



JIM PETRO
AUDITOR OF STATE

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 (the County) as of and for the year ended December 31, 2000. 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, which represent 6 percent of the assets of the component unit column. 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 Riverview Industries, Inc., is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Riverview Industries, Inc. component unit were audited by other auditors in accordance with auditing standards generally accepted in the United States of America and not 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 provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Ottawa County, Ohio, as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund types and Riverview Industries Inc. component unit for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2001, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

September 20, 2001

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OTTAWA COUNTY
COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS, AND
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2000

	Governmental Fund Types				Proprietary Fund Types
	General Fund	Special Revenue	Debt Service	Capital Projects	Enterprise
ASSETS AND OTHER DEBITS					
Assets:					
Equity with county treasurer in pooled cash and cash equivalents	\$3,356,948	\$8,291,496	\$1,050,985	\$3,537,674	\$7,796,765
Cash with fiscal and escrow agents	4,467	48,735			15,834
Receivables (net of allowances of uncollectibles):					
Real and other taxes	3,166,333	614,966	213,910		
Accounts	400,295	1,666,423		160,606	1,069,444
Notes receivable		309,325			
Loans receivable	540,800				
Special assessments		44,314	35,187,695		
Due from other funds		6,000	792	1,373	44,244
Due from other governments	75,803	2,839			
Interfund receivable	924,429				
Prepayments	24,162	30,467			8,095
Materials and supplies inventory	125,893	313,453			430,569
Deferred charges - bond issuance costs					229,385
Restricted assets:					
Cash with fiscal and escrow agents					956,898
Property, plant and equipment (net of accumulated depreciation where applicable)					116,655,971
Investment in joint ventures					
Other debits:					
Amount available in debt service fund					
Amount to be provided for retirement of general long-term debt					
Total assets and other debits	<u>\$8,619,130</u>	<u>\$11,328,018</u>	<u>\$36,453,382</u>	<u>\$3,699,653</u>	<u>\$127,207,205</u>

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			
\$191,449	\$4,289,074 415,852			\$28,514,391 484,888	\$820,017 144,563	\$29,334,408 629,451
	46,262,103			50,257,312 3,296,768 309,325 540,800 35,232,009	2,705,974 143,467	52,963,286 3,440,235 309,325 540,800 35,232,009
1,172	73,953			53,581 152,595 924,429 62,724 869,915 229,385	17,296 15,481	53,581 152,595 924,429 80,020 885,396 229,385
				956,898		956,898
		31,506,333 962,434		148,162,304 962,434	670,686	148,832,990 962,434
			1,038,027	1,038,027		1,038,027
			35,787,215	35,787,215		35,787,215
\$192,621	\$51,040,982	\$32,468,767	\$36,825,242	\$307,835,000	\$4,517,484	\$312,352,484

(Continued)

OTTAWA COUNTY
COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS, AND
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2000
(Continued)

	Governmental Fund Types				Proprietary Fund Types
	General Fund	Special Revenue	Debt Service	Capital Projects	Enterprise
LIABILITIES, EQUITY AND OTHER CREDITS					
Liabilities:					
Accounts payable	\$92,452	\$412,222		\$12,369	\$18,092
Accrued wages and benefits	274,349	322,807		88	54,255
Compensated absences payable	27,211	34,073		13	139,995
Contracts payable				472,269	307,225
Interfund payable		335,284	\$13,750	575,395	
Due to other funds	53,581				
Due to other governments	203,325	212,200			51,395
Undistributed assets					
Deferred revenue	3,049,971	1,313,056	35,401,605		670,399
Deposits held and due to others		35,120			
Claims payable					
Accrued interest payable				27,130	
General obligation bonds payable					7,410,470
Notes payable	436,850			2,813,150	
Ohio water and sewer loans					1,385,225
OPWC loans payable					645,580
OEPA loans payable					3,220,750
OWDA loans payable					30,238,813
Revenue bonds payable					8,666,625
Special assessment debt with Governmental commitment					
Total liabilities	<u>4,137,739</u>	<u>2,664,762</u>	<u>35,415,355</u>	<u>3,900,414</u>	<u>52,808,824</u>
Equity and other credits:					
Investment in general fixed assets					
Contributed capital					22,541,432
Net assets					
Retained earnings:					
Unreserved					51,856,949
Fund balances:					
Reserved for encumbrances	349,404	1,406,763		2,097,550	
Reserved for supplies inventory	125,893	313,453			
Reserved for prepayments	24,162	30,467			
Reserved for debt service			1,038,027		
Reserved for notes receivable		309,325			
Reserved for loans receivable	540,800				
Unreserved, undesignated	3,441,132	6,603,248		(2,298,311)	
Total equity and other credits	<u>4,481,391</u>	<u>8,663,256</u>	<u>1,038,027</u>	<u>(200,761)</u>	<u>74,398,381</u>
Total liabilities, equity and other credits	<u>\$8,619,130</u>	<u>\$11,328,018</u>	<u>\$36,453,382</u>	<u>\$3,699,653</u>	<u>\$127,207,205</u>

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			
				\$535,135	\$79,597	\$614,732
				651,499	103,887	755,386
			\$1,141,887	1,343,179	111,686	1,454,865
				779,494		779,494
				924,429		924,429
				53,581		53,581
				466,920	78,735	545,655
	\$46,006,055			46,006,055		46,006,055
				40,435,031	2,705,974	43,141,005
	4,996,882			5,032,002		5,032,002
\$220,609				220,609		220,609
				27,130		27,130
			9,121,000	16,531,470		16,531,470
			1,245,000	4,495,000	40,000	4,535,000
				1,385,225		1,385,225
				645,580		645,580
				3,220,750		3,220,750
				30,238,813		30,238,813
				8,666,625		8,666,625
			25,317,355	25,317,355		25,317,355
220,609	51,002,937		36,825,242	186,975,882	3,119,879	190,095,761
		\$32,468,767		\$32,468,767	619,491	\$33,088,258
				22,541,432		22,541,432
					194,980	194,980
(27,988)				51,828,961		51,828,961
				3,853,717		3,853,717
				439,346	11,052	450,398
				54,629	5,244	59,873
				1,038,027		1,038,027
				309,325		309,325
				540,800		540,800
	38,045			7,784,114	566,838	8,350,952
(27,988)	38,045	32,468,767		\$120,859,118	1,397,605	122,256,723
\$192,621	\$51,040,982	\$32,468,767	\$36,825,242	\$307,835,000	\$4,517,484	\$312,352,484

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, 2000**

	Governmental Fund Types	
	General Fund	Special Revenue
Revenues:		
Property taxes	\$2,317,148	\$1,004,188
Sales taxes	4,260,423	
Charges for services	1,576,407	9,041,830
Licenses and permits	5,475	70,113
Fines and forfeitures	423,407	49,659
Intergovernmental	1,434,085	8,328,254
Special assessments		25,880
Investment income	1,791,556	(7,615)
Other	246,391	1,497,240
	<u>12,054,892</u>	<u>20,009,549</u>
Expenditures:		
Current:		
General government:		
Legislative and executive	3,400,079	805,214
Judicial	1,719,403	234,632
Public safety	3,858,650	970,473
Public works	31,153	5,250,225
Health	643,311	126,989
Human services	1,381,011	13,962,108
Economic development		146,793
Conservation and recreation		134,180
Other		33,504
Capital outlay		(2,039)
Debt service:		
Principal retirement		
Interest and fiscal charges		
	<u>11,033,607</u>	<u>21,662,079</u>
Excess of revenues over (under) expenditures	<u>1,021,285</u>	<u>(1,652,530)</u>
Other financing sources (uses):		
Proceeds of notes		
Operating transfers in	648,960	1,943,293
Other financing uses		
Operating transfers out	(967,863)	(959,378)
Other financing sources	612,478	348,469
	<u>293,575</u>	<u>1,332,384</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>1,314,860</u>	<u>(320,146)</u>
Fund balance/equity, January 1	3,143,690	8,962,885
Increase in reserve for inventory	22,841	20,517
Fund balance/equity, December 31	<u>\$4,481,391</u>	<u>\$8,663,256</u>

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			
\$172,255			\$3,493,591	\$2,090,829	\$5,584,420
			4,260,423		4,260,423
	\$650,176		11,268,413	63,767	11,332,180
	400		75,988		75,988
			473,066		473,066
14,968	124,750		9,902,057	1,651,527	11,553,584
896,947	7,750		930,577		930,577
740	1,382		1,786,063		1,786,063
27,208	1,024		1,771,863	141	1,772,004
1,112,118	785,482		33,962,041	3,806,264	37,768,305
			4,205,293		4,205,293
			1,954,035		1,954,035
			4,829,123		4,829,123
	76		5,281,454		5,281,454
			770,300	404,302	1,174,602
			15,343,119	3,476,356	18,819,475
			146,793		146,793
			134,180		134,180
			33,504		33,504
	1,449,968		1,447,929		1,447,929
1,394,261	1,740,000		3,134,261		3,134,261
994,307	54,137		1,048,444		1,048,444
2,388,568	3,244,181		38,328,435	3,880,658	42,209,093
(1,276,450)	(2,458,699)		(4,366,394)	(74,394)	(4,440,788)
	1,245,000		1,245,000		1,245,000
963,814	37,321		3,593,388		3,593,388
		(\$23,161)	(23,161)		(23,161)
	(741,943)		(2,669,184)	(753,900)	(3,423,084)
415,350	22,771		1,399,068	186,925	1,585,993
1,379,164	563,149	(23,161)	3,545,111	(566,975)	2,978,136
102,714	(1,895,550)	(23,161)	(821,283)	(641,369)	(1,462,652)
935,313	1,694,789	61,206	14,797,883	1,221,513	16,019,396
			43,358	2,990	46,348
\$1,038,027	(\$200,761)	\$38,045	\$14,019,958	\$583,134	\$14,603,092

OTTAWA COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Special Actual	Variance Favorable (Unfavorable)
Revenues:						
Sales taxes	\$3,900,000	\$4,283,853	\$383,853			
Property taxes	2,380,000	2,467,666	87,666	\$3,092,500	\$3,135,748	\$43,248
Charges for services	1,609,400	1,589,453	(19,947)	9,313,632	8,746,824	(566,808)
Licenses and permits	6,000	5,475	(525)	68,646	70,151	1,505
Fines and forfeitures	403,050	425,127	22,077	59,900	49,918	(9,982)
Intergovernmental revenue	947,500	1,425,311	477,811	10,948,060	9,930,339	(1,017,721)
Special assessments				25,000	25,880	880
Investment income	1,300,000	1,834,839	534,839			
Other revenue	34,300	85,004	50,704	1,482,884	1,467,978	(14,906)
Total revenues	10,580,250	12,116,728	1,536,478	24,990,622	23,426,838	(1,563,784)
Expenditures:						
General government:						
Legislative and executive	3,748,679	3,547,213	201,466	1,080,938	904,945	175,993
Judicial	1,813,190	1,752,055	61,135	334,962	243,611	91,351
Public safety	4,382,166	4,283,294	98,872	2,025,465	1,064,885	960,580
Public works	33,468	32,612	856	8,429,620	6,107,217	2,322,403
Health	669,009	661,230	7,779	721,685	592,606	129,079
Human services	1,407,850	1,403,402	4,448	19,920,434	18,188,471	1,731,963
Conservation and recreation				160,800	150,373	10,427
Economic development and assistance				149,508	145,865	3,643
Other				43,958	32,420	11,538
Capital outlay						
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total expenditures	12,054,362	11,679,806	374,556	32,867,370	27,430,393	5,436,977
Excess of revenues over (under) expenditures	(1,474,112)	436,922	1,911,034	(7,876,748)	(4,003,555)	3,873,193
Other financing sources (uses)						
Other financing sources	623,911	607,598	(16,313)	198,174	514,367	316,193
Other financing uses	(10,641)		10,641			
Proceeds of notes	436,850	436,850				
Advances - in		1,239,997	1,239,997		335,284	335,284
Advances - out		(924,428)	(924,428)		(467,202)	(467,202)
Operating transfers - in	200,000	648,960	448,960	2,042,769	1,943,293	(99,476)
Operating transfers - out	(1,065,355)	(967,863)	97,492	(1,766,579)	(1,713,278)	53,301
Total other financing sources (uses)	184,765	1,041,114	856,349	474,364	612,464	138,100
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(1,289,347)	1,478,036	2,767,383	(7,402,384)	(3,391,091)	4,011,293
Fund balances at beginning of year	896,828	896,828		8,691,038	8,691,038	
Prior year encumbrances appropriated	526,814	526,814		2,016,261	2,016,261	
Fund balances at end of year	\$134,295	\$2,901,678	\$2,767,383	\$3,304,915	\$7,316,208	\$4,011,293

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	Debt Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual Total	Variance Favorable (Unfavorable)
						\$3,900,000	\$4,283,853	\$383,853
\$176,000	\$183,666	\$7,666				5,648,500	5,787,080	138,580
			\$664,300	\$615,878	(\$48,422)	11,587,332	10,952,155	(635,177)
				400	400	74,646	76,026	1,380
						462,950	475,045	12,095
13,000	14,968	1,968	1,531,584	856,674	(674,910)	13,440,144	12,227,292	(1,212,852)
923,662	896,947	(26,715)	373,208	9,291	(363,917)	1,321,870	932,118	(389,752)
						1,300,000	1,834,839	534,839
27,188	27,188			1,024	1,024	1,544,372	1,581,194	36,822
<u>1,139,850</u>	<u>1,122,769</u>	<u>(17,081)</u>	<u>2,569,092</u>	<u>1,483,267</u>	<u>(1,085,825)</u>	<u>39,279,814</u>	<u>38,149,602</u>	<u>(1,130,212)</u>
						4,829,617	4,452,158	377,459
						2,148,152	1,995,666	152,486
						6,407,631	5,348,179	1,059,452
						8,463,088	6,139,829	2,323,259
						1,390,694	1,253,836	136,858
						21,328,284	19,591,873	1,736,411
						160,800	150,373	10,427
						149,508	145,865	3,643
						43,958	32,420	11,538
			4,740,253	4,102,343	637,910	4,740,253	4,102,343	637,910
2,082,071	2,082,071		765,000	765,000		2,847,071	2,847,071	
994,307	994,307		27,007	27,007		1,021,314	1,021,314	
<u>3,076,378</u>	<u>3,076,378</u>		<u>5,532,260</u>	<u>4,894,350</u>	<u>637,910</u>	<u>53,530,370</u>	<u>47,080,927</u>	<u>6,449,443</u>
<u>(1,936,528)</u>	<u>(1,953,609)</u>	<u>(17,081)</u>	<u>(2,963,168)</u>	<u>(3,411,083)</u>	<u>(447,915)</u>	<u>(14,250,556)</u>	<u>(8,931,325)</u>	<u>5,319,231</u>
604,138	605,612	1,474	229,007	32,969	(196,038)	1,655,230	1,760,546	105,316
						(10,641)		10,641
500,000	500,000		3,225,000	3,593,603	368,603	4,161,850	4,530,453	368,603
	13,750	13,750		575,393	575,393		2,164,424	2,164,424
	(7,410)	(7,410)		(765,385)	(765,385)		(2,164,425)	(2,164,425)
749,269	963,815	214,546	190,187	37,321	(152,866)	3,182,225	3,593,389	411,164
			(741,943)	(741,943)		(3,573,877)	(3,423,084)	150,793
<u>1,853,407</u>	<u>2,075,767</u>	<u>222,360</u>	<u>2,902,251</u>	<u>2,731,958</u>	<u>(170,293)</u>	<u>5,414,787</u>	<u>6,461,303</u>	<u>1,046,516</u>
(83,121)	122,158	205,279	(60,917)	(679,125)	(618,208)	(8,835,769)	(2,470,022)	6,365,747
928,826	928,826		1,172,945	1,172,945		11,689,637	11,689,637	
			482,548	482,548		3,025,623	3,025,623	
<u>\$845,705</u>	<u>\$1,050,984</u>	<u>\$205,279</u>	<u>\$1,594,576</u>	<u>\$976,368</u>	<u>(\$618,208)</u>	<u>\$5,879,491</u>	<u>\$12,245,238</u>	<u>\$6,365,747</u>

OTTAWA COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND EQUITY - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>Enterprise Funds</u>	<u>Internal Service</u>	
Operating revenues:			
Charges for services	\$8,269,397	\$2,317,493	\$10,586,890
Other operating revenues	233,234		233,234
Total operating revenues	<u>8,502,631</u>	<u>2,317,493</u>	<u>10,820,124</u>
Operating expenses:			
Personal services	1,657,223		1,657,223
Contract services	1,159,260		1,159,260
Materials and supplies	490,820		490,820
Depreciation and amortization	3,076,255		3,076,255
Claims expense		2,271,836	2,271,836
Total operating expenses	<u>6,383,558</u>	<u>2,271,836</u>	<u>8,655,394</u>
Operating income	<u>2,119,073</u>	<u>45,657</u>	<u>2,164,730</u>
Nonoperating revenues (expenses):			
Interest income	18,389	158	18,547
Interest and fiscal charges	(1,855,222)		(1,855,222)
Other financing sources	36,713		36,713
Other nonoperating revenues	387,271	50,401	437,672
Total nonoperating revenues (expenses)	<u>(1,412,849)</u>	<u>50,559</u>	<u>(1,362,290)</u>
Net income (loss) before operating transfers	<u>706,224</u>	<u>96,216</u>	<u>802,440</u>
Operating transfer - in	512,398	15,406	527,804
Operating transfer - out	(688,108)		(688,108)
Net income	530,514	111,622	642,136
Retained earnings at January 1	51,326,435	(139,610)	51,186,825
Retained earnings at December 31	<u>51,856,949</u>	<u>(27,988)</u>	<u>51,828,961</u>
Contributed capital at January 1	22,334,436		22,334,436
Contributions received	335,608		335,608
Depreciation on contributed assets	(128,612)		(128,612)
Contributed capital at December 31	<u>22,541,432</u>		<u>22,541,432</u>
Total fund equity at December 31	<u>\$74,398,381</u>	<u>(\$27,988)</u>	<u>\$74,370,393</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, 2000**

	Riverview Industries, Inc.	
Revenue		
Janitorial	\$353,649	
Production	532,903	
Other	343,772	
In kind donations	80,400	\$1,310,724
Expenses		
Payroll expenses	274,962	
Health care insurance	25,193	
Supplies	28,303	
Depreciation	4,871	
Vehicles	9,205	
Other	7,875	350,409
Production expenses:		
Payroll expenses	423,725	
Supplies	3,462	
Health care insurance	44,463	
Depreciation	3,982	
Vehicles	10,265	
Other	15,757	501,654
General and administrative:		
Payroll expenses	281,760	
Supplies	28,592	
Depreciation	6,258	
Health care insurance	22,550	
Other	36,463	
In kind contributions	80,400	456,023
Decrease in net assets		2,638
Net assets - beginning		192,342
Net assets - ending		\$194,980

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, 2000**

	<u>Proprietary Fund Types</u>		Total (Memorandum Only)
	<u>Enterprise Funds</u>	<u>Internal Service</u>	
Cash flows from operating activities:			
Cash received from sales/service charges	\$8,282,646		\$8,282,646
Cash received from quasi-external transactions		\$2,317,493	2,317,493
Cash received from other operations	233,234		233,234
Cash payments for personal services	(1,675,495)		(1,675,495)
Cash payments for contract services	(1,370,224)		(1,370,224)
Cash payments for materials and supplies	(553,639)		(553,639)
Cash payments for claims expense		(2,355,254)	(2,355,254)
	<u>4,916,522</u>	<u>(37,761)</u>	<u>4,878,761</u>
Net cash provided (used) by operating activities			
Cash flows from noncapital financing activities:			
Transfers-in	6,986,653	15,406	7,002,059
Transfer-out	(7,162,362)		(7,162,362)
Other	546,094	50,401	596,495
	<u>370,385</u>	<u>65,807</u>	<u>436,192</u>
Net cash provided by noncapital financing activities			
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(1,077,644)		(1,077,644)
Principal retirement	(1,627,413)		(1,627,413)
Interest and fiscal charges	(1,517,755)		(1,517,755)
	<u>(4,222,812)</u>		<u>(4,222,812)</u>
Net cash used by capital and related financing activities			
Net increase in cash and cash equivalents	1,064,095	28,046	1,092,141
Cash and cash equivalents at beginning of year	6,732,670	163,403	6,896,073
Cash and cash equivalents at end of year	<u>\$7,796,765</u>	<u>\$191,449</u>	<u>\$7,988,214</u>

(Continued)

OTTAWA COUNTY

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

	Proprietary Fund Types		Total (Memorandum Only)
	Enterprise Funds	Internal Service	
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	\$2,119,073	\$45,657	\$2,164,730
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	3,076,255		3,076,255
Changes in assets and liabilities:			
Supplies inventory	(68,062)		(68,062)
Accounts receivable	13,249		13,249
Prepayments	(2,532)		(2,532)
Accounts payable	(49,247)	(83,418)	(132,665)
Accrued wages and benefits	4,586		4,586
Compensated absences payable	26,068		26,068
Contracts payable	(202,868)		(202,868)
Net cash provided (used) by operating activities	\$4,916,522	(\$37,761)	\$4,878,761

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, 2000

	Riverview Industries, Inc.
Operating activities	
Increase in net assets	\$2,638
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:	
Depreciation	\$15,111
Non-cash donations	(6,401)
Scrap Loss	(989)
Decrease (increase) in assets:	
Accounts receivable	(23,715)
Prepaid expenses	(1,904)
Inventory	(1,683)
Increase (decrease) in liabilities:	
Accounts payable	22,496
Sales tax payable	(79)
Accrued wages	7,966
Payroll taxes withheld	(6,485)
Accrued payroll taxes	(874)
Net cash used by operating activities	3,443
	6,081
Investing activities	
Purchase of equipment	(19,030)
Net cash used in investing activities	(19,030)
Net decrease in cash and cash equivalents	(12,949)
Cash and cash equivalents, January 1	157,512
Cash and cash equivalents, December 31	\$144,563

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, 2000

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 21.

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 3.

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.

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

OTTAWA COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000 (Continued)

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.

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.

OTTAWA COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)

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.

Basis of Accounting and Measurement Focus

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.

OTTAWA COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000 (Continued)

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.

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.

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

OTTAWA COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000 (Continued)

assessments are recorded as deferred revenue because they do not meet the availability criteria. Property taxes measurable as of December 31, 2000, but intended to finance fiscal year 2001 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 1st of a given year, or adopt a temporary appropriation measure with final passage of a permanent budget by April 1st. 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 2000.
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

OTTAWA COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000 (Continued)

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 2000, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio) and certificates of deposit.

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, 2000.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2000 amounted to \$1,791,556 which includes \$1,756,977 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 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.

OTTAWA COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)

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:

<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

OTTAWA COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000 (Continued)

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 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

OTTAWA COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000 (Continued)

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.

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.
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, 2000.

OTTAWA COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000 (Continued)

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 20).

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 loans 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.

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.

OTTAWA COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

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

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. 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.

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, 2000

	MRDD	Riverview Industries	Total
Assets and other debits			
Equity with County Treasurer	\$820,017		\$820,017
Cash with fiscal and escrow agents		\$144,563	144,563
Receivables:			
Real and other taxes	2,705,974		2,705,974
Accounts	67,504	75,963	143,467
Prepayments	5,244	12,052	17,296
Materials and supplies inventory	11,052	4,429	15,481
Fixed assets (net of accumulated depreciation)	619,491	51,195	670,686
Total assets	\$4,229,282	\$288,202	\$4,517,484
Liabilities and fund equity			
Liabilities:			
Accounts payable	\$50,968	\$28,629	\$79,597
Accrued wages and benefits	79,294	24,593	103,887
Accrued vacation and sick leave	111,686		111,686

OTTAWA COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

	MRDD	Riverview Industries	Total
Due to other governments	78,735		78,735
Deferred revenue	2,705,974		2,705,974
Notes payable		40,000	40,000
Total liabilities	3,026,657	93,222	3,119,879
Fund equity:			
Investment in general fixed assets	619,491		619,491
Net assets:		194,980	194,980
Fund balance:			
Reserved for inventory	11,052		11,052
Reserved for prepaid items	5,244		5,244
Unreserved:			
Undesignated balance	566,838		566,838
Total fund equity	1,202,625	194,980	1,397,605
Total liabilities and fund equity	\$4,229,282	\$288,202	\$4,517,484

4. COMPLIANCE AND ACCOUNTABILITY

Retained Earnings Deficit

At December 31, 2000, the Health Care Self-Insurance internal service fund had a deficit retained earnings balance of (\$27,988) which was caused by the application of generally accepted accounting principles. At December 31, 2000, the Capital Project Fund Type had a deficit fund balance of (\$200,761) which was caused by application of generally accepted accounting principles.

5. 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;

OTTAWA COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000 (Continued)

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;
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, 2000, the carrying amount of the County's and component units' demand deposits was as follows:

OTTAWA COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

	Carrying Amount	Bank Balance
County Treasury (#)	\$(991,346)	\$884,483
Cash with fiscal and escrow agents	484,888	823,321
Restricted cash with fiscal/escrow agent	956,898	956,898
Subtotal County	450,440	2,664,702
Component units:		
Riverview Industries, Inc.	144,563	144,563
Total all deposits	\$595,003	\$2,809,265

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

As of December 31, 2000, the County had cash-on-hand of \$568,356.

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 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 \$884,483 in the County Treasury and \$823,321 for cash held by fiscal agents would be classified by risk as follows:

1. \$842,152 was insured by the Federal Depository Insurance Corporation (FDIC) and thus would belong in risk category (1).

2. \$752,354 was uninsured and unregistered because it was covered by a standby letter of credit line issued by Federal Home Loan Bank of Cincinnati with the County named as beneficiary. These deposits would belong in risk category (2).

3. The remaining \$113,298 was uninsured and uncollateralized 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 105 percent of the total

OTTAWA COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

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.

STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Fair Value
STAR Ohio	\$29,757,398

Reconciliation with Balance Sheet

	Equity with Treasurer	Investments
Balance Sheet per GASB 9	\$28,514,391	
Cash with fiscal agent	484,888	
Restricted cash	956,898	
STAR Ohio	(29,757,398)	\$29,757,398
Cash on hand	(568,356)	
Component units	964,580	
GASB 3—Deposits and investments	\$595,003	\$29,757,398

6. INTERFUND TRANSACTIONS

Interfund balances at December 31, 2000, consist of the following individual fund receivables and payables:

Fund Type/Fund	Receivable		Payable	
	Due From	Interfund	Due To	Interfund
General Fund		\$924,429	\$53,581	
Special Revenue Funds				
Warning Siren Grant				\$264,728
Hazard Mitigation Grant				1,581
Community Development				68,975
Danbury Wastewater Study	\$2,176			
911	3,186			
Radio Tower	351			
Salem Reserve	135			

OTTAWA COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

Fund Type/Fund	Receivable		Payable	
	Due From	Interfund	Due To	Interfund
Danbury Sanitary Sewer Eval	104			
State Road Sewer Extension	48			
Total Special Revenue Funds	6,000			335,284
Debt Service Funds				
G.O. Bond Retirement	213			
Special Assessment Bond	36			13,750
BANS Debt Service	543			
Total Debt Service Funds	792			13,750
Capital Project Funds				
County Home Building	1,373			
Roose Ditch SB 160				10,203
Brush Wellman Design				40,723
Lohrbach Ditch				19,149
Resource Centre				175,000
Locust Point Pump Drainage				130,786
Winters Ditch				199,534
Total Capital Project Funds	1,373			575,395
Enterprise Funds				
Danbury Sewer Operations	10,648			
Catawba Portage Sewer	8,379			
Regional Water	24,921			
S.D. 13 Woodland Estates	296			
Total Enterprise Funds	44,244			
Internal Service Fund				
Health Insurance Trust	1,172			
Total all fund types	\$53,581	\$924,429	\$53,581	\$924,429

The following is a summarized breakdown of the County's operating transfers for 2000:

Fund Type/Fund	Transfers In	Transfers Out
General Fund	\$648,960	\$967,863
Special Revenue Funds		
Title Administration Fund		176,232
Human Services Fund	308,061	302,271
Children Services Fund	262,986	286,862
CSEA Fund	2,271	192,837
Riverview Nursing Home	30,576	

OTTAWA COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

Fund Type/Fund	Transfers In	Transfers Out
ODOT	753,900	
CDBG Formula Fund		86
Salem Reserve Fund	1,238	
Radio Tower Fund	2,458	
Emergency 9-1-1 Fund	34,980	
Danbury Township Wastewater	485,244	
Warning Siren Grant	16,393	
Danbury Sanitary Sewer	23,500	
State Rd. Sewer Extension	11,600	
Emergency Management	10,000	
CDBG	86	
JAIBG Federal Grant		1,090
Total Special Revenue Funds	1,943,293	959,378
Debt Service Funds		
Special Assessment Fund	1,498	
Debt Service Fund	104,454	
General Obligation Fund	857,862	
Total Debt Service Funds	963,814	
Capital Projects Funds		
Agricultural Complex Fund	2,269	
Perryview Estates Plat 5	863	917
Winters Ditch	7,680	
County Home Building Fund	24,412	632,010
County Industrial Park		109,016
Put-In-Bay Port Authority Fund	1,854	
Brush Wellman Design	243	
Total Capital Projects Funds	37,321	741,943
Enterprise Funds		
Portage Catawba Water Fund	40,444	40,444
Catawba Portage Sewer Fund	102,766	36,947
Danbury Sewer Operations Funds	144,499	508,324
S.D. 13 Woodland Estates Fund	2,763	
Regional Water	221,926	102,393
Total Enterprise Funds	512,398	688,108
Internal Service Funds		
Health Insurance Trust Fund	15,406	
Component Units		
MRDD		753,900

OTTAWA COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

Fund Type/Fund	Transfers In	Transfers Out
Agency		
Special Emergency Planning		10,000
Totals	\$4,121,192	\$4,121,192

7. RECEIVABLES

	General	Special Revenue	Debt Service	Capital Project
Receivables:				
Real Estate	\$2,509,171	\$614,966	\$213,910	
Sales Tax	657,162			
Total Real and Other Taxes	3,166,333	614,966	213,910	
Accounts:				
Charges for Services	213,610	1,387,518		\$160,606
Licenses and Permits				
Other	161,386	57,373		
Other Financing Sources	22,947	221,532		
Conveyance Fees	2,352			
Total Accounts	400,295	1,666,423		160,606
Notes		309,325		
Loans	540,800			
Special Assessments		44,314	35,187,695	
Due from Other Governments	75,803	2,839		
Total Receivables	\$4,183,231	\$2,637,867	\$35,401,605	\$160,606

	Enterprise	Trust and Agency	Component Units
Receivables:			
Real and Other Taxes		\$46,262,103	\$2,705,974
Accounts:			
Charges for Services	\$399,045		2,420
Loan	624,052		
Other Financing Sources	46,347		
Intergovernmental			65,084
Riverview Industries			75,963
Total Accounts	1,069,444		143,467
Due from Other Governments		73,953	
Total Receivables	\$1,069,444	\$46,336,056	\$2,849,441

OTTAWA COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

8. 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 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 2000 taxes were collected was \$1,495,879,368. The full tax rate for all County operations applied to real property for the fiscal year ended December 31, 2000, 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 20, 2001. If paid semiannually, the first payment is due February 20, 2001 and the remainder payable by July 20, 2001. 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 2000 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.

9. 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.

OTTAWA COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

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 2000 amounted to \$4,260,423 in the General Fund.

10. 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 \$35,187,695 represent the portion of special assessments for principal and interest to be collected in the future to pay for these special assessments.

11. FIXED ASSETS

General Fixed Assets

A summary of the changes in general fixed assets follows:

	Balance at 12/31/99	Adjustments	Restated Balance at 12/31/99
Construction in progress	\$1,870,214		\$1,870,214
Land and improvements	\$1,514,917	(\$408,709)	1,106,208
Buildings	18,906,474	1,469,670	20,376,144
Improvements other than buildings	623,868	(342,329)	281,539
Machinery and equipment	6,361,395		6,361,395
Vehicles	1,576,451		1,576,451
Totals	\$30,853,319	\$718,632	\$31,571,951

The adjustments were to agree amounts reported to supporting documentation of listing of assets by category.

OTTAWA COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

	Restated Balance at 1/1/00	Additions	Disposals	Transfers	Balance at 12/31/00
Construction in progress	\$1,870,214	\$322,851	(\$1,870,214)		\$322,851
Land and improvements	\$1,106,208	135,769			1,241,977
Buildings	20,376,144				20,376,144
Improvements other than buildings	281,539				281,539
Machinery and equipment	6,361,395	\$815,711	(\$90,101)	\$25,155	7,112,160
Vehicles	1,576,451	63,481		531,730	2,171,662
Totals	\$31,571,951	\$1,337,812	(\$1,960,315)	\$556,885	\$31,506,333

Proprietary Fund Fixed Assets

All fund fixed assets relate to the sewer and water districts' enterprise funds. The balances as of December 31, 2000 for the Enterprise funds were as follows:

	Enterprise Funds
Land	\$4,355,952
Buildings	15,030,447
Improvements other than buildings	12,547,796
Water and sewer lines	90,699,492
Equipment	14,015,078
Vehicles	375,559
Less: Accumulated depreciation	(20,368,353)
Totals	\$116,655,971

MRDD Component Unit

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

	Balance at 1/1/00	Additions	Disposals	Transfers	Balance at 12/31/00
Machinery and equipment	\$414,882	\$15,449	(\$113,796)	(\$25,155)	\$291,380
Vehicles	813,494	173,397	(127,050)	(531,730)	328,111
Totals	\$1,228,376	\$188,846	(\$240,846)	(\$556,885)	\$619,491

OTTAWA COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

Riverview Industries, Inc. Component Unit

	Riverview Industries
Furniture and fixtures	\$32,810
Buildings – Greenhouse	12,369
Vehicles	23,961
Equipment	19,693
Less: Accumulated depreciation	(37,638)
Totals	\$51,195

12. 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, 2000.

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
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.

OTTAWA COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

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 \$220,609 reported in the Health Insurance Fund at December 31, 2000 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
1998	\$222,774	\$2,191,244	\$2,208,803	\$205,215
1999	205,215	2,450,534	2,351,722	304,027
2000	304,027	2,271,836	2,355,254	220,609

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.

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 2000 was \$206,748.

13. 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.

OTTAWA COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

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, 2000, the liability for accrued vacation and sick leave was \$1,454,865 for the entire County, of which \$1,141,887 was reported in the General Long-Term Obligations Account Group, \$27,211 was reported in General Fund, \$34,073 was reported in Special Revenue Funds, \$13 was reported in the Capital Projects Fund, \$139,995 was reported in the Enterprise Funds and \$111,686 was reported for the MRDD component unit.

14. OUTSTANDING DEBT AND OTHER LONG-TERM OBLIGATIONS

Short-Term Notes Payable

The following is a summary of the County's short-term notes payable outstanding as of December 31, 2000.

	Balance 1/1/00	Additions	Reductions	Balance 12/31/00
Notes payable:				
Community Resource Centre - 4.70%		\$2,813,150		\$2,813,150
Airport Improvement - 4.70%		436,850		\$436,850
Total		\$3,250,000		\$3,250,000

The Community Resource Centre note is accounted for in a capital project fund. The Airport Improvement Note is accounted for in the General Fund. Both notes are bond anticipation notes issued on December 7, 2000 that mature on December 5, 2001.

Enterprise Fund Obligations

The note and loan debt activity relating to the enterprise funds for the year ended December 31, 2000, consisted of the following:

	Balance 1/1/00	Issued	Retired	Transfer	Balance 12/31/00
<u>OPWC Loans:</u>					
Danbury Sewer Operations	\$523,543		(\$29,967)		\$493,576
Allen Sewer Operations	22,459		(1,152)		21,307
Portage Catawba Hydrogen Sulfide Control Loan	137,546		(6,849)		130,697
Total OPWC Loans	\$683,548		(\$37,968)		\$645,580
<u>OWDA Loans:</u>					
Danbury Sewer Operations	\$1,236,562		(\$52,512)		\$1,184,050
Regional Water	29,991,085		(936,322)		29,054,763
Total OWDA Loans	\$31,227,647		(\$988,834)		\$30,238,813

OTTAWA COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

	Balance 1/1/00	Issued	Retired	Transfer	Balance 12/31/00
<u>OWDA/OEPA Loans:</u>					
Regional Water Operations	\$3,274,987		(\$54,237)		\$3,220,750
<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	\$158,668			1,108,668
	<u>\$1,226,557</u>	<u>\$158,668</u>			<u>\$1,385,225</u>

Bonded debt activity relating to enterprise funds for the year ended December 31, 2000 consists of the following:

	Balance 1/1/00	Issued	Retired	Transfer	Balance 12/31/00
<u>Revenue Refunding Bonds:</u>					
<u>Danbury Sewer Operations:</u>					
2.5% - 5.85% Sanitary Sewer Obligation Refunding Bond	\$5,831,625		(\$375,000)		\$5,456,625
<u>Catawba Portage Sewer:</u>					
4.25% - 5% Sanitary Sewer System 9/1/98 Revenue Refunding Bonds	3,330,000		(120,000)		3,210,000
Total Revenue Bonds	\$9,161,625		(\$495,000)		\$8,666,625
<u>General Obligation Bonds:</u>					
<u>Regional Water:</u>					
4.75% Rural Development	2,000,000		(23,300)		1,976,700
<u>Catawba Portage Sewer:</u>					
3.0% - 5.95% Chemical Dosing Station	270,000		(10,000)		260,000
5% Sanitary Sewer Revenue 7/1/98 Refunding Bonds	4,467,408	18,362			4,485,770
4.25% - 5.5% Various Purpose 7/1/98 Refunding Bonds	399,000		(25,000)		374,000

OTTAWA COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

	Balance 1/1/00	Issued	Retired	Transfer	Balance 12/31/00
Portage Catawba Water:					
4.25% - 5.5% Various Purpose 7/1/98 Refunding Bonds	338,000		(24,000)		314,000
Total General Obligation Bonds	7,474,408	18,362	(82,300)		7,410,470
Total Enterprise Bonds	<u>\$16,636,033</u>	<u>\$18,362</u>	<u>(\$577,300)</u>		<u>\$16,077,095</u>

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 Bonds	7/1/98 Revenue Refunding Bonds	Chemical Dosing Bonds	9/1/98 Revenue Refunding Bonds	Total
2001	\$631,162	\$28,200	\$1,625,849	\$239,860	\$118,293	\$333,502	\$24,893	\$278,553	\$3,280,312
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	397,525	57,511	1,625,850	239,860	118,311	333,619	22,923	275,815	3,071,414
2006 - 2031	4,902,409	518,546	30,263,206	3,477,849	3,431,161	10,468,406	306,418	3,617,511	56,985,506
Subtotals	7,604,900	776,792	38,392,454	4,677,149	4,022,762	12,136,367	426,033	4,989,175	73,025,632
Less interest	2,148,275	131,212	8,153,641	1,456,399	2,046,062	6,962,597	166,033	1,779,175	22,843,394
Totals	<u>\$5,456,625</u>	<u>\$645,580</u>	<u>\$30,238,813</u>	<u>\$3,220,750</u>	<u>\$1,976,700</u>	<u>\$5,173,770</u>	<u>\$260,000</u>	<u>\$3,210,000</u>	<u>\$50,182,238</u>

General Long-Term Obligations

Changes in the County's long-term obligations during 2000 were as follows:

	Balance 1/1/00	Additions	Reductions	Balance 12/31/00
Notes payable:				
Brush Wellman - 4.5%	\$975,000		(\$975,000)	
Put-In-Bay Port Authority 3.55%	765,000		(765,000)	
Various Purpose General Obligation Bond Anticipation Notes - 4.60%		\$1,245,000		\$1,245,000
Total	<u>\$1,740,000</u>	<u>\$1,245,000</u>	<u>(\$1,740,000)</u>	<u>\$1,245,000</u>

General obligation bonds:

9.75% Courthouse Construction Bonds	\$125,000		(\$25,000)	\$100,000
9.75% Health Care Facility Bonds	500,000		(100,000)	400,000

OTTAWA COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

	Balance 1/1/00	Additions	Reductions	Balance 12/31/00
9.75% Detention Facility Bonds	145,000		(30,000)	115,000
9.75% Welfare Building Bonds	125,000		(15,000)	110,000
4.4 - 9.25% County Home Improve Bond	3,930,000		(175,000)	3,755,000
4.25% - 5% County Home Refunded	760,000		(50,000)	710,000
4.25% - 5% Welfare Building Refunded	193,000		(12,000)	181,000
3.0% - 5.95% Industrial Park Improve Bonds	750,000		(25,000)	725,000
4.25% - 5.5% Agricultural Building	1,095,000		(60,000)	1,035,000
3.0% - 5.95% Airport Improve Bonds	555,000		(20,000)	535,000
3.0% - 5.95% County/City Complex Bonds	1,500,000		(45,000)	1,455,000
Total general obligation bonds	\$9,678,000		(\$557,000)	\$9,121,000
 Special assessment bonds:				
7.0% Sun Valley Bond	\$70,000		(\$10,000)	\$60,000
4.2% - 4.5% Lake in the Woods Refunded	176,000		(18,000)	158,000
4.5% Gypsum Projects Bond	90,200		(5,700)	84,500
4.25% - 5.4% Catawba Sewer Refunded	7,430,000		(485,000)	6,945,000
4.25% - 5% SR 163 Refunded	183,000		(12,000)	171,000
7.0% LaCarne Water Bond	27,300		(2,300)	25,000
Route 269 Sewer Bond Refunded	61,000		(4,000)	57,000
OWDA/OEPA Regional Water	17,942,258		(297,190)	17,645,068
Perryview Estates Plat 5&6	124,309	\$3,517	(1,671)	126,155
Dani-Donn	47,032		(1,400)	45,632
Total special assessment bonds	\$26,151,099	\$3,517	(\$837,261)	\$25,317,355
 Other long-term obligations:				
Compensated Absences	668,226	473,661		1,141,887
Total general long-term obligations	\$38,237,325	\$1,722,178	(\$3,134,261)	\$36,825,242

OTTAWA COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

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

	General Obligation Bonds	Special Assessment Bonds	Total
2001	\$1,112,056	\$2,236,152	\$3,348,208
2002	1,091,142	2,232,438	3,323,580
2003	1,076,264	2,231,497	3,307,761
2004	1,053,077	2,225,333	3,278,410
2005	870,131	2,232,322	3,102,453
2006 - 2018	8,359,115	24,555,047	32,914,162
Sub-total	13,561,785	35,712,789	49,274,574
Less: interest	4,440,785	10,395,434	14,836,219
Total	<u>\$9,121,000</u>	<u>25,317,355</u>	<u>\$34,439,139</u>

Notes Payable

The County issued the notes payable to provide funds for the operation of the Put In Bay Port Authority and a 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.

Revenue Bonds

The county issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service.

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 DECEMBER 31, 2000 (Continued)

included in the County's financial statements. At December 31, 2000, \$13.490 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, 2000, are an overall debt margin of \$28,361,984 and an unvoted debt margin of \$7,063,794.

15. CONSTRUCTION COMMITMENTS

As of December 31, 2000, the County had the following significant outstanding contractual commitments:

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

Fund Type/Fund/Project	Purchase Commitment	Expended Through 12/31/00	Amount Remaining on Contracts
Capital projects funds:			
Resource Centre Brooks Contracting	\$1,872,098	\$322,851	\$1,549,247

16. 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, 2000 follows:

	Danbury, SD 7 and Allen Sewers	Riverview Sewer	Portage Catawba Water	Regional Water	Catawba Portage Sewer	S.D. 13 Woodland Estates	Total
Operating revenue	\$1,752,369		\$17	\$4,985,976	\$1,744,279	\$19,990	\$8,502,631
Operating expenses before depreciation	1,378,413		7,852	680,674	1,239,127	1,237	3,307,303
Depreciation	619,013	\$23,946	48,343	1,454,116	929,165	1,672	3,076,255
Operating income (loss)	(245,057)	(23,946)	(56,178)	2,851,186	(424,013)	17,081	2,119,073
Net income before transfers	(521,350)	(23,946)	(71,622)	2,103,647	(821,238)	40,733	706,224
Transfers in	144,499		40,444	221,926	102,766	2,763	512,398
Transfers out	(508,324)		(40,444)	(102,393)	(36,947)		(688,108)
Net income (loss)	(885,178)	(23,946)	(61,776)	2,213,335	(755,417)	43,496	530,514
Net working capital	94,779		16	(164,674)	85,224	333	15,678
Fixed assets	22,939,538	729,496	1,447,798	60,768,109	30,734,245	36,785	116,655,971
Additions to contributed capital	145,001		23,598	167,009			335,608
Total assets	25,000,378	729,496	1,642,564	66,547,497	32,223,867	1,063,403	127,207,205
Bonds payable	5,456,625		314,000		8,329,770		14,100,395
Rural Development Loan				1,976,700			1,976,700
OPWC loans payable	493,576				130,697	21,307	645,580
OWDA/OEPA loans payable				3,220,750			3,220,750
OWDA loans payable	1,184,050			29,054,763			30,238,813
Loans payable	134,239		114,808	1,108,668	27,510		1,385,225
Total equity	17,269,745	729,496	1,157,759	29,318,062	24,081,023	1,842,296	74,398,381

17. RELATED PARTY TRANSACTIONS

During 2000, 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

OTTAWA COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000 (Continued)

and services based on the Ohio Medicaid Cost Report for the year ended December 31, 2000, was \$80,400.

18. 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 Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20 percent for local government and 6 percent for law enforcement divisions. The 2000 employer contribution rate was 10.84 percent of covered payroll. The 2000 law enforcement employer rate was 15.7 percent of covered payroll. 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 the pension obligations to PERS for the years ended December 31, 2000, 1999, and 1998 were \$1,943,512, \$2,315,537 and \$2,317,506, respectively; 83.6 percent has been contributed for 2000 and 100 percent for the year 1999 and 1998. \$380,978 representing the unpaid portion of the 2000 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 employer contribution rate was rolled back for year 2000. The 2000 employer contribution rate for local employers was 10.84 percent of covered payroll and the rate for law enforcement employees was 15.70 percent; 4.3 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 \$770,911 for 2000.

The following assumptions and calculations were based on PERS's latest actuarial review performed as of December 31, 1999.

An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The differences between assumed and actual experience (actuarial gains and losses) becomes part of unfounded actuarial accrued liability.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of

OTTAWA COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 1999 was 7.75 percent.

An annual increase of 4.75 percent annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75 percent base increase, were assumed to range from .54 percent to 5.1 percent. Health care costs were assumed to increase 4.75 percent annually.

OPEB's are advance-funded on an actuarially determined basis. The number of active contributing participants was 401,339. The rates stated above are the actuarially determined contribution requirements for PERS. The portion of employer contributions used to fund post employment benefits can be determined by multiplying actual employer contribution times .3967 for local government employers and .2739 for law enforcement employers.

The actuarial value of PERS's net assets available for OPEB at December 31, 1999 was \$10,805.5 million. The actuarially accrued liability and the unfounded actuarial accrued liability, based on the actuarial method used, were \$12,473.6 million and \$1,668.1 million, respectively.

The PERS Retirement Board enacted a temporary employer rate rollback for calendar year 2000. The decision to rollback rates was based on the December 31, 1998 actuarial study, which indicated that actuarial assets exceed actuarial liabilities. The temporary rate rollback was 20 percent for local government divisions and 6 percent for law enforcement divisions. PERS reallocated employer contributions from 4.2 percent to 4.3 percent at the beginning of the year to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for those reasons.

PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology.

19. 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	\$1,478,036	(\$3,391,091)	\$122,158	(\$679,125)
Net adjustment for revenue accruals	(61,836)	(3,417,289)	(10,651)	(697,785)
Net adjustment for expenditure accruals	190,929	3,973,013	687,810	(911,137)

OTTAWA COUNTY

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

	General	Special Revenue	Debt Service	Capital Projects
Net adjustment for other financing sources (uses)	(747,539)	719,920	(696,603)	(2,168,809)
Encumbrances	455,270	1,795,301		2,561,306
GAAP Basis	<u>\$1,314,860</u>	<u>(\$320,146)</u>	<u>\$102,714</u>	<u>(\$1,895,550)</u>

20. CONTRIBUTED CAPITAL

The County's 2000 activity related to contributed capital is summarized below:

	Danbury Sewer	Catawba Portage Water	Regional Water	Total
Balance, January 1, 2000	\$3,374,840	\$1,873,545	\$17,086,051	\$22,334,436
Contributions	145,001	23,598	167,009	335,608
Depreciation	(78,165)	(42,258)	(8,189)	(128,612)
Balance, December 31, 2000	<u>\$3,441,676</u>	<u>\$1,854,885</u>	<u>\$17,244,871</u>	<u>\$22,541,432</u>

21. 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 \$467,446 at December 31, 2000. Financial information can be obtained by contacting

OTTAWA COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000 (Continued)

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 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 \$494,988 at December 31, 2000. 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. Avion Management Services 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 Mary Arquette, Secretary, 3255 East State Road, Port Clinton, Ohio 43452.

22. 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.

OTTAWA COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000 (Continued)

23. 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.

There is pending litigation involving Ottawa County's Board of Mental Retardation and Developmental Disabilities Board (MRDD). This litigation consists of allegations that various people became sick due to exposure to mold from an office suite rented by MRDD. At this time the extent of liability (if any) is unknown. Insurance coverage for this litigation is in dispute.

24. 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, 2000 there is one Industrial Revenue Bonds, five series Health Care Facility Bonds, and one Hospital Revenue Bond outstanding. The aggregate principal amount payable for the seven series issued after July 1, 1995 was \$77,000,000.

25. SUBSEQUENT EVENTS

On February 1, 2001, the County issued a \$1,095,000 various purpose general obligation bond anticipation note for the purpose of (\$400,000) constructing water system improvements in the county with all the necessary appurtenances thereto and (\$695,000) paying for the acquisition and improvement of port authority facilities in the county. The notes are dated February 14, 2001 and have an interest rate of 3.75% and mature on February 12, 2002.

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OTTAWA COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2000**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Project Number	Disbursements
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through Ohio Department of MRDD</i>			
Social Services Block Grant (Title XX) Board of Mental Retardation and Developmental Disabilities	93.667		\$46,516
Total Social Services Block Grant			46,516
Medical Assistance Program (Medicaid:Title XIX) Board of Mental Retardation and Developmental Disabilities	93.778		843,045
Total Medical Assistance Program			843,045
Total Department of Health and Human Services			889,561
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed through Ohio Department of Economic and Community Development</i>			
Community Development Block Grant - Small Cities CDBG Program - Formula	14.228	B-F-99-057-1	181,800
Small Cities CDBG Program - CHIP	14.228	B-C-98-057-1	120,837
Total CDBG - Small Cities			302,637
<i>Direct</i>			
Home Investment Partnerships Program	14.239	B-C-98-057-2	184,676
<i>Passed through Ohio Department of Economic and Community Development</i>			
Home Investment Partnerships Program	14.239	B-C-98-057-2	24,799
Total CDBG - Home Program			209,475
Total Department of Housing and Urban Development			512,112
UNITED STATES DEPARTMENT OF FEDERAL EMERGENCY MANAGEMENT AGENCY			
<i>Passed through Ohio Department of Public Safety</i>			
Emergency Management Agency	83.534	H418	32,800
Emergency Management Agency	83.548	FEMA-DR-1227-0021-OH	148,111
Total Emergency Management			180,911
UNITED STATES DEPARTMENT OF COMMERCE			
Economic Development - Grants and Loans for Public Works and Development	11.300	06-01-02899	28,213
Total Economic Development			28,213
UNITED STATES DEPARTMENT OF JUSTICE			
<i>Passed through the Office of Criminal Justice Services</i>			
Juvenile Accountability Incentive Block Grant	16.523	98-JB-013-A062	5,518
<i>Passed through Ohio Attorney General's Office</i>			
Crime Victims Assistance	16.575	2001VAGENE248	8,223
Total Department of Justice			13,741

(Continued)

OTTAWA COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Project Number	Disbursements
UNITED STATES DEPARTMENT OF LABOR			
<i>Passed through Ohio Department of Job and Family Services</i>			
Employment and Training Administration	17.255		64,379
Total Department of Labor			<u>64,379</u>
UNITED STATES DEPARTMENT OF FEDERAL TRANSIT ADMINISTRATION			
<i>Passed through Ohio Department of Transportation</i>			
Public Transportation Non Urbanized Areas	20.509	OH-18-0X18	96,721
Total Department of Federal Transit Administration			<u>96,721</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u><u>\$1,785,638</u></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, 2000

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, 2000, 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.

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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, 2000, and have issued our report thereon dated September 20, 2001. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Riverview Industries, Inc., were audited by other auditors in accordance with auditing standards generally accepted in the United States of America and not 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 the management of the County in a separate letter dated September 20, 2001.

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 the management of the County in a separate letter dated September 20, 2001.

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.

Jim Petro
Auditor of State

September 20, 2001



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

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, Ohio, (the County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2000. The County's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 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.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings as item 2000-60162-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that 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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

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.

Jim Petro
Auditor of State

September 20, 2001

OTTAWA COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2000

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

FINDING NUMBER 2000-60162-001

The Board of Mental Retardation and Developmental Disabilities Medicaid match for the Community Alternative Funding Program (CAFS) services delivered by a private contractor for 2000 was \$16,290. \$11,115 of the match was paid directly by MRDD. The difference between the amount of the match and the amount directly paid was \$5,175. This part of the match was paid by an in-kind contribution for services provided by an MRDD employee at the private contractor's place of business. To ensure that matching requirements are met, we recommend that the Board review the requirements regarding the matching portion and establish a policy outlining how the correct match will be calculated and documented. The policy should include an awareness that in-kind contributions cannot be used for the Medicaid matching.



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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
OCTOBER 9, 2001