,335)	20,366	19,031
Cash and Cash Equivalents at Beginning of Year	86,977	404,682	491,659
Cash and Cash Equivalents at End of Year	$85,642	$425,048	$510,690
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	$20,485	($121,878)	($101,393)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	45,880	59,738	105,618
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	1,788	52,166	53,954
Decrease in Due from Other Governments	1,351		1,351
(Increase) Decrease in Prepaid Items	93	(124)	(31)
Increase (Decrease) in Accounts Payable	(2,724)	13,847	11,123
Increase in Accrued Wages	861		861
Decrease in Compensated Absences Payable	(1,744)		(1,744)
Decrease in Due to Other Funds	(40)		(40)
Increase in Due to Other Governments	790		790
Net Cash Provided by Operating Activities	$66,740	$3,749	$70,489

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001

1. REPORTING ENTITY AND BASIS OF PRESENTATION

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

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

A. Reporting Entity

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

1. Primary Government

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

Van Wert County Brumback Public Library

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

2. Component Units

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

1. REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

Blended Component Unit

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

Library Enrichment Foundation of the Brumback Library

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

3. Discretely Presented Component Units

The component unit column in the combined financial statements identifies the financial data of the County's discretely presented component units, Thomas Edison Center, Van Wert Housing Services, Inc., the Van Wert County Port Authority, and the Van Wert County Airport Authority.They are reported separately to emphasize that they are legally separate from the County. Condensed financial information for the component units is presented in Note 21.

Thomas Edison Center

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

1. REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

Van Wert Housing Services, Inc.

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

Van Wert County Port Authority

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

Van Wert County Airport Authority

The Van Wert County Airport Authority is a legally separate organization created by resolution of the Van Wert County Commissioners on December 20, 1974. The Board of the Airport Authority is made up of five members, each with a term of five years. The members were originally appointed by the Van Wert County Commissioners; subsequent appointments are made by the Board of Trustees of the Regional Airport Authority, subject to the approval of the Board of Van Wert County Commissioners. The County has issued debt for the Airport Authority in the County's name, making the County financially accountable for the Airport Authority.

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

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

1. REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

The County participates in certain organizations which are defined as Joint Ventures, Jointly Governed Organizations, Related Organizations, and Insurance Purchasing Pools. The County's Joint Ventures, the Van Wert County Emergency Management Agency (EMA) and the Van Wert County Regional Planning Commission (the Commission) are presented in Note 22 of the general purpose financial statements. A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. The Jointly Governed Organizations of the County, the Alcohol, Drug Addiction and Mental Health Services Board of Mercer, Paulding and Van Wert Counties (Tri County Mental Health Board), the Community Improvement Corporation of the City of Van Wert and County of Van Wert, Ohio (the CIC), the Van Wert County Council on Aging, Inc. (the Council), the West Central Partnership, Inc. (the Partnership), and the Maumee Valley Resource Conservation and Development Area (the MV-RCD Area), are presented in Note 23 of the general purpose financial statements. A jointly governed organization is governed by representatives from each of the governments that create the organizations, but there is no ongoing financial interest or responsibility on the part of the participating governments. The Related Organizations, the Van Wert County Hospital Commission (Commission) and the Local Emergency Planning Committee (LEPC) are presented in Note 24. A related organization is an organization for which the County appoints a majority of the governing board but for which there is no potential benefit or burden and no authority to impose the will of the County.

The Insurance Purchasing Pools, the Mid West Pool Risk Management Agency, Inc. (the Pool), the Midwest Employee Benefit Consortium (MEBC), and the County Commissioners' Association of Ohio Service Corporation (CCAOSC) are presented in Note 25 of the general purpose financial statements. An insurance purchasing pool is an organization formed by a group of governments to pool funds or resources to purchase commercial insurance policies.

B. Basis of Presentation - Fund Accounting

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

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

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

1. REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

1. Governmental Fund Types

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

General Fund

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

Special Revenue Funds

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

Debt Service Funds

These funds are used to account for the accumulation of financial resources for, and the payment of, general long-term obligation 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 used for the acquisition or construction of major capital facilities (other than those financed by enterprise funds).

2. Proprietary Fund Type

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

Enterprise Funds

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

1. REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

3. Fiduciary Fund Type:

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

Agency Funds

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

4. 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 fixed assets of the County, other than those fixed assets accounted for in the enterprise funds. These assets do not represent financial resources available for expenditure.

General Long-Term Obligations Account Group

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Van Wert County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County also applies Financial Accounting Standards Board's Statements and Interpretations issued on or before November 30, 1989, to the enterprise funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the County's accounting policies are described below. Separate information for discretely presented component units can be found in Note 21.

A. Measurement Focus and Basis of Accounting

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The modified accrual basis of accounting is followed for the governmental and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

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 year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within thirty-one days of year-end.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, sales tax, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). On an accrual basis, revenue from permissive sales tax is recognized in the period when the exchange transaction on which the tax is imposed occurs (See Note 8). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: sales tax (See Note 8), accounts, interest, federal and state subsidies and grants and state-levied locally shared taxes.

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, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met, and payments received before services are provided, are also recorded as deferred revenue. On a modified accrual basis, 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 governmental funds.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Budgetary Process

The budgetary process is prescribed by provisions of the 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 object level within each department and fund. Budgetary modifications may only be made by resolution of the County Commissioners. Budgetary information has not been presented for the Library Enrichment Foundation of the Brumback Library (blended component unit) because it is not included in the entity for which the "appropriated budget" is adopted nor does the entity maintain separate budgetary records. Budgetary information has also not been presented for the discretely presented component units.

Advances-in and advances-out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

1. 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.

2. 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 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 either to be increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2001.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Appropriations

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

The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the Commissioners. Several supplemental appropriation resolutions were legally enacted by the County Commissioners during the year. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

4. Budgeted Level of Expenditures/Expenses

Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation resolution without authority from the commissioners. Expenditures/expenses plus encumbrances may not legally exceed appropriations at the level of appropriation. Appropriations are made to fund, department and object level (i.e., General Fund - Commissioners - salaries, supplies, equipment, contract repairs, travel expenses, maintenance, other expenses.)

5. Encumbrances

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

6. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Cash Equivalents

Cash balances of the County's funds, except cash held in segregated accounts, are pooled and invested in short-term investments in order to provide improved cash management. Individual fund integrity is maintained through County records. Each fund type's share in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet. Cash and cash equivalents that are held separately by the component units and within departments of the County and not held with the County Treasurer are recorded on the balance sheet as "Cash and Cash Equivalents in Segregated Accounts." Investments that are held separately by the Van Wert Housing Services, Inc. and the Library Enrichment Foundation of the Brumback Library and within the departments of the County and not held with the County Treasurer are recorded on the balance sheet as "Investments in Segregated Accounts."

During 2001, the County invested in certificates of deposit and STAR Ohio. The Library Enrichment Foundation of the Brumback Library invests in corporate stock.

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

The County has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 2001. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2001.

Interest revenue is distributed to the funds according to statutory requirements. Interest revenue of $607,523 was credited to the General Fund during 2001, which includes $438,414 assigned from other county funds.

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.

D. Receivables and Payables

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Inventory of Supplies

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2001, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting an expenditure/expense in the year in which services are consumed.

G. Estimates

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

H. Interfund Assets and Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "Due from Other Funds" or "Due to Other Funds" on the balance sheet.

I. Fixed Assets

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

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

1. General Fixed Assets

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Enterprise Fund Fixed Assets

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

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

Description	Estimated Lives
Buildings	20 – 40 years
Machinery and Equipment	5 – 20 years
Furniture and Fixtures	5 years
Vehicles	10 years

J. Contributed Capital

Contributed capital represents donations by private sources, resources from other funds, grants restricted for capital construction, and assets whose construction was financed by special assessments. These assets are recorded at their fair market value on the date contributed and are not subject to repayment. Beginning in 2001, GASB Statement No. 33 requires that these types of contributions be recognized as revenue.

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

K. Capitalization of Interest

The County’s policy is to capitalize net interest on enterprise fund construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax exempt borrowing used to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2001, interest costs incurred on construction projects in enterprise funds were not material.

L. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the County will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the County has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees’ wage rates at year end, taking into consideration any limits specified in the County's termination policy.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The County records a liability for accumulated unused sick leave for all employees after 20 years of current service with the County and employees with 10 years of current service and over the age of 60. For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid.

The remainder is reported in the General Long-Term Obligations Account Group. In the proprietary funds, the entire amount of compensated absences is reported as a fund liability.

M. Accrued Liabilities and Long-Term Obligations

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

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

N. Reserves of Fund Balance

The County records reservations for those portions of fund balance which are legally segregated for specific future use or which do not represent available expendable financial resources and, therefore, are not available for expenditure. 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, materials and supplies inventory, loans receivable, and unclaimed monies.

O. Interfund Transactions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. When the title of a statement indicates that component units are included, two total columns are presented. The first is captioned “Total Primary Government (Memorandum Only)” to indicate that only those activities that comprise the County's legal entity have been included. The second is captioned “Total Reporting Entity (Memorandum Only)”and includes the activity and operations of the County's legally separate discretely presented component units (See Note 21). The “Totals” column on statements which do not include component units have no additional caption.

3. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

For year 2001, the County has implemented GASB Statement No. 33, “Accounting and Financial Reporting for Nonexchange Transactions,” and GASB Statement No. 36, “Recipient Reporting for Certain Shared Nonexchange Revenues.” These statements establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis the criteria established for accrual basis revenue recognition must be met and the revenues must be available. GASB Statement No. 33 also requires that, beginning in 2001, capital contributions to Proprietary Funds be recognized as revenue.

In addition, the 911 Equipment and Maintenance Capital Projects Fund was reclassified as a Special Revenue Fund for reporting purposes for the year.

The effect of these changes on opening fund balance follows:

	Governmental Fund Type	
	Special Revenue	Capital Projects
Fund Balance at December 31, 2000	$1,912,467	$481,205
Restatement:		
Implementation of GASB Statement No. 33	14,060	0
Fund Reclassification	101,286	(101,286)
Restated Amount at December 31, 2000	$2,027,813	$379,919

4. BUDGETARY BASIS OF ACCOUNTING

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

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

a. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

b. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

c. Outstanding year end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis). Material encumbrances are disclosed in the notes for the enterprise funds (GAAP basis).

d. Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

e. State statute permits short-term note debt to be repaid from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

f. Although not part of the appropriated budget, the Library Enrichment Foundation of the Brumback Library Special Revenue Fund is included as part of the reporting entity when preparing financial statements that conform with GAAP.

g. Advances - In and Advances - Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

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

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

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	($284,174)	$578,547	$0	$729,286
Adjustments:				
Revenue Accruals	(143,913)	(235,587)	0	8,961
Expenditure Accruals	88,121	(48,322)	0	68,787
Unrecorded Cash	(13,591)	(284,771)	0	0
Prepaid Items	(10,208)	(2,251)	0	0
Encumbrances	(148,679)	(366,368)	0	(45,122)
Debt Principal Payments	0	(4,822)	(577,900)	0
Proceeds from Sale of Notes	20,610	235,000	0	0
Advances	(1,522)	0	1,522	0
Transfers	0	0	128,675	(105,280)
Change in Fair Value of Cash Equivalents	0	(9,666)	0	0
Reallocation for Debt Activity	(6,750)	(399,601)	392,890	13,461
Activity of Nonbudgeted Fund	0	64,162	0	0
Budget Basis	($500,106)	($473,679)	($54,813)	$670,093

Net Loss/Excess of Revenues Under Expenses and Operating Transfers

	Enterprise
GAAP Basis	$70,467
Adjustments:	
Revenue Accruals	3,139
Donations from Governmental Funds	(51,808)
Expense Accruals	(2,893)
Prepaid Items	(93)
Capital Outlay	(46,031)
Reallocation for Debt Activity	3,399
Transfers	(23,395)
Depreciation	45,880
Encumbrances	(3,068)
Budget Basis	($4,403)

5. COMPLIANCE AND ACCOUNTABILITY

A. Compliance

The Human Services Special Revenue Fund had an excess of appropriations over estimated resources and available balances for the fiscal year ended December 31, 2001, of $38,925.

B. Accountability

The following funds had deficit fund balances as of December 31, 2001:

	Deficit Fund Balance
Special Revenue Funds:	
Ditch Maintenance	$796,868
Federal Exxon	3,153
Capital Projects Funds:	
South Delphos Area Sewer	54,273
Airport Construction	1,399
Human Services Building Construction	181,861

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

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

6. DEPOSITS AND INVESTMENTS

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

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 monies deposited with the institution.

Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested in the following securities:

a. United States Treasury Notes, Bills, Bonds or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

6. DEPOSITS AND INVESTMENTS (Continued)

b. Bonds, notes, debentures or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

c. 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;

d. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;

e. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;

f. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

g. The State Treasurer’s investment pool (STAR Ohio);

h. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;

i. High grade commercial paper in an amount not to exceed five percent of the County’s total average portfolio; and

j. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County’s total average portfolio.

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

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

At year-end, the County had $76,099 in undeposited cash on hand which is included on the balance sheet of the County as part of "Equity in Pooled Cash and Cash Equivalents".

6. DEPOSITS AND INVESTMENTS (Continued)

A. Deposits

At year-end, the carrying amount of the County's deposits was $7,629,363, and the bank balance was $8,344,085. Of the County's deposits, $49,516 consisted of deposits for the Port Authority, a discretely presented component unit for which the County Auditor is the fiscal agent. Of the bank balance, $624,079 was covered by federal deposit insurance and $7,720,006 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the County's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the Federal Deposit Insurance Corporation.

B. Investments

GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires the County to categorize investments 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 for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held in the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's name. STAR Ohio, an investment pool operated by the Ohio State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Primary Government		
	Category 1	Unclassified	Fair Value
STAR Ohio	$0	$1,454,828	$1,454,828
Stock	116,903	0	116,903
Total	$116,903	$1,454,828	$1,571,731

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Cash and cash equivalents are defined to include investments with original maturities of three months or less and funds included within the County's cash management pool.

A reconciliation between the classifications of cash and cash equivalents and investments on the general purpose financial statements and the classifications per GASB Statement No. 3 is as follows:

	Primary Government	
	Cash and Cash Equivalents/Deposits	**Investments**
GASB Statement No. 9	$9,080,469	$147,208
Cash on Hand	(76,099)	0
Port Authority Component Unit	49,516	0
Investments:		
Certificates of Deposit	30,305	(30,305)
STAR Ohio	(1,454,828)	1,454,828
GASB Statement No. 3	$7,629,363	$1,571,731

7. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property (other than public utility) located in the County. Property tax revenue received during 2001 for real and public utility property taxes represents collections of 2000 taxes. Property tax payments received during 2001 for tangible personal property (other than public utility) are for 2001 taxes.

The 2001 real property taxes are levied after October 1, 2001, on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2001 real property taxes are collected in and intended to finance 2002.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 88 percent of cost). 2001 public utility property taxes became a lien December 31, 2000, are levied after October 1, 2001, and are collected in 2002 with real property taxes.

The 2001 tangible personal property taxes are levied after October 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are 25 percent of true value.

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

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

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to each subdivision its portion of the taxes. The collection and distribution of taxes for the County and for all subdivisions within the County is accounted for through agency funds of the County. The amount of the County's tax collections which flow through an agency fund is reported as "Taxes Receivable" on the combined balance sheet in both the agency fund and the governmental fund which will receive the tax distribution.

The full tax rate for all County operations for the year ended December 31, 2001, was $8.10 per $1,000 of assessed value. The assessed values of real and tangible personal property upon which 2001 property tax receipts were based are as follows:

Agricultural/Residential Real Property	$297,999,330
Other Real Property	49,795,970
Tangible Personal Property	53,194,021
Public Utility Personal Property	24,634,450
Total Assessed Value	$425,623,771

Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2001, and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2001 operations. The receivable is offset by deferred revenue.

8. PERMISSIVE SALES AND USE TAX

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

Proceeds of the tax are credited entirely to the General Fund. Amounts received within the available period are accrued as revenue. Sales and use tax revenue in 2001 amounted to $3,260,806.

9. RECEIVABLES

Receivables at December 31, 2001, consisted of taxes, accounts (billings for user charged services), special assessments, interest, due from other funds, intergovernmental receivables arising from grants, and loans. All receivables are considered collectible in full except County Home resident charges, Probate Court fees, and Juvenile Court receivables. A summary of accounts receivable for County Home resident charges, and Juvenile Court receivables, as well as other receivables owed to the County is as follows:

	County Home Resident Charges	Juvenile Court Receivable	Other Accounts Receivable	Total Accounts Receivable
Receivable	$2,089,547	$95,175	$921,165	$3,105,887
Allowance for Uncollectibles	(2,002,413)	(46,880)	0	(2,049,293)
Net Accounts Receivable	$87,134	$48,295	$921,165	$1,056,594

A summary of intergovernmental receivables follows:

General Fund	
Indigent Defense Grant	$15,603
Dare Grant	10,229
Local Government	370,693
Local Government Revenue Assistance	73,290
Homestead and Rollback	52,679
Estate Tax Reimbursement	894
Election Costs	5,147
State Issue Advertising Reimbursement	2,998
Total General Fund	$531,533

9. RECEIVABLES (Continued)

Special Revenue Funds	
Motor Vehicle License Tax	$596,618
Gasoline Excise Tax	223,305
Gasoline Cents per Gallon	436,537
Homestead and Rollback	101,264
Undivided Library	563,261
Public Assistance Grant	424,327
RECLAIM Variable Grant	50,711
Thomas Edison Grant	15,988
Children Trust Grant	5,000
ODJFS Foster Care Grant	54,768
Federal Weatherization Grant	16,206
CDBG Grant	535,400
Federal HEAP Program	8,792
Jail Reduction Grant	27,908
Recycle Grant Ohio	8,490
Total Special Revenue Funds	3,068,575
Agency Funds	
Local Government	688,232
Local Government Revenue Assistance	147,186
Undivided Library	744,442
Motor Vehicle License Tax	241,762
Gasoline Excise Tax	97,205
Gasoline Cents per Gallon	192,768
Total Agency Funds	2,111,595
Total All Funds	$5,711,703

A. Loans Receivable

The County has three loans receivable with the Van Wert County Airport Authority. Two of the loans are for construction of T-hangars, while the third loan is for the removal of underground fuel tanks. The loans are repaid yearly as principal and interest come due. At December 31, 2001, the total amount of loans receivable in the General Fund and the Airport Construction Capital Projects Fund is $121,500 and $94,295, respectively.

10. FIXED ASSETS

A summary of the enterprise funds' fixed assets at December 31, 2001, follows:

Buildings	$309,347
Machinery and Equipment	163,879
Furniture and Fixtures	11,357
Vehicles	296,123
Total	780,706
Less accumulated depreciation	(267,512)
Net Book Value	$513,194

10. FIXED ASSETS (Continued)

A summary of the changes in general fixed assets during 2001 follows:

	Balance at December 31, 2000	Additions	Deletions	Balance at December 31, 2001
Land	$150,952	$0	$0	$150,952
Land Improvements	20,399	0	0	20,399
Buildings	12,278,704	326,808	0	12,605,512
Machinery and Equipment	2,282,571	76,122	231,142	2,127,551
Furniture and Fixtures	541,638	12,875	5,983	548,530
Vehicles	3,551,494	704,485	160,807	4,095,172
Total General Fixed Assets	$18,825,758	$1,120,290	$397,932	$19,548,116

11. RISK MANAGEMENT

A. Property and Liability

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2001, the County contracted with the Mid West Pool Risk Management Agency, Inc. for liability, property and crime insurance. The listing below is a general description of insurance coverage. All policy terms, conditions, restrictions, exclusions, etc. are not included.

Coverage provided by Mid West Pool Management, Inc. is as follows:

Liability	
(A) General, Auto, Law and Nursing Home Liability Combined (per occurrence)	$1,000,000
(B) Public Official Errors and Omissions Liability (per occurrence - included above)	1,000,000
Aggregate	1,000,000
(C) Excess Liability, General, Liquor, Auto, Law, Public Official Liability and Miscellaneous Errors and Omissions (per occurrence and annual aggregate)	4,000,000
Property (per occurrence)	194,027,000
Flood and Earthquake (annual aggregate)	35,000,000
Boiler and Machinery	30,000,000
Crime Insurance:	
Faithful Performance	225,000
Money and Securities	225,000
Employee Dishonesty	225,000
Forgery and Alteration	225,000

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

11. RISK MANAGEMENT (Continued)

B. Health Care Benefits

The County participates in the Midwest Employee Benefit Consortium (MEBC), an insurance purchasing pool consisting of five counties (See Note 25). Each member pays premiums to the MEBC for employee medical and life insurance premiums. The MEBC is responsible for the management and operation of the program. Upon withdrawal, the County is obligated for the payment of supplementary payments attributable to years during which the County was a member of the MEBC. Such supplementary payments may include, but are not limited to, sums sufficient to pay claims, retain reserve levels and pay for continuing claims administration. In addition, the County will continue to be responsible for all other obligations of membership attributable to such prior years. The MEBC Board of Trustees has the right to return monies to an exiting member subsequent to the settlement of all expenses and claims.

The Brumback Library contracts with Aetna U.S. Healthcare for medical insurance and with The Guardian for dental coverage, and VisionPlus for vision insurance.

The County Engineer contracts with Business Administrators and Consultants, Inc. for health care and dental coverage.

C. Workers' Compensation

For 2001, the County participated in the County Commissioners' Association of Ohio Workers' Compensation Group Rating Program provided by the County Commissioners' Association of Ohio Service Corporation (CCAOSC), a workers' compensation insurance purchasing pool (See Note 25). The intent of the CCAOSC is to achieve lower workers' compensation rates while establishing safe working conditions and environments for the participants.

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

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

12. DEFINED BENEFIT PENSION PLANS

A. Public Employees Retirement System

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

Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations; law enforcement employees contribute 10.10 percent. The 2001 employer pension contribution rate for the County was 9.25 percent of covered payroll, increased from 6.54 percent in 2000. Also, the law enforcement contribution rate for the County was 12.40 percent of covered payroll, an increase from 11.40 percent in 2000. For 2000, PERS instituted a temporary employer rate rollback for state and local governments. Contributions are authorized by State statute. The contribution rates are determined actuarially. The County’s contributions to PERS for the years ended December 31, 2001, 2000, and 1999 were $876,233, $442,133, and $743,557, respectively; 76 percent has been contributed for 2001 and 100 percent has been contributed for 2000 and 1999.

B. State Teachers Retirement System

For Certified teachers, employed by the school for Mental Retardation and Developmental Disabilities, the County contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the year ended December 31, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The County was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For year 2000, the portion used to fund pension obligations was 6.0 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The County’s required contributions for pension obligations to STRS for the years ended December 31, 2001, 2000, and 1999 were $29,935, $14,221, and $8,056, respectively; 98 percent has been contributed for year 2001 and 100 percent for years ending 2000 and 1999.

13. POSTEMPLOYMENT BENEFITS

A. Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2001 employer contribution rate was 13.55 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2001.

Benefits are advance-funded using the entry age normal actuatial cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 2000, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

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

The number of active contributing participants was 411,076. The County's actual contributions for 2001 which were used to fund postemployment benefits were $398,659. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 2000, (the latest information available) were $11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability were $14,364.6 million and $2,628.7 million, respectively.

For 2001, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS’s actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

B. State Teachers Retirement System

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the year ended December 31, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the County, this amount equaled $14,179 for 2001.

13. POSTEMPLOYMENT BENEFITS (Continued)

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund at June 30, 2000, (the latest information available) was $3,419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were $283,137,000 and there were 99,011 eligible benefit recipients.

14. OTHER EMPLOYEE BENEFITS

A. Deferred Compensation Plans

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

B. Early Retirement Incentive Payable

The County approved an Early Retirement Incentive plan for the Engineer's Office. The plan began on December 1, 2000, and ended on November 30, 2001. Participation in the plan is available to 5% of total employees in the Office who are members of PERS. Ability to participate is based on service credit, with preference given to those with more service credit. Service credit will be purchased for the lesser of: 2.1 years of service credit, or an amount of service credit equal to one-fifth of the total service credit of record credited to the participating employee, exclusive of the service credit purchased under this plan. To be eligible, the employee has to be eligible to retire on or before the termination date of the plan. Service credit to be purchased for the employee under the plan is included in making this determination. Also, the employee must agree to retire within 90 days after receiving notice that service credit has been purchased for the employee.

At the end of 2001, the County had two employees who chose to accept the early retirement incentive. The County began making payments to PERS in December 2000. These expenditures are reflected as program/function expenditures in the Motor Vehicle Gas Tax Special Revenue Fund. The remaining liability at December 31, 2001 for these two employees has been recorded as an early retirement incentive payable in the General Long-Term Obligations Account Group.

The County approved an Early Retirement Incentive plan for the Van Wert County Department of Job and Family Services. The plan began September 1, 2001 and will end on August 31, 2002. Participation in the plan is available to 8% of total employees in the Office who are members of PERS. Ability to participate is based on service credit, with preference given to those with more service credit. Service credit will be purchased for the lesser of: 4 years of service credit, or an amount of service credit equal to one-fifth of the total service credit of record credited to the participating employee, exclusive of the service credit purchased under this plan. To be eligible, the employee has to be eligible to retire on or before the termination date of the plan. Service credit to be purchased for the employee under the plan is included in making this determination. Also, the employee must agree to retire within 90 days after receiving notice that service credit has been purchased for the employee.

14. OTHER EMPLOYEE BENEFITS (Continued)

At the end of 2001, the County had one employee who chose to accept the early retirement incentive. The County began making payments to PERS in November 2001. These expenditures are reflected as program/function expenditures in the Department of Job and Family Services Special Revenue Fund. The remaining liability at December 31, 2001 for this employee has been recorded as an early retirement incentive payable in the General Long-Term Obligations Account Group.

15. CAPITAL LEASES - LESSEE DISCLOSURE

During 2001, the County entered into two capitalized leases for equipment and vehicles. The County also holds leases from prior years for machinery, equipment, and vehicles. The terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service in the combined financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Machinery and equipment and vehicles acquired by lease have been capitalized in the General Fixed Assets Account Group at amounts equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the General Long-Term Obligations Account Group. Principal payments made during 2001 totaled $91,276, in the General Fund and the Motor Vehicle Gas Tax, Ditch Maintenance, and Thomas Edison Special Revenue Funds. The following is an analysis of assets leased under capital leases as of December 31, 2001:

	GFAAG
Machinery and Equipment	$141,248
Vehicles	345,720
	$486,968

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2001.

Year	GLTOAG
2002	$107,597
2003	89,482
2004	30,156
2005	29,455
2006	24,545
Total	281,235
Less: Amount Representing Interest	(26,182)
Present Value of Minimum Lease Payments	$255,053

16. SHORT-TERM OBLIGATIONS

A summary of the short-term transactions for the year ended December 31, 2001 follows:

Fund Type/Fund/Issue	Interest Rate	Balance at December 31, 2000	Increases	Decreases	Balance at December 31, 2001
General Obligation Notes:					
General Fund – Airport Improvement	3.06%	$128,250	$0	$6,750	$121,500
Tractor/Mower Airport Note	4.00%	0	20,610	0	20,610
Special Revenue Funds:					
Probate/Juvenile Court Computer System Fund	4.75%	9,895	0	4,823	5,072
Motor Vehicle Gas Tax Fund	3.50%	0	235,000	0	235,000
Capital Projects Funds:					
South Delphos Area Sewer Fund	4.75%	61,000	0	0	61,000
Airport Construction Fund	4.641-4.98%	97,815	0	3,520	94,295
Human Services Building Construction Fund	4.75%	270,000	0	90,000	180,000
Total General Obligation Notes		566,960	255,610	105,093	717,477
Special Assessment Notes:					
Special Revenue Fund:					
Ditch Maintenance Fund					
Wallace Ditch	4.75%	3,653	0	590	3,063
Jennings Creek Ditch	5.59%	28,593	0	1,091	27,502
James Adams Ditch	5.59%	1,880	0	416	1,464
Kimmett Ditch	5.59%	80,634	0	28,430	52,204
Wortman Ditch	5.59%	1,205	0	366	839
Spice Run	4.60%	53,737	0	15,432	38,305
27 Mile Creek	5.59%	515,870	0	158,458	357,412
Allen Watt	4.60%	7,358	0	1,964	5,394
Mown Prairie	4.60%	37,663	0	9,387	28,276
Mollenkopf/Salmon	7.07%	9,260	0	2,803	6,457
Dog Creek	4.75%	91,895	0	15,622	76,273
Pup Creek	6.68%	30,200	0	6,550	23,650
Parker Ditch	4.75%	6,659	0	1,268	5,391

16. SHORT-TERM OBLIGATIONS (Continued)

Fund Type/Fund/Issue	Interest Rate	Balance at December 31, 2000	Increases	Decreases	Balance at December 31, 2001
Maddox Creek	4.75%	$128,572	$0	$25,432	$103,140
Price Ditch	4.75%	37,067	0	5,898	31,169
Cable Ditch	4.75%	12,374	0	1,885	10,489
Feigert Ditch	4.75%	3,404	0	1,318	2,086
Monkey Run Ditch	5.59%	193,961	0	113,335	80,626
Pottawatome Ditch	5.59%	95,307	0	67,385	27,922
Total Special Assessment		1,339,292	0	457,630	881,662
Total		$1,906,252	$255,610	$562,723	$1,599,139

All of the notes are bond and revenue anticipation notes, and they are backed by the full faith and credit of Van Wert County. They are payable from special assessments and governmental funds. The note liability is reflected in the fund which received the proceeds. In the event that property owners fail to make their special assessment payments, the County is responsible for providing the resources to meet the annual principal and interest payments. The notes outstanding at December 31, 2001 are multi-year notes. All of the notes are prepayable without penalty at the option of the County at any time prior to maturity. Principal and interest requirements to retire the County's multi-year notes outstanding at December 31, 2001, are as follows:

Year	Principal	Interest	Total
2002	$153,147	$72,251	$225,398
2003	144,581	65,782	210,363
2004	372,756	59,724	432,480
2005	220,102	43,748	263,850
2006	212,682	32,827	245,509
2007-2011	447,401	55,921	503,322
2012-2016	35,160	8,618	43,778
2017-2019	13,310	1,354	14,664
Total	$1,599,139	$340,225	$1,939,364

Changes in the note transactions reported in the enterprise funds during 2001 were as follows:

	Balance at December 31, 2000	Increases	Decreases	Balance at December 31, 2001
Note Payable:				
4.37% - 1998 Recycling Building and Trucks	$60,000	$0	$20,000	$40,000

The note payable will be paid from the Recycling Enterprise Fund. The note is prepayable without penalty at the option of the County at any time prior to maturity.

16. SHORT-TERM OBLIGATIONS (Continued)

Principal and interest requirements to retire the note outstanding at December 31, 2001, are as follows:

Year	Notes Payable
2002	$21,900
2003	20,950
Total	$42,850

17. LONG-TERM DEBT

The changes in the County's long-term obligations for the year ended December 31, 2001, consist of the following:

	Balance at December 31, 2000	Increases	Decreases	Balance at December 31, 2001
Loans Payable:				
8.00% - 1992 Engineer's Loan	$20,000	$0	$20,000	$0
5.64% - 1997 Dog Warden Truck	5,222	0	2,521	2,701
TOTAL – Loans Payable	25,222	0	22,521	2,701
Other Long-Term Obligations:				
Compensated Absences Payable	689,276	0	29,509	659,767
Due to Other Governments	176,030	286,330	176,030	286,330
Obligations Under Capital Lease	214,276	132,053	91,276	255,053
Early Retirement Incentive Payable	68,402	74,572	0	142,974
TOTAL – Other Long-Term Obligations	1,147,984	492,955	296,815	1,344,124
TOTAL - General Long-Term Obligations	$1,173,206	$492,955	$319,336	$1,346,825

Loans payable will be paid from the Motor Vehicle Gas Tax and Dog and Kennel Special Revenue Funds. Compensated absences, due to other governments, and the early retirement incentive payable will be paid from the funds from which the employees' salaries are paid. Due to other governments represents contractually required pension contributions paid outside the available period. Capital lease obligations will be paid from the fund that maintains custody of the related asset.

The County's future principal and interest requirements for long-term loan obligations are $2,701 and $120, respectively. The total principal and interest requirement of $2,821 will be paid in fiscal year 2002.

17. LONG-TERM DEBT

Changes in the long-term obligations reported in the enterprise funds during 2001 were as follows:

	Balance at December 31, 2000	Increases	Decreases	Balance at December 31, 2001
Other Long-Term Obligations:				
Compensated Absences Payable	$4,218	$0	$1,744	$2,474
Due to Other Governments	5,006	5,796	5,006	5,796
TOTAL – Other Long-Term Obligations	$9,224	$5,796	$6,750	$8,270

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors should not exceed one percent of the total assessed valuation of the County. The Code further provides that the total voted and unvoted net debt of the County less the same exempt debt should not exceed a sum equal to three percent of the first $100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of $100,000,000 and not in excess of $300,000,000, plus two and one-half percent of such valuation in excess of $300,000,000. The effects of the debt limitations at December 31, 2001 are an overall debt margin of $8,420,416 and an unvoted debt margin of $3,536,060.

During 1996, the County issued a health care facilities revenue bond with the principal amount of $320,000 outstanding at December 31, 2001 for facilities used by the Stepping Stones Center, Inc. During 1997, the County issued three bonds. An industrial development revenue bond was authorized for Kennedy Manufacturing Company in the principal amount of $3,000,000. As of December 31, 2001, $1,471,825 had been issued and was still outstanding. A health care facilities revenue bond was issued for the Van Wert Area Visiting Nurses Association, with the principal amount of $1,714,000 outstanding at December 31, 2001. Also issued was a hospital facilities revenue bond for the Van Wert County Hospital Association, with the principal amount of $1,809,622 outstanding at December 31, 2001 The proceeds of the bonds do not constitute a general obligation, debt or bonded indebtedness of the County. The County is not obligated in any way to pay debt charges on the bonds from any of its funds, and therefore they have been excluded entirely from the County's debt presentation. Neither is the full faith and credit or taxing power of the County pledged to make repayment.

18. INTERFUND TRANSACTIONS

Interfund balances at December 31, 2001, consist of the following individual fund receivables and payables:

Fund Type/Fund	Due From Other Funds	Due To Other Funds
General Fund	$11,029	$8,459
Special Revenue Funds:		
Motor Vehicle Gas Tax Fund	6,348	0
Dog and Kennel Fund	0	74
Department of Jobs and Family Services Fund	36,727	20,266
Thomas Edison Fund	19,942	3,988
Children Services Fund	1,107	10,546
Child Support Enforcement Agency Fund	0	30,126
Youth Bureau Fund	0	1,107
County Home Fund	0	34
Total Special Revenue Funds	$64,124	$66,141
Enterprise Fund:		
Recycling Fund	0	553
Total All Funds	$75,153	$75,153

19. SEGMENT INFORMATION

The County's enterprise funds account for the provision of a solid waste disposal facility and the collection and handling of recyclable materials. The solid waste disposal facility only has fixed assets on the County’s books. There are no revenues or expenditures except for depreciation expense. The County contracts with a company to provide solid waste services.

19. SEGMENT INFORMATION (Continued)

Key financial information as of and for the year ended December 31, 2001, for each enterprise fund is as follows:

	Waste Disposal	Recycling	Total
Operating Revenues	$0	$353,508	$353,508
Depreciation Expense	6,653	39,227	45,880
Operating Income (Loss)	(6,653)	27,138	20,485
Grants	0	1,351	1,351
Donations from Governmental Funds	0	51,808	51,808
Interest and Fiscal Charges	0	(3,177)	(3,177)
Net Income (Loss)	(6,653)	77,120	70,467
Fixed Asset Addition	0	46,031	46,031
Net Working Capital	0	257,426	257,426
Total Assets	60,492	744,179	804,671
Long-Term Liabilities Payable from Revenues	0	22,474	22,474
Total Fund Equity	60,492	687,654	748,146
Total Encumbrances at December 31, 2001	0	3,068	3,068

20. SIGNIFICANT CONTRACTUAL COMMITMENTS

As of December 31, 2001, the County had contractual purchase commitments as follows:

Company	Project	Contract Amount	Amount Expended	Balance at 12/31/01
Planet Ford	Two Ford Crown Victoria Police Cruisers	$39,692	$0	$39,692
Gaede Serne Architects, Inc.	Professional Services	40,000	0	40,000
Kohli & Kaliher Associates	Professional Services	65,000	0	65,000
Totals		$144,692	$0	$144,692

21. CONDENSED FINANCIAL STATEMENTS FOR DISCRETELY PRESENTED COMPONENT UNITS

A. Balance Sheet

	Thomas Edison Center	Van Wert Housing Services, Inc.	Port Authority	Airport Authority	Total
Current Assets	$139,623	$181,587	$49,516	$82,308	$453,034
Non-current Assets:					
Investments	0	1,427,950	0	0	1,427,950
Land	0	48,044	204,454	176,616	429,114
Buildings	0	360,000	7,834	105,240	473,074
Equipment, Improvements, and Furnishings	133,951	121,812	0	113,951	369,714
Vehicles	35,249	0	0	27,360	62,609
Accumulated Depreciation	(42,764)	(74,073)	(3,918)	(96,553)	(217,308)
Total Non-current Assets	126,436	1,883,733	208,370	326,614	2,545,153
Total Assets	$266,059	$2,065,320	$257,886	$408,922	$2,998,187
Liabilities and Retained Earnings:					
Current Liabilities	$21,061	$15,328	$0	$4,622	$41,011
Non-current Liabilities:					
Notes Payable	0	122,088	0	0	122,088
Loans Payable	0	0	0	236,405	236,405
Total Liabilities	21,061	137,416	0	241,027	399,504
Retained Earnings	244,998	1,927,904	257,886	167,895	2,598,683
Total Liabilities and Retained Earnings	$266,059	$2,065,320	$257,886	$408,922	$2,998,187

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

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

	Thomas Edison Center	Van Wert Housing Services, Inc.	Port Authority	Airport Authority	Total
Revenues	$242,067	$100,649	$3,500	$86,513	$432,729
Expenses	294,941	93,786	17,681	73,341	479,749
Excess of Revenues Over (Under) Expenses	(52,874)	6,863	(14,181)	13,172	(47,020)
Retained Earnings at 1/1/01	297,872	1,921,041	272,067	154,723	2,645,703
Retained Earnings at 12/31/01	$244,998	$1,927,904	$257,886	$167,895	$2,598,683

C. Measurement Focus and Basis of Accounting

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

D. Budgetary Basis of Accounting

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

E. Deposits and Investments

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

1. Thomas Edison Center

Thomas Edison Center had $123 in petty cash which is included on the balance sheet as part of "Cash and Cash Equivalents in Segregated Accounts". This amount is uninsured and uncollateralized.

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

At year end, the carrying amount of deposits for Thomas Edison Center was $116,006 and the bank balance was $118,566, all of which was covered by federal depository insurance. There are no statutory guidelines regarding the deposit and investments of funds for the not-for-profit corporation.

2. Van Wert Housing Services, Inc.

Van Wert Housing had $14,563 in undeposited cash which is included on the balance sheet as part of "Cash and Cash Equivalents in Segregated Accounts". This amount is uninsured and uncollateralized.

At year end, the carrying amount of deposits for Van Wert Housing Services, Inc. was $162,532 and the bank balance was $162,646. Of the bank balance, $112,246 was covered by federal depository insurance, while $50,400 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution’s trust department in the County’s name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the County to a successful claim by the Federal Deposit Insurance Corporation. There are no statutory guidelines regarding the deposit and investment of funds for the not-for-profit corporation.

Investments consisted primarily of U.S. Government obligations, corporate obligations, and common stocks which are carried at fair value. Fair value at year end was $1,427,950, while the cost was $1,272,276.

3. Port Authority

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

4. Airport Authority

At year end, the carrying amount of deposits for the Airport Authority was $36,630, and the bank balance was $36,845, all of which was covered by federal depository insurance. The Airport Authority follows the same investment guidelines as the County Treasurer.

Investments consisted of STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price which is the price the investment could be sold for on December 31, 2001. The amount invested in STAR Ohio at year end was $45,678.

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

F. Fixed Assets

A summary of the component units' fixed assets at December 31, 2001, follows:

	Thomas Edison Center	Van Wert Housing Services, Inc.	Port Authority	Airport Authority	Total
Land	$0	$48,044	$204,454	$176,616	$429,114
Buildings	0	360,000	7,834	105,240	473,074
Equipment, Improvements, and Furnishings	133,951	121,812	0	113,951	369,714
Vehicles	35,249	0	0	27,360	62,609
Total	169,200	529,856	212,288	423,167	1,334,511
Less accumulated depreciation	(42,764)	(74,073)	(3,918)	(96,553)	(217,308)
Net Book Value	$126,436	$455,783	$208,370	$326,614	$1,117,203

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

G. Notes Payable

A summary of the note transactions for the component units for the year ended December 31, 2001 follows:

	Interest Rate	Balance at December 31, 2000	Increases	Decreases	Balance at December 31, 2001
Van Wert Housing Services, Inc.					
Residential Property #1	7.25%	$22,364	$0	$2,725	$19,639
Residential Property #2	7.00%	22,895	0	2,244	20,651
Residential Property #3	7.25%	11,291	0	2,035	9,256
Residential Property #4	7.25%	29,127	0	1,848	27,279
Residential Property #5	8.00%	31,814	0	1,166	30,648
Residential Property #6	7.00%	0	27,000	519	26,481
Total		$117,491	$27,000	$10,537	$133,954

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

Terms on the Van Wert Housing Services, Inc. residential property #1 note call for a total of 180 monthly payments of $354.73 starting on February 1, 1993. Terms on the Van Wert Housing Services, Inc. residential property #2 note call for a total of 180 monthly payments of $314.59 starting on December 1, 1993. Terms on the Van Wert Housing Services, Inc. residential property #3 note call for a total of 120 monthly payments of $232.25 starting on January 1, 1996. Terms on the Van Wert Housing Services, Inc. residential property #4 note call for a total of 180 monthly payments of $342.92 starting on September 2, 1997. Terms on the Van Wert Housing Services, Inc. residential property #5 note call for a total of 180 monthly payments of $305.81 starting on November 1, 2001. Terms on the Van Wert Housing Services Inc, residential property #6 note call for a total of 180 monthly payments of $242.68 starting on July 1, 2001.

H. Loans Payable

A summary of the loan transactions for the component units for the year ended December 31, 2001 follows:

	Interest Rate	Balance at December 31, 2000	Increases	Decreases	Balance at December 31, 2001
Airport Authority					
Airport Hangar #1	4.641%	$43,850	$0	$2,000	$41,850
Fuel Tank Removal	3.06%	128,250	0	6,750	121,500
Airport Hangar #2	4.98%	53,965	0	1,520	52,445
Tractor/Mower Airport Notes	4.00%	0	20,610	0	20,610
Total Loans Payable		$226,065	$20,610	$10,270	$236,405

All of the Airport Authority Loans are variable rate notes. The interest rate on the loans is adjusted annually on the date that the annual payment is due. The adjusted rate is the prime rate multiplied by 65 percent. The interest rate shall never exceed the lesser of 12 percent or the maximum interest rate permitted by law. Terms on the Airport Hangar loan #1 due to the County call for a total of 20 annual payments starting on August 1, 1997 at varying amounts based on the interest rate and principal due at that time. Terms on the Fuel Tank loan due to the County call for five annual payments starting on August 2, 2001 at varying amounts based on the interest rate and principal due at that time. Terms on the Airport Hangar loan #2 due to the County call for a total of 20 annual payments starting on October 1, 2001 at varying amounts based on the interest rate and principal due at that time. Terms on the Tractor Mower Loan due to the County call for a total of five annual payments starting on March 5, 2002, at varying amounts based on the interest rate and principal due at that time.

I. Segment Information

Net working capital for Thomas Edison Center, Van Wert Housing Services, Inc., the Port Authority and the Airport Authority was $118,562, $166,259, $49,516 and $77,686, respectively. During 2001, Thomas Edison Center, Van Wert Housing Services, Inc., and the Airport Authority purchased fixed assets in the amount of $35,970, $107,309, and $20,610, respectively. The Thomas Edison Center also disposed of fixed assets during 2001 in the amount of $100. Other segment information can be obtained in the condensed financial statements presented above.

22. JOINT VENTURES

A. Van Wert County Emergency Management Agency

The Van Wert County Emergency Management Agency (EMA) is a joint venture among Van Wert County, the City of Van Wert, and townships and villages within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is composed of the following seven members: one County Commissioner representing the board of county commissioners entering into the agreement; five chief executives representing the municipal corporations and townships entering into the agreement; and one non-elected representative. During 2001, the County contributed $25,000 for the operation of the agency. The EMA is a joint venture since it cannot continue to exist without the financial support of the County. The County does not have an equity interest in the joint venture. The EMA is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Complete financial statements can be obtained from the EMA located at 1300 Old Route 30, Post Office Box 602, Van Wert, Ohio 45891.

B. Van Wert County Regional Planning Commission

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

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. The County contributed $5,000 during 2001 for the operations of the Commission. This amount was approximately 15 percent of total revenue for the Commission. In 2000, the County contribution was approximately 38 percent of total revenue for the Commission. The variance is due to a one-time grant received by the Commission in 2001 for approximately $15,000. The Commission is a joint venture since it cannot continue to exist without the financial support of the County. The County does not have an equity interest in the joint venture. The Commission is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Complete financial statements can be obtained from the Commission located at 114 East Main Street, Van Wert, Ohio 45891.

23. JOINTLY GOVERNED ORGANIZATIONS

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

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

The ability to influence operations depends on the County's representation on the Board. The Board of Trustees consists of eighteen members: four members are appointed by the Director of the Ohio Department of Mental Health, four members are appointed by the Director of the Ohio Department of Alcohol and Drug Addiction Services and the remaining ten members are appointed by the County Commissioners of Mercer, Paulding and Van Wert counties in the same proportion as the County's population bears to the total population of the three counties combined. The majority of the Tri County Mental Health Board’s revenue comes from a property tax levied by the Tri County Mental Health Board. During 2001, the tax levy provided $315,405 for the operations of the organization. These monies were collected and distributed by the County on behalf of the Tri County Mental Health Board. There were no County contributions.

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

The Community Improvement Corporation of the City of Van Wert and County of Van Wert, Ohio (the CIC) is a jointly governed organization between the City and the County. The general purpose of the CIC is to pursue and maintain economic development within the County. The CIC is governed by a Board of Trustees made up of fifteen members, who include: three elected or appointed officers of the City, to be designated annually by the City Council; three elected or appointed officers of the County, to be designated annually by the Board of County Commissioners; six people to be designated annually by the Board of Trustees of The Van Wert Area Chamber of Commerce; the President of the Van Wert Industrial Development Corporation (in ex officio status); and two people who are residents of the County, to be elected at the annual meeting of the members by a majority of the members listed previously. There were no County contributions.

C. Van Wert County Council on Aging, Inc.

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

23. JOINTLY GOVERNED ORGANIZATIONS (Continued)

The majority of the Council's revenue comes from a property tax levied by the Council. During 2001, the tax levy provided $151,819 for the operations of the organization. These monies were collected and distributed by the County on behalf of the Council. There were no County contributions.

D. West Central Partnership, Inc.

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

E. Maumee Valley Resource Conservation and Development Area

The Maumee Valley Resource Conservation and Development Area (the MV-RCD Area) is a jointly governed organization among the Counties of Allen, Defiance, Fulton, Henry, Paulding, Putnam, Van Wert, and Williams. The MV-RCD Area is organized to accelerate local efforts toward improving the social and economic conditions of the area through the conservation, development and utilization of natural resources. The Executive Council consists of twenty-four members. Each county appoints three members, with a member from each of the following: Board of County Commissioners, Soil and Water Conservation District, and a member at large. The member at large may represent one of the following interests: cities and villages, township trustees, Regional Planning, business, industry, labor, Chamber of Commerce, economic development, environmental groups, league of women voters, specialty growers, farm organizations, and concerned citizens. For 2001, the County contributed $500 to the MV-RCD Area for its operation.

24. RELATED ORGANIZATIONS

A. Van Wert County Hospital Commission

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

24. RELATED ORGANIZATIONS (Continued)

B. Local Emergency Planning Committee

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

25. INSURANCE PURCHASING POOLS

A. Mid West Pool Risk Management Agency, Inc.

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

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

B. Midwest Employee Benefit Consortium

The County participates in the Midwest Employee Benefit Consortium (MEBC), an insurance purchasing pool consisting of five counties. The MEBC is responsible for the administration of the program and processing of all claims for each member. The County pays premiums to the MEBC for employee medical and life insurance benefits.

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

25. INSURANCE PURCHASING POOLS (Continued)

C. The County Commissioners' Association of Ohio Service Corporation

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

26. RELATED PARTY TRANSACTIONS

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

The additional income and related expenses are reflected in the financial statements of the component unit. During 2001, the contributions to Thomas Edison Center, Inc. for salaries, fringes, maintenance and repairs of buildings and administrative costs were $117,218.

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

27. CONTINGENCIES

A. Litigation

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

27. CONTINGENCIES (Continued)

B. Grants

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

28. SUBSEQUENT EVENTS

On February 19, 2002, the County entered into the following contracts for the renovation of the Van Wert County Annex Office Building and the new Probate Court and Offices:

Shinn Brothers	General Contractors	$1,117,500
Schumm Plumbing and Heating	Fire Protection and Plumbing	112,294
Gast Plumbing and Heating	HVAC	525,000
Sidney Electric	Electrical	280,000

On May 7, 2002, the County entered into the following contracts for the construction of a Thomas Edison Early Childhood Center:

Alexander- Bebout Co	General Contractor	$1,225,465
Schumm Plumbing and Heating	Plumbing	106,243
Gast Plumbing and Heating	HVAC	489,291
Reynolds Electric	Electrical	216,280

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR YEAR ENDED DECEMBER 31, 2001

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
(Passed through Ohio Department of Development)				
Community Development Block Grant/State's Program	BF-99-074-1	14.228	($3,427)	
	BF-00-074-1	14.228	56,060	
	BF-01-074-1	14.228		
	BC-98-074-1	14.228	(83,359)	
	BC-91-074-1	14.228	33,688	
Total			2,962	
(Direct and Passed through Ohio Department of Development)				
Home Investment Partnership (HOME) Program	BC-98-074-2	14.239	78,080	
Total United States Department of Housing and Urban Development			81,042	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
(Passed through Ohio Department of Job and Family Services)				
Low-Income Home Energy Assistance	00-HA-153	93.568	398	
	01-HA-153	93.568	30,284	
	02-HA-153	93.568	13,604	
	01-HE-253	93.568	25,103	
	02-HE-253	93.568	5,715	
	H00-136	93.568	6,415	
	H01-136	93.568	75,194	
	HC01-136	93.568	16,225	
Total			172,938	
Title IV-B	N/A	93.645	18,534	
Child Welfare Services State Grant	N/A	93.645	37,416	
Total			55,950	
Emergency Service Assistance	N/A	93.556	6,983	
Child Abuse and Neglect	N/A	93.669	2,356	
Independent Living	N/A	93.674	65	
Total Department of Health and Human Services			238,292	
(Passed through Ohio Department of Mental Retardation and Developmental Disabilities)				
Medical Assistance Program	8100012	93.778	517,323	
Social Services Block Grant	MR-81	93.667	16,744	
	MR-81	93.667	6,609	
Total			23,353	
Total United States Department of Health and Human Services			778,968	
U.S. DEPARTMENT OF EDUCATION				
(Passed through Ohio Department of Education)				
Special Education Cluster:				
Special Education Preschool Grant	071183-PG-S1-01P	84.173	7,412	
	071183-PG-S1-02-P	84.173	6,154	
Total			13,566	
Special Education Grants to States	071183-6B-SF-01P	84.027	6,341	
	071183-6B-SF-02P	84.027	7,349	
Total			13,690	
Total Special Education Cluster			27,256	
(Passed through the Ohio Department of Health)				
Special Education Grants for Infants and Families	81-1-003-1-AN-01	84.181	59,308	
Total United States Department of Education			86,564	

FINANCIAL CONDITION
VAN WERT COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR YEAR ENDED DECEMBER 31, 2001
(Continued)

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF ENERGY				
(Passed through the Ohio Department of Development)				
Weatherization Assistance for Low-Income Persons	D00-136	81.042	27,194	
	D01-136	81.042	64,045	
Total			91,239	
Exxon	EX00-136	Oil	6,515	
Total United States Department of Energy			97,754	
FEDERAL EMERGENCY MANAGEMENT AGENCY				
(Passed through the Ohio Department of Public Safety)				
Emergency Management Performance Grant	FY'02	83.552	19,546	
Emergency Management Performance Grant - Terrorism		83.552	2,000	
Total Federal Emergency Management Agency			21,546	
UNITED STATES DEPARTMENT OF AGRICULTURE				
(Passed through the Ohio Department of Education)				
Nutrition Cluster:				
School Breakfast Program	140285-05PU	10.553	7,292	
National School Lunch Program	140285-LLP4	10.555	12,285	
Food Distribution	N/A	10.550		8
Total United States Department of Agriculture - Nutrition Cluster			19,577	8
UNITED STATES DEPARTMENT OF JUSTICE				
Direct Program				
Local Law Enforcement Block Grant Program	2001-LB-BX-3376	16.592	14,019	
Total United States Department of Justice			14,019	
UNITED STATES DEPARTMENT OF LABOR				
(Passed through the Ohio Department of Job and Family Services)				
Workforce Investment Act	N/A	17.255	153,617	
Total United States Department of Labor			153,617	
UNITED STATES DEPARTMENT OF TRANSPORTATION				
(Passed through the Ohio Department of Transportation)				
Highway Planning and Construction Cluster	PID #20446	20.205	546,504	
	PID #22803	20.205	11,663	
Total United States Department of Transportation			558,167	
Total Federal Assistance			$1,811,254	$8

See Accompanying Notes to the Schedule of Federal Awards Expenditures.

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2001

NOTE A — SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B — MATCHING REQUIREMENTS

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

NOTE C — FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. At December 31, 2001, the County had no donated food commodity inventory.

NOTE D — COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

An error correction to move salaries and fringes to the correct grant resulted in negative expenditures on the schedule for BF-99-074-1 and BC-98-074-1.

STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

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

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

To the Board of Commissioners:

We have audited the financial statements of Van Wert County, (the County), as of and for the year ended December 31, 2001, and have issued our report thereon dated September 16, 2002, wherein we noted the County implemented Governmental Accounting Standards Board Statements number 33 and 36. 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 management of the County in a separate letter dated September 16, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 that do not require inclusion in this report, that we have reported to management of the County in a separate letter dated September 16, 2002.

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

Jim Petro
Auditor of State

September 16, 2002

STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Board of Commissioners:

Compliance

We have audited the compliance of Van Wert County (the County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2001. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2001. However, we noted certain 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 September 16, 2002.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Internal Control Over Compliance
(Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. We noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the County in a separate letter dated September 16, 2002.

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

Jim Petro
Auditor of State

September 16, 2002

FINANCIAL CONDITION
VAN WERT COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
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 material non-compliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weakness conditions reported for major federal programs?**	No
(d)(1)(iv)	**Were there any other reportable internal control weakness conditions reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unqualified
(d)(1)(vi)	**Are there any reportable findings under § .510?**	No
(d)(1)(vii)	**Major Programs (list):**	CFDA # 93.778: Medical Assistance Program CFDA # 20.205: Highway Planning and Construction.
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VAN WERT COUNTY FINANCIAL CONDITION

VAN WERT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 10, 2002