



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**OTTAWA COUNTY**  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Ottawa County  
315 Madison Street  
Port Clinton, Ohio 43452-1944

To the Board of County Commissioners:

We have audited the accompanying general-purpose financial statements of Ottawa County, Ohio, (the County) as of and for the year ended December 31, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. We did not audit the financial statements of Riverview Industries, Inc., a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Riverview Industries, Inc., a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Ottawa County as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund types and Riverview Industries Inc., a discretely presented component unit, for the year then ended in conformity with generally accepted accounting principles.

As described in Note 3, the County changed the fund type classification of the Regional Water funds.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2000 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

October 17, 2000

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**OTTAWA COUNTY**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES, ACCOUNT GROUPS, AND**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**DECEMBER 31, 1999**

	Governmental Fund Types			Proprietary Fund Types	
	General Fund	Special Revenue	Debt Service	Capital Projects	Enterprise
<b>ASSETS AND OTHER DEBITS</b>					
<b>Assets:</b>					
Equity with county treasurer in pooled cash and cash equivalents	\$1,423,642	\$9,360,079	\$928,828	\$1,655,493	\$6,732,670
Cash with fiscal and escrow agents	3,496	47,253			800,200
Receivables (net of allowances of uncollectibles):					
Real and other taxes	3,163,055	632,871	189,061		
Accounts	365,311	1,398,061	2,452	51,640	1,104,068
Notes receivable		309,325			
Special assessments		49,228	37,251,282		
Due from other funds		70,366	42	1,541	362,825
Due from other governments	75,907	195,196		816,780	
Interfund receivable	1,239,997				
Prepayments	26,277	27,860		97	5,563
Materials and supplies inventory	103,052	292,936			362,507
Deferred charges - bond issuance costs					239,358
Restricted assets:					
Cash with fiscal and escrow agents					949,080
Property, plant and equipment (net of accumulated depreciation where applicable)					117,392,064
Investment in joint ventures					
<b>Other debits:</b>					
Amount available in debt service fund					
Amount to be provided for retirement of general long-term debt					
<b>Total assets and other debits</b>	<b><u>\$6,400,737</u></b>	<b><u>\$12,383,175</u></b>	<b><u>\$38,371,665</u></b>	<b><u>\$2,525,551</u></b>	<b><u>\$127,948,335</u></b>



Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations			
\$163,403	\$3,753,098 521,369			\$24,017,213 1,372,318	\$1,347,224 157,512	\$25,364,437 1,529,830
	48,305,082			52,290,069 2,921,532 309,325 37,300,510	1,949,600 152,132	54,239,669 3,073,664 309,325 37,300,510
1,014	194,745			435,788 1,282,628 1,239,997 59,797 758,495 239,358		435,788 1,282,628 1,239,997 76,429 769,303 239,358
		\$30,853,319 700,159		148,245,383 700,159	1,270,262	149,515,645 700,159
			\$935,313	935,313		935,313
			37,302,012	37,302,012		37,302,012
<b>\$164,417</b>	<b>\$52,774,294</b>	<b>\$31,553,478</b>	<b>\$38,237,325</b>	<b>\$310,358,977</b>	<b>\$4,904,170</b>	<b>\$315,263,147</b>

(Continued)

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

	Governmental Fund Types				Proprietary Fund Types
	General Fund	Special Revenue	Debt Service	Capital Projects	Enterprise
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>					
<b>Liabilities:</b>					
Accounts payable	\$107,597	\$721,444		\$12,735	\$67,339
Accrued wages and benefits	211,851	309,564		60	49,669
Compensated absences payable	12,597	29,868		62	113,927
Contracts payable				52,529	264,588
Interfund payable		467,201	\$7,420	765,376	
Due to other funds	435,788				
Due to other governments	157,469	284,701			51,395
Undistributed assets					
Deferred revenue	2,331,745	1,572,852	37,428,932		691,774
Deposits held and due to others		34,660			
Claims payable					
Accrued interest payable					
General obligation bonds payable					14,636,033
Notes payable					
Rural Development Loans Payable					2,000,000
Ohio water and sewer loans					1,226,557
OPWC loans payable					683,548
OEPA loans payable					3,274,987
OWDA loans payable					31,227,647
Special assessment debt with Governmental commitment					
Total liabilities	<u>3,257,047</u>	<u>3,420,290</u>	<u>37,436,352</u>	<u>830,762</u>	<u>54,287,464</u>
<b>Equity and other credits:</b>					
Investment in general fixed assets					
Contributed capital					22,334,436
Net assets					
Retained earnings:					
Unreserved					51,326,435
Fund balances:					
Reserved for encumbrances	193,651	824,093		417,284	
Reserved for supplies inventory	103,052	292,936			
Reserved for notes receivable		309,325			
Reserved for prepayments	26,277	27,860		97	
Reserved for debt service			935,313		
Unreserved, undesignated	2,820,710	7,508,671		1,277,408	
Total equity and other credits	<u>3,143,690</u>	<u>8,962,885</u>	<u>935,313</u>	<u>1,694,789</u>	<u>73,660,871</u>
<b>Total liabilities, equity and other credits</b>	<b><u>\$6,400,737</u></b>	<b><u>\$12,383,175</u></b>	<b><u>\$38,371,665</u></b>	<b><u>\$2,525,551</u></b>	<b><u>\$127,948,335</u></b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations			
				\$909,115	\$59,307	\$968,422
				571,144	130,395	701,539
			\$668,226	824,680	5,341	830,021
				317,117		317,117
				1,239,997		1,239,997
				435,788		435,788
				493,565	77,296	570,861
	\$48,499,827			48,499,827		48,499,827
				42,025,303	1,949,600	43,974,903
	4,213,261			4,247,921		4,247,921
\$304,027				304,027		304,027
			9,678,000	24,314,033		24,314,033
			1,740,000	1,740,000	40,000	1,780,000
				2,000,000		2,000,000
				1,226,557		1,226,557
				683,548		683,548
				3,274,987		3,274,987
				31,227,647		31,227,647
			26,151,099	26,151,099		26,151,099
304,027	52,713,088		38,237,325	190,486,355	2,261,939	192,748,294
		\$31,553,478		31,553,478	1,228,376	32,781,854
				22,334,436		22,334,436
					192,342	192,342
(139,610)				51,186,825		51,186,825
				1,435,028		1,435,028
				395,988	10,808	406,796
				309,325		309,325
				54,234	16,632	70,866
				935,313		935,313
	61,206			11,667,995	1,194,073	12,862,068
(139,610)	61,206	31,553,478		119,872,622	2,642,231	122,514,853
<b>\$164,417</b>	<b>\$52,774,294</b>	<b>\$31,553,478</b>	<b>\$38,237,325</b>	<b>\$310,358,977</b>	<b>\$4,904,170</b>	<b>\$315,263,147</b>

**OTTAWA COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
AND DISCRETELY PRESENTED COMPONENT UNIT  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types	
	General Fund	Special Revenue
<b>Revenues:</b>		
Property taxes	\$2,491,250	\$1,043,763
Sales taxes	4,279,920	
Charges for services	1,641,304	9,101,525
Licenses and permits	6,892	87,185
Fines and forfeitures	464,046	43,066
Intergovernmental	1,436,167	7,858,643
Special assessments		22,012
Investment income	1,533,201	4,102
Other	29,766	1,124,483
	11,882,546	19,284,779
<b>Expenditures:</b>		
Current:		
General government:		
Legislative and executive	3,242,957	764,815
Judicial	1,696,618	176,591
Public safety	4,354,476	515,706
Public works	35,684	5,389,166
Health	465,922	31,326
Human services	415,282	11,673,070
Economic development		142,564
Conservation and recreation		66,942
Capital outlay		62,670
Debt service:		
Principal retirement		
Interest and fiscal charges		
	10,210,939	18,822,850
Excess of revenues over (under) expenditures	1,671,607	461,929
<b>Other financing sources (uses):</b>		
Proceeds of bonds		
Proceeds of notes		
Proceeds of OWDA loans		
Operating transfers in	388,633	1,198,365
Other		
Advances in		
Other financing uses		(26,117)
Operating transfers out	(2,622,151)	(703,466)
Other financing sources	564,646	206,749
Other financing source - proceeds of refunding bonds		
Other financing use - payment to refunding escrow agent	(316,637)	
Proceeds from sale of assets		
	(1,985,509)	675,531
Excess of revenues and other financing sources over (under) expenditures and other uses	(313,902)	1,137,460
Fund balance/equity, January 1	3,472,148	7,792,736
Increase in reserve for inventory	(14,556)	32,689
<b>Fund balance/equity, December 31</b>	<b>\$3,143,690</b>	<b>\$8,962,885</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

Governmental Fund Types		Fiduciary Fund Type	Total Primary Government (Memorandum Only)	MRDD Board Component Unit	Total Reporting Entity (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust			
\$186,120			\$3,721,133	\$2,026,951	\$5,748,084
			4,279,920		4,279,920
	\$700,632		11,443,461	144,958	11,588,419
	23,275		117,352		117,352
			507,112		507,112
15,559	1,105,509		10,415,878	1,757,702	12,173,580
941,885	32,621		996,518		996,518
42			1,537,345		1,537,345
28,650			1,182,899	828	1,183,727
<u>1,172,256</u>	<u>1,862,037</u>		<u>34,201,618</u>	<u>3,930,439</u>	<u>38,132,057</u>
			4,007,772		4,007,772
			1,873,209		1,873,209
			4,870,182		4,870,182
	25		5,424,875	4,575,232	10,000,107
			497,248	(10,686)	486,562
			12,088,352		12,088,352
			142,564		142,564
			66,942		66,942
	2,611,014		2,673,684		2,673,684
1,069,581	950,000		2,019,581		2,019,581
1,011,407	37,600		1,049,007		1,049,007
<u>2,080,988</u>	<u>3,598,639</u>		<u>34,713,416</u>	<u>4,564,546</u>	<u>39,277,962</u>
<u>(908,732)</u>	<u>(1,736,602)</u>		<u>(511,798)</u>	<u>(634,107)</u>	<u>(1,145,905)</u>
	171,620		171,620		171,620
	1,740,000		1,740,000		1,740,000
793,010	1,439,702		3,819,710		3,819,710
	(28,205)	(\$9,600)	(63,922)		(63,922)
	(1,099,405)		(4,425,022)		(4,425,022)
259,020	258,462	19,117	1,307,994	181,159	1,489,153
			(316,637)		(316,637)
<u>1,052,030</u>	<u>2,482,174</u>	<u>9,517</u>	<u>2,233,743</u>	<u>181,159</u>	<u>2,414,902</u>
143,298	745,572	9,517	1,721,945	(452,948)	1,268,997
792,015	949,217	51,689	13,057,805	1,675,184	14,732,989
			18,133	(723)	17,410
<u><b>\$935,313</b></u>	<u><b>\$1,694,789</b></u>	<u><b>\$61,206</b></u>	<u><b>\$14,797,883</b></u>	<u><b>\$1,221,513</b></u>	<u><b>\$16,019,396</b></u>

**OTTAWA COUNTY**

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

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Sales taxes	\$3,800,000	\$4,238,796	\$438,796			
Property taxes	2,380,000	2,483,260	103,260	\$3,295,350	\$3,180,358	(\$114,992)
Charges for services	1,545,652	1,631,653	86,001	8,872,155	9,331,644	459,489
Licenses and permits	6,000	6,892	892	69,100	87,147	18,047
Fines and forfeitures	402,000	467,157	65,157	62,971	53,146	(9,825)
Intergovernmental revenue	1,371,902	1,416,454	44,552	10,270,153	9,698,777	(571,376)
Special assessments				40,000	22,012	(17,988)
Investment income	1,300,000	1,594,832	294,832			
Other revenue	46,752	41,092	(5,660)	1,440,917	1,667,635	226,718
<b>Total revenues</b>	<b>10,852,306</b>	<b>11,880,136</b>	<b>1,027,830</b>	<b>24,050,646</b>	<b>24,040,719</b>	<b>(9,927)</b>
<b>Expenditures:</b>						
General government:						
Legislative and executive	3,681,101	3,518,870	162,231	1,599,485	1,464,577	134,908
Judicial	1,795,064	1,755,117	39,947	374,779	183,152	191,627
Public safety	4,381,294	4,304,441	76,853	913,343	470,023	443,320
Public works	39,811	37,492	2,319	13,719,758	11,199,788	2,519,970
Health	482,342	473,926	8,416	98,173	94,307	3,866
Human services	452,633	446,528	6,105	13,066,040	12,247,211	818,829
Conservation and recreation				98,306	74,008	24,298
Economic development and assistance				148,466	148,167	299
Other				26,586	21,898	4,688
Capital outlay						
Debt service:						
Principal retirement						
Interest and fiscal charges						
<b>Total expenditures</b>	<b>10,832,245</b>	<b>10,536,374</b>	<b>295,871</b>	<b>30,044,936</b>	<b>25,903,131</b>	<b>4,141,805</b>
Excess of revenues over (under) expenditures	20,061	1,343,762	1,323,701	(5,994,290)	(1,862,412)	4,131,878
<b>Other financing sources (uses)</b>						
Other financing sources	550,460	618,892	68,432	293,300	409,507	116,207
Other financing uses	(295,284)	(327,278)	(31,994)	(37,378)	(21,347)	16,031
Proceeds of bonds						
Proceeds of notes						
Advances - in		840,510	840,510		467,201	467,201
Advances - out		(1,257,858)	(1,257,858)		(51,944)	(51,944)
Operating transfers - in	30,000	388,633	358,633	1,399,291	1,198,365	(200,926)
Operating transfers - out	(2,640,005)	(2,622,151)	17,854	(819,738)	(703,466)	116,272
<b>Total other financing sources (uses)</b>	<b>(2,354,829)</b>	<b>(2,359,252)</b>	<b>(4,423)</b>	<b>835,475</b>	<b>1,298,316</b>	<b>462,841</b>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(2,334,768)	(1,015,490)	1,319,278	(5,158,815)	(564,096)	4,594,719
Fund balances at beginning of year	1,515,776	1,515,776		7,635,436	7,635,436	
Prior year encumbrances appropriated	396,542	396,542		1,619,702	1,619,702	
<b>Fund balances at end of year</b>	<b>(\$422,450)</b>	<b>\$896,828</b>	<b>\$1,319,278</b>	<b>\$4,096,323</b>	<b>\$8,691,042</b>	<b>\$4,594,719</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

Debt Service Funds			Capital Projects Funds			Total (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
						\$3,800,000	\$4,238,796	\$438,796
\$176,000	\$186,233	\$10,233				5,851,350	5,849,851	(1,499)
			\$649,700	\$669,635	\$19,935	11,067,507	11,632,932	565,425
				23,275	23,275	75,100	117,314	42,214
						464,971	520,303	55,332
13,000	15,559	2,559		459,253	459,253	11,655,055	11,590,043	(65,012)
915,232	942,354	27,122	6,500	31,080	24,580	961,732	995,446	33,714
	28,650	28,650	54,380		(54,380)	1,300,000	1,594,832	294,832
						1,542,049	1,737,377	195,328
<u>1,104,232</u>	<u>1,172,796</u>	<u>68,564</u>	<u>710,580</u>	<u>1,183,243</u>	<u>472,663</u>	<u>36,717,764</u>	<u>38,276,894</u>	<u>1,559,130</u>
						5,280,586	4,983,447	297,139
						2,169,843	1,938,269	231,574
						5,294,637	4,774,464	520,173
						13,759,569	11,237,280	2,522,289
						580,515	568,233	12,282
						13,518,673	12,693,739	824,934
						98,306	74,008	24,298
						148,466	148,167	299
						26,586	21,898	4,688
			3,670,065	3,095,854	574,211	3,670,065	3,095,854	574,211
1,069,581	1,069,581		950,000	950,000		2,019,581	2,019,581	
1,013,461	1,011,407	2,054	37,600	37,600		1,051,061	1,049,007	2,054
<u>2,083,042</u>	<u>2,080,988</u>	<u>2,054</u>	<u>4,657,665</u>	<u>4,083,454</u>	<u>574,211</u>	<u>47,617,888</u>	<u>42,603,947</u>	<u>5,013,941</u>
<u>(978,810)</u>	<u>(908,192)</u>	<u>70,618</u>	<u>(3,947,085)</u>	<u>(2,900,211)</u>	<u>1,046,874</u>	<u>(10,900,124)</u>	<u>(4,327,053)</u>	<u>6,573,071</u>
51,658	257,931	206,273	167,600	101,945	(65,655)	1,063,018	1,388,275	325,257
						(332,662)	(348,625)	(15,963)
				171,620	171,620		171,620	171,620
			2,511,759	1,740,000	(771,759)	2,511,759	1,740,000	(771,759)
	7,410	7,410	200,000	765,385	565,385	200,000	2,080,506	1,880,506
	(7,420)	(7,420)		(434,133)	(434,133)		(1,751,355)	(1,751,355)
900,954	793,010	(107,944)	300,004	1,439,705	1,139,701	2,630,249	3,819,713	1,189,464
			(1,154,405)	(1,099,405)	55,000	(4,614,148)	(4,425,022)	189,126
<u>952,612</u>	<u>1,050,931</u>	<u>98,319</u>	<u>2,024,958</u>	<u>2,685,117</u>	<u>660,159</u>	<u>1,458,216</u>	<u>2,675,112</u>	<u>1,216,896</u>
(26,198)	142,739	168,937	(1,922,127)	(215,094)	1,707,033	(9,441,908)	(1,651,941)	7,789,967
786,089	786,089		627,018	627,018		10,564,319	10,564,319	
			761,023	761,023		2,777,267	2,777,267	
<u>\$759,891</u>	<u>\$928,828</u>	<u>\$168,937</u>	<u>(\$534,086)</u>	<u>\$1,172,947</u>	<u>\$1,707,033</u>	<u>\$3,899,678</u>	<u>\$11,689,645</u>	<u>\$7,789,967</u>

**OTTAWA COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND EQUITY - ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>Enterprise Funds</u>	<u>Internal Service</u>	
<b>Operating revenues:</b>			
Charges for services	\$4,951,988	\$2,304,598	\$7,256,586
Other operating revenues	1,336,736	23,457	1,360,193
Total operating revenues	<u>6,288,724</u>	<u>2,328,055</u>	<u>8,616,779</u>
<b>Operating expenses:</b>			
Personal services	1,504,039		1,504,039
Contract services	2,015,906		2,015,906
Materials and supplies	309,914		309,914
Depreciation and amortization	2,972,730		2,972,730
Claims expense		2,450,534	2,450,534
Total operating expenses	<u>6,802,589</u>	<u>2,450,534</u>	<u>9,253,123</u>
Operating loss	<u>(513,865)</u>	<u>(122,479)</u>	<u>(636,344)</u>
<b>Nonoperating revenues (expenses):</b>			
Grant	2,238,436		2,238,436
Interest income	27,665	195	27,860
Interest and fiscal charges	(946,000)		(946,000)
Special assessments	7,591,240		7,591,240
Other nonoperating revenues	803,960		803,960
Other nonoperating expenses	(8,258)		(8,258)
Total nonoperating revenues (expenses)	<u>9,707,043</u>	<u>195</u>	<u>9,707,238</u>
Net income (loss) before operating transfers	<u>9,193,178</u>	<u>(122,284)</u>	<u>9,070,894</u>
Operating transfer - in	1,068,246	10,235	1,078,481
Operating transfer - out	(473,169)		(473,169)
Net income (loss)	9,788,255	(112,049)	9,676,206
Retained earnings at January 1	<u>41,538,180</u>	<u>(27,561)</u>	<u>41,510,619</u>
Retained earnings at December 31	<u>51,326,435</u>	<u>(139,610)</u>	<u>51,186,825</u>
Contributed capital at January 1	4,963,478		4,963,478
Contributions received	17,491,960		17,491,960
Depreciation on contributed assets	(121,002)		(121,002)
Contributed capital at December 31	<u>22,334,436</u>		<u>22,334,436</u>
<b>Total fund equity at December 31</b>	<u><b>\$73,660,871</b></u>	<u><b>(\$139,610)</b></u>	<u><b>\$73,521,261</b></u>

*The notes to the general-purpose financial statements are an integral part of this statement.*



OTTAWA COUNTY

**STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNIT  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Riverview Industries, Inc.</u>	
<b>Revenue</b>		
Janitorial	\$254,642	
Production	531,703	
Other	128,474	
In kind donations	<u>47,973</u>	\$ 962,792
<b>Expenses</b>		
Payroll expenses	228,921	
Health care insurance	17,530	
Supplies	14,192	
Depreciation	4,608	
Vehicles	1,172	
Other	<u>12,606</u>	279,029
Production expenses:		
Payroll expenses	406,270	
Supplies	1,947	
Health care insurance	27,195	
Depreciation	4,010	
Vehicles	5,806	
Other	<u>12,573</u>	457,801
General and administrative:		
Payroll expenses	210,844	
Supplies	15,731	
Depreciation	11,151	
Health care insurance	6,616	
Other	38,171	
In kind contributions	<u>47,973</u>	330,486
Decrease in net assets		(104,524)
Net assets - beginning		<u>296,866</u>
<b>Net assets - ending</b>		<b><u>\$ 192,342</u></b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

**OTTAWA COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Types</u>		<b>Total (Memorandum Only)</b>
	<u>Enterprise Funds</u>	<u>Internal Service</u>	
<b>Cash flows from operating activities:</b>			
Cash received from sales/service charges	\$5,584,549		\$5,584,549
Cash received from quasi-external transactions		\$2,304,793	2,304,793
Cash received from other operations	1,341,240	23,457	1,364,697
Cash payments for personal services	(1,491,840)		(1,491,840)
Cash payments for contract services	(1,862,148)		(1,862,148)
Cash payments for materials and supplies	(500,856)		(500,856)
Cash payments for claims expense		(2,351,917)	(2,351,917)
	<u>3,070,945</u>	<u>(23,667)</u>	<u>3,047,278</u>
Net cash provided (used) by operating activities			
<b>Cash flows from noncapital financing activities:</b>			
Transfers-in	15,360,255	10,235	15,370,490
Transfer-out	(14,765,178)		(14,765,178)
Advances to other funds	(329,152)		(329,152)
Other expenses	(8,258)		(8,258)
	<u>257,667</u>	<u>10,235</u>	<u>267,902</u>
Net cash provided by noncapital financing activities			
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets	(11,319,371)		(11,319,371)
Grants	2,238,436		2,238,436
Principal retirement	(30,610,215)		(30,610,215)
Special assessments	7,710,004		7,710,004
Note proceeds	24,806,108		24,806,108
Interest and fiscal charges	(1,852,418)		(1,852,418)
	<u>(9,027,456)</u>		<u>(9,027,456)</u>
Net cash used by capital and related financing activities			
Net increase in cash and cash equivalents	(5,698,844)	(13,432)	(5,712,276)
Cash and cash equivalents at beginning of year	12,431,514	176,835	12,608,349
<b>Cash and cash equivalents at end of year</b>	<b><u>\$6,732,670</u></b>	<b><u>\$163,403</u></b>	<b><u>\$6,896,073</u></b>

(Continued)

**OTTAWA COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

	<b>Proprietary Fund Types</b>		<b>Total (Memorandum Only)</b>
	<b>Enterprise Funds</b>	<b>Internal Service</b>	
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>			
Operating loss	(\$513,865)	(\$122,479)	(\$636,344)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	2,972,730		2,972,730
Changes in assets and liabilities:			
Supplies inventory	(194,173)		(194,173)
Accounts receivable	(1,595)		(1,595)
Prepayments	(1,201)		(1,201)
Accounts payable	(17,393)	98,812	81,419
Accrued wages and benefits	17,727		17,727
Compensated absences payable	19,616		19,616
Due to other governments	(12,801)		(12,801)
Contracts payable	263,017		263,017
Other assets	(35,000)		(35,000)
Deferred revenue	638,660		638,660
Due to other funds	(2,750)		(2,750)
Interfund payable	(72,000)		(72,000)
Bond issuance costs	9,973		9,973
<b>Net cash provided (used) by operating activities</b>	<b>\$3,070,945</b>	<b>(\$23,667)</b>	<b>\$3,047,278</b>

**Non-Cash Transactions:**

During 1999, the Water and Sewer enterprise funds received fixed assets that were constructed with resources in the County's governmental funds, in the amount of \$17,491,960.

*The notes to the general-purpose financial statements are an integral part of this statement.*

**OTTAWA COUNTY**

**STATEMENT OF CASH FLOWS  
DISCRETELY PRESENTED COMPONENT UNIT  
FOR THE YEAR ENDED DECEMBER 31, 1999**

**Riverview Industries, Inc.**

**Operating activities**

Decrease in net assets (\$104,524)

Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:

Depreciation	\$15,234	
Non-cash donations	(1,500)	
Decrease (increase) in assets:		
Accounts receivable	13,279	
Prepaid expenses	(8,323)	
Inventory	(2,746)	
Increase (decrease) in liabilities:		
Accounts payable	(457)	
Sales tax payable	(5,184)	
Accrued wages	13,195	
Payroll taxes withheld	4,249	
Accrued payroll taxes	(2,353)	<u>25,394</u>

Net cash used by operating activities (79,130)

**Investing activities**

Purchase of equipment (2,280)

Net cash used in investing activities (2,280)

**Financing activities**

Long-term borrowing 40,000

Net cash provided by financing activities 40,000

Net decrease in cash and cash equivalents (41,410)

Cash and cash equivalents, January 1 198,922

**Cash and cash equivalents, December 31** **\$ 157,512**

*The notes to the general-purpose financial statements are an integral part of this statement.*

## OTTAWA COUNTY

### NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 1999

#### 1. REPORTING ENTITY

Ottawa County's (the County) reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*. The general-purpose financial statements (GPFS) include all funds, account groups, agencies, boards, commissions, and component units for which Ottawa County and the County Commissioners are "accountable." Accountability as defined in GASB Statement No. 14 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's general-purpose financial statements to be misleading or incomplete. Among other factors considered were separate legal standing; appointment of a voting majority of the PCU's board; fiscal dependency, and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County.

#### **Joint Ventures**

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 an ongoing financial interest or an ongoing financial responsibility. The Alcohol, Drug Addiction, and Mental Health Services Board is a joint venture of Ottawa and Erie counties. The Joint Solid Waste District is a joint venture between Ottawa, Sandusky and Seneca counties. The Erie-Ottawa Regional Airport Authority is a joint venture of Ottawa and Erie Counties. Financial information for the joint ventures is presented in Note 22.

#### **Discretely Presented Component Units**

Based on the foregoing criteria the financial activities of the following units have been excluded from the activities of the County and have been included in the County's GPFS as discretely presented component units. Financial information for the component units is presented in Note 4. In prior years the Erie-Ottawa Regional Airport Authority was presented as a discrete component unit of Ottawa County. Beginning in 1999, the Airport Authority is considered a joint venture of Erie and Ottawa Counties.

#### *Ottawa County Board of Mental Retardation and Developmental Disabilities*

The Ottawa County Board of Mental Retardation and Developmental Disabilities (MRDD) is a legally separate entity and is responsible for providing educational services to mentally retarded and developmentally disabled students in the County. It is managed by individual appointments by the Probate Judge and the County Commissioners. The County Commissioners serve as the appropriating authority for the MRDD. As counties are structured in Ohio, the County Auditor and County Treasurer, respectively, serve as fiscal officer and custodian of funds for various agencies, boards, and commissions. As fiscal officer, the Auditor certifies the availability of cash and appropriation prior to the processing of payments and purchases. As the custodian of all public funds, the Treasurer invests public monies held on deposit in the County Treasury. The operations of the MRDD are reported in the GPFS component units column. The MRDD is presented as a governmental fund type. The financial information for the Board of Mental Retardation and Developmental Disabilities can be obtained from James R. Snider, Ottawa County Auditor, 315 Madison Street, Port Clinton, Ohio 43452.

## OTTAWA COUNTY

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

#### *Riverview Industries, Inc.*

Riverview Industries, Inc. is a nonprofit corporation organized for the purpose of providing sheltered employment, transitional employment and outside employment for mentally retarded and developmentally disabled persons in an atmosphere that offers both challenge and growth opportunities. The corporation was formed to meet the requirements for workshop exemption under Federal Minimum Wage Laws. The County's responsibility for the Riverview Industries, Inc. lies with providing the available resources through the Board of Mental Retardation and Developmental Disabilities and staffing to operate the facilities. This includes insurance for buildings and liability insurance for accidents, busing services, and various additional resources needed for their operations. The Riverview Industries, Inc. is being included in the general-purpose financial statements as a proprietary fund type component unit. The financial information for the Riverview Industries, Inc. can be obtained from James Frederick, Superintendent, 8200 West State Route 163, Oak Harbor, Ohio 43449.

#### **Potential Component Units Reported as Agency Funds**

In the case of the separate agencies, boards, and commissions listed below the County serves as the fiscal agent, but is not accountable as defined in GASB Statement No. 14; accordingly the following have been included in the County's financial statements as agency funds:

Community Improvement Corporation of Ottawa County;  
Ottawa County Soil and Water Conservation District;  
Ottawa County Law Library; and  
Ottawa County District Board of Health.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and reporting practices of Ottawa County conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The following is a summary of its significant accounting policies:

#### **Basis of Presentation—Fund Accounting**

The accounts of the County are maintained on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund and account group are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, as appropriate, revenues, and expenditures or expenses, as appropriate. The various funds are summarized by type in the general purpose financial statements.

Total columns on the general-purpose financial statements are captioned "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. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

## OTTAWA COUNTY

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

The County uses the following fund-types and account groups:

#### **Governmental Fund Types:**

**General Fund**—This fund accounts for general operating revenues and expenditures of the County not recorded elsewhere. The primary revenue sources are sales and use taxes, property taxes, state and local government fund receipts, investments earnings and charge for services.

**Special Revenue Funds**—These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) requiring a separate accounting because of legal or regulatory provision or administrative action.

**Debt Service Fund**—This fund is used to account for the accumulation of financial resources for, and the payment of, general obligation long-term debt principal, interest and related costs, and special assessment long-term debt principal, interest and related costs reported in the County's general long-term obligations account group.

**Capital Projects Funds**—These funds are used to account for the acquisition or construction of major capital facilities. Revenues and financing sources are derived from the General Fund and Special Revenue funds.

#### **Proprietary Funds:**

**Enterprise Funds**—These funds are used to account for operations financed and operated in a manner similar to private business enterprises. The intent of the County is that the costs of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

**Internal Service Funds**—These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governmental units, on a cost-reimbursement basis.

#### **Fiduciary Fund Types:**

**Trust and Agency Funds**—These funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals private organizations, other governmental units and other fund. These assets include property and other taxes, as well as other governmental resources which have been collected and which will be distributed to other taxing districts located in the County.

#### **Account Groups:**

**General Fixed Assets Account Group**—This account group is used to present the general fixed assets of the County, other than those fixed assets accounted for in the proprietary funds.

**General Long-Term Obligations Account Group**—This account group is used to account for all long-term obligations of the County except for those accounted for in the proprietary funds.

## OTTAWA COUNTY

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

#### **Basis of Accounting**

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

All proprietary funds are accounted for using 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. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. In addition to the measurement focus, the proprietary funds for the County apply all relevant pronouncements established by the Financial Accounting Standards Board (FASB) except those which conflict or contradict pronouncements established by the Governmental Accounting Standards Board (GASB).

The accompanying financial statements of the County are prepared in conformity with generally accepted accounting principles (GAAP) for local government units as prescribed in statements and interpretations issued by the GASB and other recognized authoritative sources. Under the provisions of Governmental Accounting Standards Board Statement No. 20, the County has elected not to apply Financial Accounting Standards Board Statements (FASB) and interpretations issued after November 30, 1989 to its proprietary activities.

The modified accrual basis of accounting is followed for governmental, expendable trust and agency funds. The modified accrual basis is also followed by the Board of Mental Retardation and Developmental Disabilities component unit. Revenues are recognized in the period when measurable and available to meet obligations incurred during the year.

#### **Measurement Focus**

Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the County is considered to be sixty (60) days after year end except for property taxes receivable, which represents taxes outstanding, and real and public utility taxes which are measurable at year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Principal and interest on general long-term and special assessment debt are recognized when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Revenues which are accrued include earnings on investments; real and personal property taxes; sales taxes (see Note 8); federal and state grants; and charges for current services. Other revenue sources not susceptible to accrual include licenses, permits, donations, some fines and forfeitures, and miscellaneous revenues which are recorded as revenue when received in cash because they are generally not measurable until actually received

Most expenditures are accrued with the following exceptions; general long-term obligation principal is reported only when due, and the cost of accumulated unpaid vacation and sick leave are reported in the period due and payable rather than in the period earned by the employees.



## OTTAWA COUNTY

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

The proprietary funds and the Riverview Industries component unit are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Unbilled service charges receivable are recognized as revenue at year end.

The accompanying financial statements for the component unit, Riverview Industries, Inc. were prepared in accordance with Financial Accounting Standards Board, Statement No. 117, accounting for non-for-profit agencies' financial statement presentation.

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

#### **Budgetary Data**

Under Ohio Law, the Board of County Commissioners must adopt an appropriations budget by January 1<sup>st</sup> of a given year, or adopt a temporary appropriation measure with final passage of a permanent budget by April 1<sup>st</sup>. Budgets are legally required for each organizational unit by object (personal services, materials and supplies, charges for services, and capital outlays and equipment).

Outlined below are the procedures followed by the County to establish the annual operating budget and budgetary data reported in the combined financial statement of revenues, expenditures and changes in fund balance - budget and actual - (non-GAAP Budgetary basis) -all governmental fund types - budget basis (Exhibit III).

1. Following submission of requests by various offices and departments, the Board of County Commissioners holds budget hearings during the fall with respective officeholders and department heads.
2. Shortly after the beginning of the fiscal year, the County Commissioners pass an Appropriation Resolution which legally authorizes the expenditure of funds for respective officeholders and department heads.
3. The revised budget figures reflected in the combined general purpose financial statements include the prior year appropriations carried over for liquidations against prior year encumbrances, and any amendments to the original Appropriation Resolution.
4. The Commissioners appropriate at the major account level within a division and fund. The appropriation level accounts for the County include personal services, materials and supplies, contractual services and interfund transfers. For funds which are directly appropriated by the Commissioners, transfers of appropriations at the major account level or between appropriation level require a resolution signed by at least two Commissioners. Advances in and out are not required to be budgeted.
5. Supplemental appropriations are made when needed, subject to approval by at least two Commissioners. Supplemental appropriations were made during 1999.

## OTTAWA COUNTY

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

6. Unencumbered appropriations lapse at year end. Contracts and purchase type encumbrances outstanding at year end carry their appropriations with them into the next year.
7. The budgetary procedures described herein apply to all funds except the agency funds.

#### **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extensive formal budgetary control in the appropriate governmental and proprietary funds. Encumbrances outstanding at year end are reported as reservations of fund balance for subsequent year expenditures on the modified accrual basis of accounting. Encumbrances outstanding at year end are reported as expenditures on the budget basis of accounting.

#### **Cash and Investments**

To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the County's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

During 1999, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), repurchase agreements, and certificates of deposit.

Repurchase agreements and nonparticipating investment contracts such as non-negotiable certificates of deposit are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurers Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 1999.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 1999 amounted to \$1,533,201 which includes \$1,516,375 assigned from other funds.

The County utilizes a financial institution to service bonded debt as principal and interest payments come due. The balances in these accounts are presented on the combined balance sheet as Restricted Cash - "Cash with Fiscal and Escrow Agents."

#### **Inventories of Materials and Supplies**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a

OTTAWA COUNTY

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

component of net current assets. Inventories of proprietary funds consist of chemicals for water and sewer treatments and are expended when used.

**Prepaid Items**

Prepayments and deferrals for governmental funds represent cash disbursements which have occurred and represent costs applicable to future accounting periods. These items are reported as fund assets on the balance sheet using the allocation method, which amortize their cost over the periods benefitting from the advance payment.

At year end, because prepayment and deferrals are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

**Use of Estimates**

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

**Property, Plant, Equipment, and Depreciation**

*General Fixed Asset Account Group*

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.

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and disposals during the year in the General Fixed Assets Account Group. 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. Contributed fixed assets are recorded at their fair market values as of the date donated. The County follows the policy of not capitalizing infrastructure, which is defined as assets that are immovable and of value only to the County, (i.e., roads, bridges, etc.), ornamental artifacts, and assets with a cost of less than \$200. No depreciation is recognized for assets in the account group. Interest on debt issued to construct general fixed assets is not capitalized in the account group.

*Enterprise Funds*

Property, plant, and equipment reflected in the enterprise funds are stated at cost (or estimated historical cost) and updated for the cost of additions and disposals during the year. Contributed fixed cost assets are recorded at their fair market values as of the date donated. Depreciation has been provided on a straight-line basis over the following estimated useful lives:

OTTAWA COUNTY

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

<u>Description</u>	<u>Estimated Lives</u>
Autos and trucks	5 years
Machinery, equipment, furniture and fixtures	5-15 years
Sewer and water treatment plants and buildings	20 years
Other buildings	25-50 years
Sewer and water mains	50 years

The County also capitalizes the cost of major renovations which extend the useful life of an asset or which enable it to perform new or more valuable services. Interest on tax exempt debt issued to construct enterprise fund fixed assets is capitalized, net of interest earned on the proceeds of such debt.

*MRDD Component Unit*

Fixed assets in the MRDD component unit are capitalized at cost (or estimated historical cost) and updated for the cost of additions and disposals during the year. 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. Contributed fixed assets are recorded at their fair market values as of the date donated. No depreciation is recognized for assets in the component unit.

*Riverview Industries, Inc. Component Unit*

Property and equipment are capitalized at cost, except for items donated at remaining book value. It is Corporation policy to capitalize expenditures for items with a useful life in excess of three years and having a value more than \$200. Amounts not meeting this policy are expensed. The cost of depreciable property is being depreciated over the statutory useful lives of the assets using the modified accelerated cost recovery method as determined by the Internal Revenue Service.

**Compensated Absences**

County employees earn vacation at varying rates depending upon length of service and standard work week. Current policy varies by department as to the accrual limit allowed by the employee. Ohio Law requires that no more than three years worth of accumulated vacation to be accrued per employee. County employees are paid for earned, unused vacation leave at the time of termination of employment. Vacation leave is vested after one year.

Sick leave is accumulated at the rate of 4.6 hours per 80 hours worked and can be accumulated without limit. The County Commissioners adopted a policy which provides for the amount of unused sick leave that is paid to employees upon retirement. As of August 29, 1997, new employees have to follow the new policy which, based upon the employee's years of service, ranges from 25 percent to 50% of the employee's accrued but unused sick leave. Employees that were vested at August 29, 1997, with a minimum five years service can choose to be covered solely under the new policy or the employees may choose to be paid under Ottawa County's old policy and under the new policy. Calculation of years of service credit shall be based on the number of years of service credit the employee has in each plan. The old policy allows employees to be paid for the greater of 25 percent of the employee's accrued, but unused, sick leave up to a maximum of thirty days or the number of

## OTTAWA COUNTY

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

days specified in the old policy that corresponds to the employees years of completed service at the time of retirement.

Vacation and sick leave accumulated by governmental fund type employees has been recorded in the General Long-Term Obligations Account Group because it will not be liquidated with expendable, available resources. General long-term obligations are not limited to liabilities arising from debt issuances, but may also include non-current liabilities and other commitments that are not current liabilities properly recorded in governmental funds. Vacation and sick leave for governmental fund type employees is recognized as an expenditure when used. Vacation and sick leave in the proprietary fund types is recorded as an expense when earned, and the liability for unused amounts is shown as a fund liability.

In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, *Accounting for Compensated Absences*, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is accrued based on the vesting method. Sick leave accrued is based upon amounts accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future.

#### **Intergovernmental Revenues**

Unrestricted intergovernmental revenues received on the basis of entitlement are recorded as receivables and revenues when the entitlement occurs. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred.

#### **Long-Term Obligations**

Long-Term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment of debt. For other long-term debt only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligation is reported in the General Long-Term Obligations Account Group.

The long-term portion of the bond anticipation notes, general obligation bonds, special assessment bonds, vested sick and vacation leave are shown in the General Long-Term Obligations Account Group, while the long-term obligations that are expected to be paid from proprietary funds are shown as a liability of those funds.

Under Ohio law, a debt retirement fund must be created and used for the payment of all principal and interest. Generally accepted accounting principles (GAAP) require the allocation of the debt liability between the capital projects and enterprise funds, and the general long-term obligations account group, with principal and interest payments on matured general obligation long-term debt being reported in the debt service fund. To comply with GAAP reporting requirements, the County's debt retirement funds have been split between the appropriate funds and account group. Debt Service Fund resources used to pay both principal and interest have also been allocated accordingly.

## OTTAWA COUNTY

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

#### **Interfund Transactions**

During the course of normal operations, the County has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund through which resources are to be expended are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and as a reduction in the expenditures/expense in the reimbursed fund.
3. Short-term interfund loans are referred to as interfund receivables/payables. Accrued interfund reimbursements and accrued operating transfers are reflected as due to and from other funds.
4. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The County had no long-term interfund advances as of December 31, 1999.

#### **Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided by the County to enterprise funds and is not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. (See Note 21).

#### **Fund Balance Reserves**

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

The County reports amounts representing material and supplies inventories, prepayments, encumbrances, notes receivable and amount available for debt service as reservations of fund balance in the governmental funds.

#### **Bond Discounts, Premiums and Issuance Costs**

When the proceeds from general obligation bonded debt are placed in a governmental type fund, any bond issuance costs are shown as capital outlay expenditures.

Any premium or discount is included in "Other Financing Sources (Uses) - Bond Proceeds" on the Statement of Revenues, Expenditures and Changes in Fund Balance. The long-term debt that appears in the Long-Term Obligation Account Group is always reported at the bond's face value.

**OTTAWA COUNTY**

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

When the proceeds from general obligation bonded debt are placed in a proprietary type fund, and the debt will be serviced from revenues generated by that fund, then any material issuance costs will be reported as a deferred charge and amortized over the life of the bond using the interest method. Any material discounts or premiums are shown as additions to or deductions from the amount of the bond liability. The discount or premium is amortized using the interest method and reflected as interest income or expense on the Statement of Revenues, Expenses, and Changes in Retained Earnings.

**Statement of Cash Flows**

For the purposes of the statement of cash flows, the County considers cash and cash equivalents to include "Equity with County Treasurer," as these funds are available for immediate withdrawal. Cash and cash equivalents for the Riverview Industries Component Unit are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**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 payables, collectibility. Notes receivable represent the right to receive repayment for certain loans made by the County. The loans are based upon written agreements between the County and the various loan recipients.

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

All receivables are considered collectible in full due to the ability to foreclosure for the nonpayment of taxes, ability to certify unpaid utility bills to the county tax duplicate for collection, the stable condition of State programs and the current year guarantee of federal programs.

**3. CHANGE IN ACCOUNTING PRINCIPLE**

Prior to January 1, 1999, the Regional Water Fund was reported as a Capital Project Fund Type. Starting January 1, 1999, the County reclassified the Regional Water Fund to an Enterprise Fund Type. Also, the Danbury Reserve Bond Account was not included in the Enterprise Fund assets or retained earnings at December 31, 1998. These changes required that adjustments be made to the January 1, 1999, fund type balances as previously reported to reflect the prior year's effect of adopting this change.

**OTTAWA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
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(Continued)**

Fund Type	Previously Stated Fund Balance/ Retained Earnings 12/31/98	Adjustments		Restated Fund Balance/ Retained Earnings 1/1/99
Governmental:				
Capital Project	<u>\$8,133,680</u>	<u>(\$7,184,463)</u>	Change in fund type	<u>\$949,217</u>
Proprietary:				
Enterprise		\$860,397	Change in fund type	
		<u>653,646</u>	Debt reserve addition	
	<u>\$40,024,137</u>	<u>\$1,514,043</u>		<u>\$41,538,180</u>

Fund Type	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	Net Income (Loss) for the year ended 12/31/98	Adjustments	Restated for the year ended 12/31/98
Governmental:				
Capital Project	<u>(\$12,865,982)</u>		<u>\$8,622,943</u>	<u>(\$4,243,039)</u>
Proprietary:				
Enterprise		<u>\$511,276</u>	<u>\$5,975,599</u>	<u>\$6,486,875</u>

As a result of reclassifying the Regional Water Fund from governmental to enterprise, the balance in the general long-term obligation account group as of December 31, 1998 was reduced from \$78,076,864 to \$20,579,524 due to the reclassifying of an OWDA loan of \$27,497,340 and a note payable of \$30,000,000 to enterprise fund liabilities. Fixed assets in the general fixed assets account group at December 31, 1998 were reduced from \$77,665,178 to \$26,491,904 to present fixed assets of \$51,173,274 in the enterprise funds.

**4. DISCRETELY PRESENTED COMPONENT UNITS**

The component units reported in the general purpose financial statements include the financial data of these boards for which the County is not "accountable" as defined by GASB Statement 14 (see Note 1). It is reported in a separate column to emphasize that these entities are legally separate from the activities of the County. The discretely presented component units are:

- The Ottawa County Board of Mental Retardation and Developmental Disabilities (MRDD); and
- Riverview Industries, Inc.



**OTTAWA COUNTY**

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

The following pages present financial statements for the discretely presented component units. Complete financial statements of the individual component unit can be obtained from their respective administrative office.

Component Unit—Condensed Balance Sheet  
December 31, 1999

	MRDD	Riverview Industries	Total
<b>Assets and other debits</b>			
Equity with County Treasurer	\$1,347,224		\$1,347,224
Cash with fiscal and escrow agents		\$157,512	157,512
Receivables:			
Real and other taxes	1,949,600		1,949,600
Accounts	101,884	50,248	152,132
Prepayments	6,484	10,148	16,632
Materials and supplies inventory	8,062	2,746	10,808
Fixed assets (net of accumulated depreciation)	1,228,376	41,886	1,270,262
<b>Total assets</b>	<b>\$4,641,630</b>	<b>\$262,540</b>	<b>\$4,904,170</b>
<b>Liabilities and fund equity</b>			
Liabilities:			
Accounts payable	\$53,095	\$6,212	\$59,307
Accrued wages and benefits	106,409	23,986	130,395
Accrued vacation and sick leave	5,341		5,341
Due to other governments	77,296		77,296
Deferred revenue	1,949,600		1,949,600
Notes payable		40,000	40,000
<b>Total liabilities</b>	<b>2,191,741</b>	<b>70,198</b>	<b>2,261,939</b>
Fund equity:			
Investment in general fixed assets	1,228,376		1,228,376
Net assets:		192,342	192,342
Fund balance:			
Reserved for inventory	10,808		10,808
Reserved for prepaid items	16,632		16,632
Unreserved:			
Undesignated balance	1,194,073		1,194,073
<b>Total fund equity</b>	<b>2,449,889</b>	<b>192,342</b>	<b>2,642,231</b>
<b>Total liabilities and fund equity</b>	<b>\$4,641,630</b>	<b>\$262,540</b>	<b>\$4,904,170</b>

## OTTAWA COUNTY

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

#### 5. COMPLIANCE AND ACCOUNTABILITY

##### Retained Earnings Deficit

At December 31, 1999, the Health Care Self-Insurance internal service fund had a deficit retained earnings balance of (\$139,610) which was caused by the application of generally accepted accounting principles.

#### 6. EQUITY WITH COUNTY TREASURER

The County maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity with County Treasurer."

##### Legal Requirements

Statutes require the classification of monies held by the County into two categories. The first category consists of "active" monies, those monies required to be kept in a "cash" or "near-cash" status for current demands upon the County Treasury. Such monies must be maintained either as cash in the County Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

The second category consists of "inactive" monies, those monies in excess of the amount determined to be "active" monies. Inactive monies may be deposited or invested in the following securities:

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

**OTTAWA COUNTY**

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

7. The State Treasurers Investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed 5 percent of the County's total average portfolio;
10. Bankers' acceptances for a period not to exceed 270 days and in an amount not to exceed 10 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At December 31, 1999, the carrying amount of the County's and component units' demand deposits was as follows:

	Carrying Amount	Bank Balance
County Treasury (#)	\$(2,621,012)	\$889,157
Cash with fiscal and escrow agents	1,271,238	1,432,532
Restricted cash with fiscal/escrow agent	949,080	949,080
Subtotal County	(400,694)	3,270,769
Component units:		
Riverview Industries, Inc.	157,512	157,512
Total all deposits	(\$243,182)	\$3,428,281

# – Component unit of MRDD is included as part of the County Treasury

As of December 31, 1999, the County had cash-on-hand of \$437,890.

Governmental Accounting Standards Board (GASB) Statement 3 requires that all deposits be classified as to risk. The following categories are most typically used:

Category 1. Investments that are insured or registered with securities held by the County or by its agent in the entity's name; deposits that are insured or collateralized with securities held by the County or its agent in the County's name.

Category 2. Investments that are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the County's name; deposits that are

**OTTAWA COUNTY**

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

collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.

Category 3. Investments that are uninsured or unregistered, with securities held by the counterparty, or by its trust department or agent but not in the County's name. Deposits that are uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not the County's name.

The bank balance of \$889,157 in the County Treasury and \$1,432,532 for cash held by fiscal agents would be classified by risk as follows:

1. \$1,025,715 was insured by the Federal Depository Insurance Corporation (FDIC) and thus would belong in risk category (1).
2. The remaining \$1,295,974 was uninsured and uncollateralized was because it was covered by securities held by third party trustees pursuant to Section 135.181, Ohio Revised Code, in single institution collateral pools securing all public funds on deposit with specific depository institutions, but not in the County's name. The Revised Code specifies that the total value of pooled securities pledged as collateral must be at least equal to 110 percent of the total amount of the insured deposits, including any portion covered by federal deposit insurance. The Code also specifies what kind of securities are eligible to be pledged as collateral, and what percentages of their face value count as being eligible for collateral. These deposits would belong in risk category (3).

The Riverview Industries, Inc. component unit does not classify its deposits for risk as it is not required under its basis of accounting. There are also no legal requirements governing investments by not-for-profit organizations.

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

	Category 3	Fair Value
Repurchase Agreements	\$101,080	\$101,080
STAR Ohio		27,547,559
Total		\$27,648,639

**OTTAWA COUNTY**

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

**Reconciliation with Balance Sheet**

	Equity with Treasurer	Investments
Balance Sheet per GASB 9	\$24,017,213	
Cash with fiscal agent	1,372,318	
Restricted cash	949,080	
STAR Ohio	(27,547,559)	\$27,547,559
Repurchase agreements	(101,080)	101,080
Cash on hand	(437,890)	
Component units	1,504,736	
GASB 3—Deposits and investments	(\$243,182)	\$27,648,639

**7. INTERFUND TRANSACTIONS**

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

Fund Type/Fund	<b>Receivable</b>		<b>Payable</b>	
	Due From	Interfund	Due To	Interfund
General Fund		\$1,239,997	\$435,788	
Special Revenue Funds				
Victims of Crime				\$21
CHIPS	\$37,990			116,810
Litter Control				8,322
Community Development	7,842			339,356
DARE Grant Fund	6,426			2,692
Riverview Nursing	10,590			
Danbury Wastewater Study	123			
911	2,699			
Radio Tower	120			
Salem Reserve	84			
Route 2 Enforcement	4,120			
Solid Waste Litter Grant	372			
Total Special Revenue Funds	70,366			467,201
Debt Service Funds				
G.O. Bond Retirement	16			
Special Assessment Bond Fund	26			7,420
Total Debt Service Funds	42			7,420

**OTTAWA COUNTY**

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

Fund Type/Fund	Receivable		Payable	
	Due From	Interfund	Due To	Interfund
<b>Capital Project Funds</b>				
County Home Building	810			
Put-In-Bay Port Authority	558			
Agricultural County Complex	173			
Roose Ditch SB 160				14,004
Brush Wellman Design				451,743
Welfare Building				75,000
Lohrbach Ditch				24,629
Winters Ditch				200,000
Total Capital Project Funds	1,541			765,376
<b>Enterprise Funds</b>				
Danbury Sewer Operations	9,972			
Portage Catawba Water	848			
Catawba Portage Sewer	6,403			
Regional Water	16,297			
S.D. 7 Water	72,000			
S.D. 13 Woodland Estates	257,305			
Total Enterprise Funds	362,825			
<b>Internal Service Fund</b>				
Health Insurance Trust	1,014			
Total all fund types	\$435,788	\$1,239,997	\$ 435,788	\$1,239,997

The following is a summarized breakdown of the County's operating transfers for 1999:

Fund Type/Fund	Transfers In	Transfers Out
<b>General Fund</b>	\$388,633	\$2,622,151
<b>Special Revenue Funds</b>		
Route 2 Enforcement	434	
Title Administration Fund		167,089
Human Services Fund	333,564	40
Children Services Fund	436,150	241,926
CSEA Fund	4,233	168,468
Riverview Nursing Home	92,459	
Victims of Crime	9,010	
Ditch Cleaning	50,000	
Youth Services Grant	4,000	
County/City Complex	54,100	
Salem Reserve Fund	838	
Radio Tower Fund	3,837	116,890

**OTTAWA COUNTY**

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

Fund Type/Fund	Transfers In	Transfers Out
Emergency 9-1-1 Fund	28,289	
Danbury Township Wastewater	3,512	
Warning Siren Grant	175,272	
Reclaim Ohio	1,157	4,000
Reclaim Ohio II		1,157
Litter Control	420	420
CHIPS		3,476
JAIBG Federal Grant	1,090	
Total Special Revenue Funds	1,198,365	703,466
<b>Debt Service Funds</b>		
Special Assessment Fund	2,176	
General Obligation Fund	790,834	
Total Debt Service Funds	793,010	
<b>Capital Projects Funds</b>		
Agricultural Complex Fund	5,733	1,034
Dani-Donn III	2	2,415
Courthouse Construction Fund	950,000	
County Home Building Fund	20,679	650,757
Put-In-Bay Port Authority Fund	455,584	445,199
Brush Wellman Design	7,704	
Total Capital Projects Funds	1,439,702	1,099,405
<b>Enterprise Funds</b>		
Portage Catawba Water Fund	15,482	227,538
Catawba Portage Sewer Fund	103,926	25,816
Danbury Sewer Operations Funds	184,116	138,396
S.D. 6 Ottawa Drive Fund	240	8,545
S.D. 13 Woodland Estates Fund	24,792	22,987
Regional Water	689,417	49,887
S.D. 7 Water Operations	50,273	
Total Enterprise Funds	1,068,246	473,169
<b>Internal Service Funds</b>		
Health Insurance Trust Fund	10,235	
<b>Component Units</b>		
MRDD		
Totals	\$4,898,191	\$4,898,191

**OTTAWA COUNTY**

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

**8. RECEIVABLES**

	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Project</b>
Receivables:				
Real Estate	\$2,482,463	\$632,871	\$189,061	
Sales Tax	680,592			
Total Real and Other Taxes	<u>3,163,055</u>	<u>632,871</u>	<u>189,061</u>	
Accounts:				
Charges for Services	219,498	1,229,478		\$41,443
Licenses and Permits		38		
Other	125,598	27,942		
Other Financing Sources	18,067	140,603	2,452	10,197
Conveyance Fees	2,148			
Total Accounts	<u>365,311</u>	<u>1,398,061</u>	<u>2,452</u>	<u>51,640</u>
Notes		309,325		
Special Assessments		49,228	37,251,282	
Due from Other Governments	75,907	195,196		816,780
Total Receivables	<u>\$3,604,273</u>	<u>\$2,584,681</u>	<u>\$37,442,795</u>	<u>\$868,420</u>

	<b>Enterprise</b>	<b>Trust and Agency</b>	<b>Component Units</b>
Receivables:			
Real and Other Taxes		\$48,305,082	\$1,949,600
Accounts:			
Charges for Services	\$458,806		7,950
Loan	645,262		
Other Financing Sources			12,663
Intergovernmental			81,271
Riverview Industries			50,248
Total Accounts	<u>1,104,068</u>		<u>152,132</u>
Due from Other Governments		<u>194,745</u>	
Total Receivables	<u>\$1,104,068</u>	<u>\$48,499,827</u>	<u>\$2,101,732</u>

**9. PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility, and tangible (used in business) property located in the County. Real property taxes and public utility taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established



## OTTAWA COUNTY

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

by state law at 35 percent of appraised market value. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 50 percent of cost). Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25 percent of true value. The assessed value upon which the 1999 taxes were collected was \$1,328,209,824. The full tax rate for all County operations applied to real property for the fiscal year ended December 31, 1999, was \$5.70 per \$1,000 of assessed valuation.

Real property taxes for the tax year 1999 are payable annually or semiannually. If paid annually, payment is due February 10, 2000. If paid semiannually, the first payment is due February 10, 2000 and the remainder payable by July 20, 2000. Under certain circumstances, state statute permits earlier or later payment dates to be established.

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portions of taxes collected. Collections of the taxes and remittance of them to the taxing districts are accounted for in various agency funds of the County.

Tangible personal property taxes for unincorporated and single county businesses are due semiannually, with the first payment due April 30 and the remainder payable by September 20. Due dates are normally extended an additional 30 days. The due date for the entire tax for inter-county businesses is September 20 or the extended date. The first \$10,000 of taxable value is exempt from taxation for each business by state law. The lien date is either December 31 or the end of the fiscal year (for incorporated businesses in operation more than one year). Since each business files a return to the County Auditor, the tangible personal taxes are not known until all the returns are received.

"Real and Other Taxes" receivable represents delinquent real and tangible personal property and public utility taxes outstanding as of the last settlement (net of allowances for estimated uncollectibles) and real and public utility taxes which were measurable as of the year end. Since the current levy and delinquents are not intended to finance 1999 operations, the receivable is offset by a credit to "Deferred Revenue."

The eventual collection of significantly all real and public utility property taxes (both current and delinquent) is reasonably assured due to the County's ability to force foreclosure of the properties on which the taxes are levied.

#### **10. PERMISSIVE SALES AND USE TAX**

The County Commissioners, by resolution, have imposed a permissive sales and use tax of 1 percent 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 to the General Fund. Amounts that have been collected by the State and to be received within the sixty-day availability period are accrued as revenue. Sales and Use tax revenue for 1999 amounted to \$4,279,920 in the General Fund.

**OTTAWA COUNTY**

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

**11. SPECIAL ASSESSMENTS**

Special assessments include annually assessed service assessments and assessments for debt obligations. Service type special assessments are levied against all property owners which benefit from the provided service, while special assessments for debt obligations are levied against specific property owners who primarily benefit from the project. Special assessments are payable by the time and in the manner stipulated in the assessing resolution and are a lien from the date of the passage of the resolution.

The County's special assessments are for ditch maintenance, which are billed by the County Auditor and collected by the County Treasurer. Special assessments collected in one year are levied and certified in the preceding calendar year.

The County also assessed property owners who benefitted from the Catawba Sewer Project, the LaCarne Water Project, the Route 269 Sewer Extension Project, the Lake in the Woods Water Project, and the Sun Valley Sewer Project. These special assessments are reported as part of the Special Assessment Bond Retirement Fund. Special assessment receivables of \$37,251,282 represent the portion of special assessments for principal and interest to be collected in the future to pay for these special assessments.

**12. FIXED ASSETS**

**General Fixed Assets**

A summary of the changes in general fixed assets follows:

	Restated Balance at 1/1/99	Additions	Disposals	Balance at 12/31/99
Construction in progress		\$1,870,214		\$1,870,214
Land and improvements	\$1,514,917			1,514,917
Buildings	17,452,363	1,454,111		18,906,474
Improvements other than buildings	623,868			623,868
Machinery and equipment	5,451,372	\$1,089,899	(\$179,876)	6,361,395
Vehicles	1,449,384	188,619	(61,552)	1,576,451
<b>Totals</b>	<b>\$26,491,904</b>	<b>\$4,602,843</b>	<b>(\$241,428)</b>	<b>\$30,853,319</b>

**Proprietary Fund Fixed Assets**

All fund fixed assets relate to the sewer and water districts' enterprise funds. The balances as of December 31, 1999 for the Enterprise funds were as follows:

	<u>Enterprise Funds</u>
Land	\$4,355,952
Buildings	14,741,681
Improvements other than buildings	12,484,363

**OTTAWA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
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(Continued)**

	Enterprise Funds
Water and sewer lines	91,307,353
Equipment	13,189,269
Vehicles	339,907
Less: Accumulated depreciation	(19,026,461)
Totals	\$117,392,064

**MRDD Component Unit**

A summary of the changes in the MRDD's fixed assets follows:

	Balance at 1/1/99	Additions	Balance at 12/31/99
Machinery and equipment	\$365,969	\$48,913	\$414,882
Vehicles	598,868	214,626	813,494
Totals	\$964,837	\$263,539	\$1,228,376

**Riverview Industries, Inc. Component Unit**

	Riverview Industries
Furniture and fixtures	\$23,737
Buildings – Greenhouse	12,369
Vehicles	14,961
Equipment	14,895
Less: Accumulated depreciation	(24,076)
Totals	\$41,886

**13. RISK MANAGEMENT**

**Transference of Risk**

The County is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

As a member of County Risk Sharing Authority (CORSA), which selects commercial carriers to provide coverage for liability, property, inland marine, crime and fidelity, and boiler and machinery insurance, the County has transferred risk the extent of the limits shown below. The County has retained risk to the extent of a \$2,500 deductible per loss. No claims for which this deductible was unpaid were outstanding at December 31, 1999.

**OTTAWA COUNTY**

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

Type	Limits of Coverage
Boiler and Machinery	\$100,000,000
Crime and Fidelity	1,000,000
General Liability	1,000,000
Law Enforcement Liability	1,000,000
Public Officials Liability	1,000,000
Medical/Professional Liability	1,000,000
Auto Liability	1,000,000
Excess Liability	5,000,000

The County has transferred risk for employee injury at work to the Ohio Bureau of Workers' Compensation. The rate charged the County is calculated based upon accident history and administrative costs.

**Retention of Risk**

The County maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. A third party administrator reviews all claims of the County. The County's liability is limited to \$100,000 per occurrence and \$1,000,000 group aggregate per year.

The Health Insurance internal service fund reflects premiums paid into this fund by other funds, which are available to pay claims, claim reserves and administrative costs. The County purchases stop-loss coverage which is calculated each month based on the previous months' claims.

The claims liability of \$304,027 reported in the Health Insurance Fund at December 31, 1999 is based on the requirements of the GASB Statement 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, as amended by GASB Statement 30, *Risk Financing Omnibus*, which requires that a liability for claims be recorded if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated.

	Beginning of Year Liability	Current Year Claims and Changes in Estimate	Claim Payments	Balance at Year End
1997	\$172,360	\$2,468,266	\$2,417,852	\$222,774
1998	222,774	2,191,244	2,208,803	205,215
1999	205,215	2,450,534	2,351,722	304,027

**Public Entity Risk Pool**

The County Risk Sharing Authority, Inc., is a public entity risk sharing pool among thirty-nine counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program.

## OTTAWA COUNTY

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

Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

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

CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County does not have an equity interest in CORSA. The County's payment for insurance to CORSA in 1999 was \$198,136.

#### **14. VACATION AND SICK LEAVE LIABILITY**

Vacation and sick leave accumulated by governmental fund type employees have been recorded in the General Long-Term Obligations Account Group. Accrued vacation and sick leave in the proprietary funds are expensed when earned and are recorded as a fund liability until the employee is paid.

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. All accumulated, unused vacation time is paid upon separation if the employee has acquired at least one year of service with the County. Accumulated, unused sick leave and compensatory time are paid to a terminated employee at varying rates depending on length of service and department policy. As of December 31, 1999, the liability for accrued vacation and sick leave was \$830,021 for the entire County, of which \$668,226 was reported in the General Long-Term Obligations Account Group, \$12,597 was reported in General Fund, \$29,868 was reported in Special Revenue Funds, \$62 was reported in the Capital Projects Fund, \$113,927 was reported in the Enterprise Funds and \$5,341 was reported for the MRDD component unit.

#### **15. OUTSTANDING DEBT AND OTHER LONG-TERM OBLIGATIONS**

##### **Enterprise Fund Obligations**

The note and loan debt activity relating to the enterprise funds for the year ended December 31, 1999, consisted of the following:

**OTTAWA COUNTY**

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

	Balance 1/1/99	Issued	Retired	Transfer	Balance 12/31/99
<u>OPWC Loans:</u>					
Danbury Sewer Operations	\$547,673	\$10,780	(\$34,910)		\$523,543
Allen Sewer Operations		23,035	(576)		22,459
Portage Catawba Hydrogen Sulfide Control Loan			(9,778)	\$147,324	137,546
<b>Total OPWC Loans</b>	<b>\$547,673</b>	<b>\$33,815</b>	<b>(\$45,264)</b>	<b>\$147,324</b>	<b>\$683,548</b>
<u>OWDA Loans:</u>					
Danbury Sewer Operations	\$1,185,412	\$102,101	(\$50,951)		\$1,236,562
Regional Water	27,497,340	2,493,745			29,991,085
<b>Total OWDA Loans</b>	<b>\$28,682,752</b>	<b>\$2,595,846</b>	<b>(\$50,951)</b>		<b>\$31,227,647</b>
<u>OWDA/OEPA Loans:</u>					
Regional Water Operations		\$3,274,987			\$3,274,987
<u>Rural Development Loans:</u>					
Regional Water		\$2,000,000			\$2,000,000
<u>Ohio Water and Sewer Loans:</u>					
Danbury Sewer	\$134,239				\$134,239
Portage Catawba Water	114,808				114,808
Catawba Portage Sewer	27,510				27,510
Regional Water		\$950,000			950,000
	\$276,557	\$950,000			\$1,226,557
Regional Water - Notes Payable	\$30,000,000		\$30,000,000		

Bonded debt activity relating to enterprise funds for the year ended December 31, 1999 consists of the following:

	Balance 1/1/99	Issued	Retired	Transfer	Balance 12/31/99
<u>Danbury Sewer Operations:</u>					
2.5% - 5.85% Sanitary Sewer Obligation Refunding Bond	\$6,191,625		(\$360,000)		\$5,831,625
<u>Catawba Portage Sewer:</u>					
4% Hydrogen Sulfide Control Bond	147,324			(\$147,324)	
3.0% - 5.95% Chemical Dosing Station - General Obligation Bonds	280,000		(10,000)		270,000
4.25% - 5% Sanitary Sewer System 9/1/98 Revenue Refunding Bonds	3,445,000		(115,000)		3,330,000

**OTTAWA COUNTY**

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

	Balance 1/1/99	Issued	Retired	Transfer	Balance 12/31/99
5% Sanitary Sewer Revenue 7/1/98 Refunding Bonds	5,055,000		(587,592)		4,467,408
4.25% - 5.5% Various Purpose 7/1/98 Refunding Bonds	419,000		(20,000)		399,000
4.25% - 5.5% Various Purpose 7/1/98 Refunding Bonds	357,000		(19,000)		338,000
<b>Total Enterprise Bonds</b>	<b>\$15,894,949</b>		<b>(\$524,000)</b>	<b>(\$147,324)</b>	<b>\$14,636,033</b>

The following is a summary of the County's future annual debt service requirements for enterprise long-term obligations:

	Revenue Refunding Bond	OPWC Loans	OWDA Loans	OWDA/ OEPA Loans	Rural Development Loan	7/1/98 Revenue Refunding Bonds	Chemical Dosing	9/1/98 Revenue Refunding Bonds	Total
2000	\$629,163	\$28,755	\$1,625,850	\$119,930	\$110,773	\$335,584	\$25,348	\$273,653	\$3,149,056
2001	631,162	57,511	1,625,849	239,860	118,293	333,502	24,893	278,553	3,309,623
2002	631,610	57,511	1,625,850	239,860	118,334	331,419	24,423	273,028	3,302,035
2003	630,652	57,512	1,625,849	239,860	118,318	333,337	23,938	272,503	3,301,969
2004	411,542	57,512	1,625,850	239,860	118,345	336,084	23,438	271,765	3,084,396
2005 - 2031	5,299,934	576,057	31,889,055	3,717,709	3,549,472	10,802,025	329,340	3,893,326	60,056,918
Subtotals	8,234,063	834,858	40,018,303	4,797,079	4,133,535	12,471,951	451,380	5,262,828	76,203,997
Less interest	2,402,438	151,310	8,790,656	1,522,092	2,133,535	7,267,543	181,380	1,932,828	24,381,782
<b>Totals</b>	<b>\$5,831,625</b>	<b>\$683,548</b>	<b>\$31,227,647</b>	<b>\$3,274,987</b>	<b>\$2,000,000</b>	<b>\$5,204,408</b>	<b>\$270,000</b>	<b>\$3,330,000</b>	<b>\$51,822,215</b>

**General Long-Term Obligations**

Changes in the County's long-term obligations during 1999 were as follows:

	Balance 1/1/99	Additions	Reductions	Balance 12/31/99
Notes payable:				
Put-in-Bay Port Authority - 3.98%	\$950,000		(\$950,000)	
Brush Wellman - 7%		\$975,000		\$975,000
Put-in-Bay Port Authority - 3.55%		765,000		765,000
<b>Total</b>	<b>\$950,000</b>	<b>\$1,740,000</b>	<b>(\$950,000)</b>	<b>\$1,740,000</b>

General obligation bonds:

9.75% Courthouse Construction Bonds	\$150,000		(\$25,000)	\$125,000
9.75% Health Care Facility Bonds	600,000		(100,000)	500,000

**OTTAWA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
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(Continued)**

	Balance 1/1/99	Additions	Reductions	Balance 12/31/99
9.75% Detention Facility Bonds	175,000		(30,000)	145,000
9.75% Welfare Building Bonds	140,000		(15,000)	125,000
4.4 - 9.25% County Home Improve Bond	4,100,000		(170,000)	3,930,000
4.25% - 5% County Home Refunded	810,000		(50,000)	760,000
4.25% - 5% Welfare Building Refunded	206,000		(13,000)	193,000
3.0% - 5.95% Industrial Park Improve Bonds	775,000		(25,000)	750,000
4.25% - 5.5% Agricultural Building	1,150,000		(55,000)	1,095,000
3.0% - 5.95% Airport Improve Bonds	570,000		(15,000)	555,000
3.0% - 5.95% County/City Complex Bonds	1,545,000		(45,000)	1,500,000
<b>Total general obligation bonds</b>	<b>\$10,221,000</b>		<b>\$(543,000)</b>	<b>\$9,678,000</b>
 Special assessment bonds:				
7.0% Sun Valley Bond	\$80,000		(\$10,000)	\$70,000
4.2% - 4.5% Lake in the Woods Refunded	194,000		(18,000)	176,000
4.5% Gypsum Projects Bond	95,800		(5,600)	90,200
4.25% - 5.4% Catawba Sewer Refunded	7,895,000		(465,000)	7,430,000
4.25% - 5% SR 163 Refunded	195,000		(12,000)	183,000
7.0% LaCarne Water Bond	29,600		(2,300)	27,300
Route 269 Sewer Bond Refunded	64,000		(3,000)	61,000
OWDA/OEPA Regional Water		\$17,942,258		17,942,258
Perryview Estates Plat 5&6		124,309		124,309
Dani-Donn		47,713	(681)	47,032
<b>Total special assessment bonds</b>	<b>\$8,553,400</b>	<b>\$18,114,280</b>	<b>\$(516,581)</b>	<b>\$26,151,099</b>
 Other long-term obligations:				
Compensated Absences	855,124		(186,898)	668,226
<b>Total general long-term obligations</b>	<b>\$20,579,524</b>	<b>\$19,854,280</b>	<b>\$(2,196,479)</b>	<b>\$38,237,325</b>



**OTTAWA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
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(Continued)**

The following is a summary of the County's future annual debt service requirements for general long-term obligations:

The Perryview Estates Plat 5 & 6 project funded by special assessments has not been completed. An amortization schedule for the repayment of the loan will not be available until the project is completed and therefore is not included in the following schedule.

	General Obligation Bonds	Special Assessment Bonds	Total
2000	\$1,125,661	\$1,567,706	\$2,693,367
2001	1,112,056	2,225,375	3,337,431
2002	1,091,142	2,221,292	3,312,434
2003	1,076,264	2,220,351	3,296,615
2004	1,053,078	2,214,187	3,267,265
2005 - 2018	9,229,238	26,613,935	35,843,173
Sub-total	14,687,439	37,062,846	51,750,285
Less: interest	5,009,439	11,036,056	16,045,495
Total	<u>\$9,678,000</u>	<u>\$26,026,790</u>	<u>\$35,704,790</u>

**Notes Payable**

The County issued the notes payable to provide funds for the operation of the Put In Bay Port Authority and Brush Wellman Project. These are bond anticipation notes that were rolled over prior to the issuance of the financial statements and have a new maturity beyond the fiscal year in which the report is issued or long term obligations have been issued to retire the notes before the financial statements have been issued, and have been reported in the general long-term debt account group.

**General Obligation Bonds**

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and refinancing of bond anticipation notes. General obligation bonds are direct obligations and pledge the full faith and credit of the County for repayment.

**Special Assessment Bonds**

Special assessment bonds are payable from the proceeds of assessments levied against the specific property owners who primarily benefitted from the project. Special assessment monies will be received in and the debt will be retired from the Special Assessment Bond Retirement Fund. 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.

**Prior Year Defeasance of Debt**

In prior years, the County defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not

**OTTAWA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
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(Continued)**

included in the County's financial statements. At December 31, 1999, \$14.205 million of bonds outstanding are considered defeased.

**Ohio Water and Sewer Rotary Commission Loans**

The Ohio Water and Sewer Rotary Commission Loans were issued to the County for the deferral of special assessment collections on agricultural land. The loan principal is being deferred as long as the land is used for agricultural purposes. If the land is ever used for other than agricultural purposes, the loan is due and payable, the special assessments are then due and collectible by the County, and the monies collected are to be remitted to the Ohio Water and Sewer Rotary Commission (OWSRC) within one year of collection. The loans are non-interest bearing as long as the land is used for agricultural purposes. If the land is ever used for other than agricultural purposes and the required special assessments are not remitted to OWSRC, the loans become interest bearing at an interest rate to be determined by OWSRC.

**Ohio Public Works Commission Bond**

The Ohio Public Works Commission (OPWC) Bonds were issued to provide funds for the improvements and replacement of sanitary sewers in the Danbury and Allen Sewer area. The bonds will be repaid with revenues from the Danbury Sewer and Allen Sewer enterprise funds.

**Ohio Water Development Loans**

The Ohio Water Development Authority (OWDA) loans were issued to provide funds for the Danbury Sewer operations and the Regional Water Project. The loans will be repaid from special assessments and revenues from the Regional Water operations.

**Legal Debt Margin**

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 shall never exceed 1 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, shall never exceed a sum equal to 3 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 described above at December 31, 1999, are an overall debt margin of \$27,576,926 and an unvoted debt margin of \$8,681,770.

**16. CONSTRUCTION COMMITMENTS**

As of December 31, 1999, the County had the following significant outstanding contractual commitments:

**OTTAWA COUNTY**

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Fund Type/Fund/Project	Purchase Commitment	Expended Through 12/31/99	Amount Remaining on Contracts
Capital projects funds:			
Brush Wellman Water Line	\$1,856,364	\$1,721,171	\$135,193
Enterprise funds:			
Regional Water Fund	58,195,590	57,318,494	877,096

**17. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The County maintains several enterprise funds to account for the operations of five sewer districts and two water districts. Segment information for the year ended December 31, 1999 follows:

	Danbury, SD 7 and Allen Sewers	Riverview Sewer	Portage Catawba Sewer	Regional Water	S.D. 6 Ottawa Drive	Catawba Portage Sewer	S.D. 13 Woodland Estates	Total
Operating revenue	\$1,033,589		\$171,395	\$3,001,628	\$549	\$1,978,338	\$103,225	\$6,288,724
Operating expenses before depreciation	825,353		141,357	1,545,559	480	1,236,991	80,119	3,829,859
Depreciation	621,208	\$23,946	55,873	1,398,125	180	871,726	1,672	2,972,730
Operating income (loss)	(412,972)	(23,946)	(25,835)	57,944	(111)	(130,379)	21,434	(513,865)
Net income before transfers	(354,021)	(23,946)	(4,381)	9,876,007	(111)	(542,897)	242,527	9,193,178
Transfers in	234,389		15,482	689,417	240	103,926	24,792	1,068,246
Transfers out	(138,396)		(227,538)	(49,887)	(8,545)	(25,816)	(22,987)	(473,169)
Net income (loss)	(258,028)	(23,946)	(216,437)	10,515,537	(8,416)	(464,787)	244,332	9,788,255
Net working capital	219,435		1,230	(161,867)	4	71,876	257,351	388,029
Fixed assets	23,355,658	753,442	1,562,825	60,055,286	4,933	31,620,802	39,118	117,392,064
Additions to contributed capital	401,060			17,090,900				17,491,960
Total assets	27,516,450	753,442	1,845,099	64,565,821	4,937	32,936,480	346,901	127,969,130
Bonds payable	6,230,625		338,000			8,067,408		14,636,033
Rural Development Loan				2,000,000				2,000,000
OPWC loans payable	523,543					137,546	22,459	683,548
OWDA/OEPA loans payable				3,274,987				3,274,987
OWDA loans payable	1,236,562			29,991,085				31,227,647
Loans payable	134,239		114,808	950,000		27,510		1,226,557
Total equity	19,140,441	753,442	605,468	27,798,592	4,937	25,026,056	331,935	73,660,871

## OTTAWA COUNTY

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

#### 18. RELATED PARTY TRANSACTIONS

During 1999, Ottawa County provided facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of programs to Riverview Industries, Inc., (the workshop), a discretely presented component unit of Ottawa County. The value of support facilities and services based on the Ohio Medicaid Cost Report for the year ended December 31, 1999 was \$47,973.

#### 19. DEFINED PENSION PLANS

##### **Public Employees Retirement System (PERS)**

All Ottawa County full time employees participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer defined benefit pension plan operated by the State. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish or amend benefits is provided by statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates effective for 1999 were 8.5% for regular employees and 9.0% for law enforcement employees. The 1999 employer contribution rate relating to regular employees was 13.55% of covered payroll; 9.35% was the portion used to fund pension obligations. The 1999 law enforcement employer rate was 16.7% of covered payroll; 12.5% was the portion used to fund pension obligations. County agencies have the option of paying part or all of the employees share, if they wish to do so. The County's required contributions for pension obligations to PERS for the years ended December 31, 1999, 1998, and 1997 were \$2,315,537, \$2,317,506; and \$2,237,757; respectively; 80 percent has been contributed for 1999 and 100 percent for the years 1998 and 1997. \$463,541 representing the unpaid portion of the 1999 required contribution is recorded as a liability within the respective funds.

##### **Other Post Employment Benefits**

Public Employees Retirement System of Ohio (PERS) provides post retirement health care coverage to age and service retirees with 10 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 Post Employment Benefit (OPEB) as described in GASB Statement No.12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 1999 employer contribution rate for local employers was 13.55 percent of covered payroll and the rate for law enforcement employees was 16.70 percent; 4.2 percent was the portion that was used to fund health care for the year for regular employees and law enforcement employees.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. The County's contribution to fund health care was \$681,040 for 1999.

**OTTAWA COUNTY**

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

Benefits are funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investments earnings thereon. The contributions allocated to retiree health and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

Expenditures for OPEB during 1999 were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions equal to 4.2 % of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

Additional information on the PERS, including historical trend information showing progress in accumulating sufficient assets to pay benefits when due is available in the PERS December 31, 1999, Comprehensive Annual Financial Report.

**20. BUDGETARY BASIS OF ACCOUNTING**

The County's budgetary process is based upon accounting for transactions on the cash basis. The difference between the cash basis (budget basis) and the modified accrual basis (GAAP basis) is that revenues are recorded when actually received (budget) as opposed to when susceptible to accrual (GAAP) and that expenditures are recorded when paid (budget) as opposed to when incurred (GAAP). Additionally, the County reflects outstanding encumbrances as expenditures on the budgetary basis of accounting. Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis are as follows:

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	General	Special Revenue	Debt Service	Capital Projects
Budget basis	(\$1,015,490)	(\$564,096)	\$142,739	(\$215,094)
Net adjustment for revenue accruals	2,410	(4,755,940)	(540)	750,146
Net adjustment for expenditure accruals	(201,379)	5,215,365		2,267
Net adjustment for other financing sources (uses)	373,743	(622,785)	1,099	(274,295)
Encumbrances	526,814	1,864,916		482,548
GAAP Basis	(\$313,902)	\$1,137,460	\$143,298	\$745,572

**OTTAWA COUNTY**

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

**21. CONTRIBUTED CAPITAL**

The County's 1999 activity related to contributed capital is summarized below:

	Danbury Sewer	Catawba Portage Water	Regional Water	Total
Balance, January 1, 1999	\$3,048,147	\$1,915,331		\$4,963,478
Contributions	401,060		\$17,090,900	17,491,960
Depreciation	(74,367)	(41,786)	(4,849)	(121,002)
Balance, December 31, 1999	<u>\$3,374,840</u>	<u>\$1,873,545</u>	<u>\$17,086,051</u>	<u>\$22,334,436</u>

**22. JOINT VENTURES**

**Joint Solid Waste District**

The Joint Solid Waste District is a joint venture between Ottawa, Sandusky, and Seneca counties. The joint venture was formed for the purpose making disposal of waste in the three-county area more comprehensive in terms of recycling, incinerating, and waste disposal.

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

The Joint Solid Waste District consists of a nine-member board of directors, comprised of the three commissioners from each County, who are responsible for the District's financial matters. Each county's degree of control over the District is limited to its representation on the Board of Trustees. The District operates autonomously from the County, and the County has no financial responsibility for the operations of this District, nor does the County subsidize the District in any way. Financial records are maintained by the Sandusky County Auditor and Treasurer.

The District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste. A sixteen-member policy committee, consisting of five members from each county and one at-large member appointed by the board of directors, is responsible for preparing the solid waste management plan of the District in conjunction with a sixteen-member Technical Advisory Council (members appointed by the policy committee). The District's equity interest in the Joint Solid Waste District was \$353,497 at December 31, 1999. Financial information can be obtained by contacting William Farrell, Sandusky County Auditor, who serves as controller, at 100 North Park Avenue, Fremont, Ohio, 43420.

**Alcohol, Drug Addiction and Mental Health Services Board**

The Alcohol, Drug Addiction, and Mental Health Services Board of Erie and Ottawa Counties (the ADAMHS Board) is a governmental joint venture between Ottawa and Erie Counties. The joint venture was formed for the purpose of providing mental health education, consultation, training, and referral

## OTTAWA COUNTY

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

services to the public. Each county government supports the joint venture through a tax levy on property within each county. The counties share in the equity of the ADAMHS Board based on percentage of population within the two counties and will share in net obligations or asset liquidations in a ratio proportionate manner in the event of dissolution. The ADAMHS Board is controlled by a board whose membership consists of five appointees of the State Board of Mental Health, six appointees of the Ottawa County Commissioners, and nine appointees of the Erie County Commissioners. Ottawa County's degree of control over the ADAMHS Board is limited to its representation on the Board. The ADAMHS Board adopts its own budget, is responsible for staffing, and operates autonomously from the County. All fiscal matters are handled by the Erie County Auditor. Each county's degree of control over the District is limited to its representation on the Board of Trustees. The District operates autonomously from the County, and the County has no financial responsibility for the operations of this District, nor does the County subsidize the District in any way. Ottawa County's equity interest in the ADAMHS Board was \$346,662 at December 31, 1999. Financial information can be obtained by contacting Jude Hammond, Erie County Auditor, who serves as controller, at 247 Columbus Avenue, Sandusky, Ohio.

#### **Regional Airport Authority**

The Regional Airport Authority is a joint venture between Ottawa and Erie Counties. The Joint Venture was formed to provide maintenance of runways and taxiways at the Airport facility. The Regional Airport Authority operates under the direction of a seven-member board of trustees. Three members are appointed by each Board of County Commissioners in Ottawa and Erie counties. The seventh member is appointed at large by the other six. The members serve without compensation, as outlined in Section 308.04 of the Ohio Revised Code. The secretary/treasurer is appointed by the Board of Trustees. Griffing's Island Airlines, Inc., manages the Airport and is a private business. The financial statements of the Airport Authority do not include the managing airline's financial activity. The financial information for the Regional Airport Authority can be obtained from Jackie Dunn, Secretary, 3255 East State Road, Port Clinton, Ohio 43452.

#### **23. JOINTLY GOVERNED ORGANIZATION**

The Ottawa County Family and Children First Council provides services to multi-need youth in the County. Members of the Council include the Ottawa County Board of Mental Retardation, the Erie-Ottawa Alcohol, Drug Addiction and Mental Health Services Board, Port Clinton City School District, the Ottawa County Children Services Board, the Ottawa County District Board of Health, the Ohio Department of Youth Services, the Ottawa County Common Pleas Court, the Ottawa County Department of Human Services, the Erie-Huron-Ottawa Educational Services Center, and the City of Port Clinton. The operation of the Council is controlled by an advisory committee which consists of a representative from each agency. Funding comes from each participant.

#### **24. CONTINGENT LIABILITIES**

There are a few claims and lawsuits pending against the County, but in the opinion of the County Prosecutor, no material liability is anticipated. The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. 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 believes such disallowances, if any will be immaterial.

**OTTAWA COUNTY**

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

**25. CONDUIT DEBT OBLIGATIONS**

From time to time, the County has issued Industrial Revenue Bonds, Health Care Facility Bonds, and Hospital Revenue Bonds, to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 1999 there is one Industrial Revenue Bonds, four series Health Care Facility Bonds, and one Hospital Revenue Bond outstanding. The aggregate principal amount payable for the six series issued after July 1, 1995 was \$75,410,000.

**26. SUBSEQUENT EVENTS**

On February 3, 2000, the County issued a \$1,245,000 various purpose general obligation bond anticipation note for the purpose of (\$500,000) constructing water system improvements in the county with all the necessary appurtenances thereto and (\$745,000) paying for the acquisition and improvement of port authority facilities in the county. The notes are dated February 16, 2000 and have an interest rate of 4.6% and mature on February 14, 2001.



**OTTAWA COUNTY**

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

<b>FEDERAL GRANTOR</b> <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Project Number	Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>			
Water and Waste Disposal Systems for Rural Communities	10.760	OH940305-X829	\$1,000,000
	10.760	Loan 91-09	<u>2,000,000</u>
Total Water and Waste Disposal Systems for Rural Communities			<u>3,000,000</u>
Total Department of Agriculture			<u>3,000,000</u>
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed through Ohio Department of MRDD</i>			
Social Services Block Grant (Title XX) Board of Mental Retardation and Developmental Disabilities	93.667	MR-62-99	39,398
	93.667	MR-62-00	<u>16,546</u>
Total Social Services Block Grant			<u>55,944</u>
Medical Assistance Program (Medicaid:Title XIX) Board of Mental Retardation and Developmental Disabilities	93.778		873,129
Total Medical Assistance Program			<u>873,129</u>
Total Department of Health and Human Services			<u>929,073</u>
<b>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed through Ohio Department of Economic and Community Development</i>			
Community Development Block Grant - Small Cities CDBG Program - Formula	14.228	B-F-98-057-1	324,395
Small Cities CDBG Program - Discretionary	14.228	B-D-97-057-1	393,000
Small Cities CDBG Program - CHIP	14.228	B-C-98-057-1	78,725
Small Cities CDBG Program - Imminent Threat	14.228	B-I-98-057-1	200,000
Small Cities CDBG Program - Competitive Water or Sewer Grant Program	14.228	B-W-96-057-1	500,000
Total CDBG - Small Cities			<u>1,496,120</u>
<i>Direct</i>			
Home Investment Partnerships Program	14.239	B-C-98-057-2	91,617
<i>Passed through Ohio Department of Economic and Community Development</i>			
Home Investment Partnerships Program	14.239	B-C-98-057-2	15,566
Total CDBG - Home Program			<u>107,183</u>
Total Department of Housing and Urban Development			<u>1,603,303</u>
<b>UNITED STATES DEPARTMENT OF FEDERAL EMERGENCY MANAGEMENT AGENCY</b>			
<i>Passed through Ohio Department of Public Safety</i>			
Emergency Management Agency	83.534	N/A	33,775
Emergency Management Agency	83.544	1227-DR-123-91004	<u>21,028</u>
Total Emergency Management			54,803
<b>UNITED STATES DEPARTMENT OF COMMERCE</b>			
Economic Development - Grants and Loans for Public Works and Development	11.300	06-01-02899	816,780
Total Economic Development			<u>816,780</u>
<b>DEPARTMENT OF JUSTICE</b>			
<i>Office of Juvenile Justice and Delinquency Prevention, Juvenile Justice and Delinquency Prevention Allocation to the States Passed Through the Office of Criminal Justice Services</i>			
Alternative Learning	16.540	98-JJ-DP2-0394	8,353
Total Alternative Learning			<u>8,353</u>
Juvenile Accountability Incentive Block Grant	16.XXX	98-JB-013-A062	5,201
Total Juvenile Accountability Incentive Block Grant			<u>5,201</u>
Total Department of Justice			<u>13,554</u>
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>			<u><b>\$6,417,513</b></u>

*The accompanying notes are an integral part of this schedule.*

**OTTAWA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED DECEMBER 31, 1999**

**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 - SUBRECIPIENTS**

The County passes-through certain Federal assistance received from the Office of Criminal Justice Services to the Erie-Huron-Ottawa County Educational Service Center. As described in Note A, the County records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the County is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

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

The County administers a loan program with funds provided by the U.S. Department of Housing and Urban Development (HUD) through the Ohio Department of Development under two Community Development Block Grant Programs (CFDA 14.228 and CFDA 14.239). The purpose of these programs is to assist low to moderate income households with home improvements and assist first time home buyers. The initial loans of these funds are recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures. Loans, repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule. Loan agreements provide for liens to be filed against the property as collateral for the loans. As of December 31, 1999, the total amount of loans outstanding was \$309,325.

**NOTE D - 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.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

One Government Center  
Room 1420  
Toledo, Ohio 43604-2246  
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800-443-9276  
Facsimile 419-245-2484  
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Ottawa County  
315 Madison Street  
Port Clinton, Ohio 43452-1944

To the Board of County Commissioners:

We have audited the financial statements of Ottawa County (the County) as of and for the year ended December 31, 1999, and have issued our report thereon dated October 17, 2000, in which we noted the County changed the fund type classification of the Regional Water Fund. We did not audit the financial statements of Riverview Industries, Inc., a discretely presented component unit, which was audited by other auditors. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Riverview Industries, Inc., were not audited in accordance with *Government Auditing Standards* and accordingly this report does not extend to that component unit.

**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 October 17, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. 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 October 17, 2000.

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

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

**Jim Petro**  
Auditor of State

October 17, 2000



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

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

Ottawa County  
315 Madison Street  
Port Clinton, Ohio 43452-1944

To the Board of County Commissioners:

**Compliance**

We have audited the compliance of Ottawa 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, 1999. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to 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 generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999. We noted an instance of noncompliance that does not require inclusion in this report, that we have reported to management of the County in a separate letter dated October 17, 2000.

**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.

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.

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

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

**Jim Petro**  
Auditor of State

October 17, 2000

**OTTAWA COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 1999**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under §.510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Water and Waste Disposal Systems for Rural Communities - CFDA #10.760  Economic Development Grants and Loans for Public Works and Development - CFDA #11.300  Medical Assistance Program - CFDA #93.778
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	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

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**OTTAWA COUNTY FINANCIAL CONDITION**

**OTTAWA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 14, 2000**