



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

GUERNSEY COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Guernsey County
128 East 8th Street, Suite 101
Cambridge, Ohio 43725

To the Board of County Commissioners:

We have audited the accompanying general purpose financial statements of Guernsey County, Ohio (the County), as of and for the year ended December 31, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of Guernsey Industries, the County's discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts discretely presented for Guernsey Industries, 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 Guernsey Industries, were audited in accordance with auditing standards generally accepted in the United States of America, but were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Guernsey County, as of December 31, 2001, and the results of its operations and cash flows of its proprietary fund types and its discretely presented component units, 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 August 15, 2002, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general purpose financial statements of the County, taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, 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, it is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

August 15, 2002

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Guernsey County, Ohio
 Combined Balance Sheet
 All Fund Types, Account Groups and Discretely Presented Component Units

	<u>Governmental Fund Types</u>				<u>Proprietary Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Internal Service</u>
<u>Assets and Other Debits:</u>						
<u>Assets:</u>						
Equity in Pooled Cash and Cash Equivalents	\$3,884,238	\$6,998,272	\$535,107	\$339,966	\$894,425	\$1,053,901
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0	0	0
Investments	0	0	0	0	0	0
<u>Receivables:</u>						
Property and Other Taxes	0	0	0	0	0	0
Special Assessments	0	0	0	0	0	0
Sales Tax	785,835	0	103,000	0	0	0
Accounts	0	0	0	0	196,636	0
Intergovernmental	73,425	3,639,902	0	0	0	0
Interfund	22,146	0	0	0	0	0
Accrued Interest	115,712	2,442	0	0	0	0
Due from Other Funds	150,842	169,951	0	0	0	0
<u>Due from Agency Funds:</u>						
Property Taxes	1,239,490	3,824,940	0	0	0	0
Special Assessments	0	0	935,118	0	0	0
Other Accounts	0	0	0	0	0	0
Prepaid Items	72,125	19,181	0	0	1,119	0
<u>Materials and Supplies</u>						
Inventory	28,248	185,697	0	0	77,768	0
<u>Fixed Assets (Net, where applicable, of Accumulated Depreciation)</u>						
	0	0	0	0	3,766,068	0
<u>Other Debits:</u>						
<u>Amount Available in Debt Service</u>						
Fund for Retirement of General Obligations Bonds	0	0	0	0	0	0
<u>Amount Available in Debt Service</u>						
Fund for Retirement of Special Assessment Bonds	0	0	0	0	0	0
<u>Amount to be Provided for Retirement of General</u>						
Obligation Debt	0	0	0	0	0	0
<u>Amount to be Provided for Retirement of Special</u>						
Assessment Debt	0	0	0	0	0	0
<u>Amount to be Provided from General Government Resources</u>						
	0	0	0	0	0	0
Total Assets and Other Debits	\$6,372,061	\$14,840,385	\$1,573,225	\$339,966	\$4,936,016	\$1,053,901

Fund Types	Fiduciary Fund Types	Account Groups		Totals Primary Government (Memorandum Only)	Component Units		Totals Reporting Entity (Memorandum Only)
		General Fixed Assets	General Long-term Obligations		Guernsey Industries	Guernsey County Port Authority	
\$1,053,901	\$2,345,084	\$0	\$0	\$16,050,993	\$0	\$0	\$16,050,993
0	410,098	0	0	410,098	75,464	29,283	514,845
0	47,061	0	0	47,061	39,674	0	86,735
0	28,033,048	0	0	28,033,048	0	0	28,033,048
0	1,699,914	0	0	1,699,914	0	0	1,699,914
0	0	0	0	888,835	0	0	888,835
0	0	0	0	196,636	15,288	0	211,924
0	2,749,235	0	0	6,462,562	0	0	6,462,562
0	0	0	0	22,146	0	0	22,146
0	0	0	0	118,154	0	0	118,154
0	6,703	0	0	327,496	0	0	327,496
0	342,288	0	0	5,406,718	0	0	5,406,718
0	0	0	0	935,118	0	0	935,118
0	0	0	0	0	0	0	0
0	0	0	0	92,425	200	0	92,625
0	0	0	0	291,713	17,459	0	309,172
0	0	28,189,713	0	31,955,781	45,211	0	32,000,992
0	0	0	525,573	525,573	0	0	525,573
0	0	0	112,534	112,534	0	0	112,534
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	7,661,088	7,661,088	0	0	7,661,088
<u>\$1,053,901</u>	<u>\$35,633,431</u>	<u>\$28,189,713</u>	<u>\$8,299,195</u>	<u>\$101,237,893</u>	<u>\$193,296</u>	<u>\$29,283</u>	<u>\$101,460,472</u>

(continued)

Guernsey County, Ohio
 Combined Balance Sheet
 All Fund Types, Account Groups and Discretely Presented Component Units
 December 31, 2001
 (Continued)

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
Liabilities, Fund Equity and Other Credits:						
<u>Liabilities:</u>						
Accounts Payable	\$57,132	\$104,922	\$0	\$726	\$2,730	\$0
Contracts Payable	0	0	0	0	0	0
Accrued Wages Payable	27,885	219,301	0	0	7,816	0
Compensated Absences Payable	12,498	30,385	0	0	44,104	0
Retainage Payable	0	0	0	1,810	0	0
Interfund Payable	0	0	0	0	22,146	0
Due to Other Funds	3,000	324,500	0	0	0	0
Intergovernmental Payable	145,662	129,513	0	0	22,584	0
Claims and Judgements Payable	0	0	0	0	0	332,400
Deferred Revenue	1,239,490	6,511,301	935,118	0	0	0
Due to Others	0	0	0	0	0	0
Undistributed Monies	0	0	0	0	0	0
OPWC Loan Payable	0	0	0	0	0	0
OWDA Loan Payable	0	0	0	0	802,234	0
Capital Leases Payable	0	0	0	0	0	0
Special Assessment Debt with Governmental Commitment	0	0	0	0	0	0
General Obligation Notes Payable	0	0	0	0	0	0
General Obligation Bonds Payable	0	0	0	0	582,200	0
Total Liabilities	1,485,667	7,319,922	935,118	2,536	1,483,814	332,400
Fund Equity, Net Assets and Other Credits:						
Investment in General Fixed Assets	0	0	0	0	0	0
Contributed Capital	0	0	0	0	3,048,697	0
Retained Earnings:						
Unreserved	0	0	0	0	403,505	721,501
Fund Balance:						
Reserved for Encumbrances	25,773	27,761	0	0	0	0
Reserved for Claimants	56,795	0	0	0	0	0
Reserved for Endowment	0	0	0	0	0	0
Reserved for Inventory	28,248	185,697	0	0	0	0
Unreserved, Undesignated	4,775,578	7,307,005	638,107	337,430	0	0
Net Assets:						
Unrestricted	0	0	0	0	0	0
Total Fund Equity, Net Assets and Other Credits	4,886,394	7,520,463	638,107	337,430	3,452,202	721,501
Total Liabilities, Fund Equity, Net Assets and Other Credits	\$6,372,061	\$14,840,385	\$1,573,225	\$339,966	\$4,936,016	\$1,053,901

See accompanying notes to the general purpose financial statements

Fiduciary Fund Types	Account Groups		Totals Primary Government (Memorandum Only)	Component Units		Totals Reporting Entity (Memorandum Only)
	General Fixed Assets	General Long-term Obligations		Guernsey Industries	Guernsey County Port Authority	
\$0	\$0	\$0	\$165,510	\$213	\$0	\$165,723
0	0	0	0	0	0	0
0	0	0	255,002	0	0	255,002
0	0	1,196,038	1,283,025	0	0	1,283,025
0	0	0	1,810	0	0	1,810
0	0	0	22,146	0	0	22,146
6,341,832	0	0	6,669,332	0	0	6,669,332
25,096,746	0	382,763	25,777,268	2,246	0	25,779,514
0	0	0	332,400	0	0	332,400
0	0	0	8,685,909	21,271	0	8,707,180
3,201,644	0	0	3,201,644	0	0	3,201,644
793,106	0	0	793,106	0	0	793,106
0	0	157,460	157,460	0	0	157,460
0	0	0	802,234	0	0	802,234
0	0	199,447	199,447	0	0	199,447
0	0	685,093	685,093	0	0	685,093
0	0	455,000	455,000	0	0	455,000
0	0	5,223,394	5,805,594	0	0	5,805,594
<u>35,433,328</u>	<u>0</u>	<u>8,299,195</u>	<u>55,291,980</u>	<u>23,730</u>	<u>0</u>	<u>55,315,710</u>
0	28,189,713	0	28,189,713	0	0	28,189,713
0	0	0	3,048,697	0	0	3,048,697
0	0	0	1,125,006	0	0	1,125,006
0	0	0	53,534	0	0	53,534
0	0	0	56,795	0	0	56,795
20,000	0	0	20,000	0	0	20,000
0	0	0	213,945	0	0	213,945
180,103	0	0	13,238,223	0	29,283	13,267,506
0	0	0	0	169,566	0	169,566
<u>200,103</u>	<u>28,189,713</u>	<u>0</u>	<u>45,945,913</u>	<u>169,566</u>	<u>29,283</u>	<u>46,144,762</u>
<u>\$35,633,431</u>	<u>\$28,189,713</u>	<u>\$8,299,195</u>	<u>\$101,237,893</u>	<u>\$193,296</u>	<u>\$29,283</u>	<u>\$101,460,472</u>

Guernsey County, Ohio
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
 All Governmental Fund Types, Expendable Trust Fund and Discretely Presented Component Unit
 For the Year Ended December 31, 2001

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<u>Revenues:</u>			
Property and Other Taxes	\$1,131,126	\$3,889,260	\$0
Sales Tax	4,231,473	0	618,000
Charges for Services	1,676,998	994,906	0
Licenses and Permits	9,973	66,790	0
Fines and Forfeitures	131,376	243,629	0
Intergovernmental	1,200,341	17,647,144	0
Special Assessments	0	0	84,394
Interest	860,954	22,363	2,521
Rent	144,674	9,600	107,108
Other	343,759	293,786	0
Total Revenues	<u>9,730,674</u>	<u>23,167,478</u>	<u>812,023</u>
<u>Expenditures:</u>			
Current:			
General Government:			
Legislative and Executive	2,928,225	327,081	0
Judicial	2,416,698	363,660	0
Public Safety	2,088,118	462,765	0
Public Works	65,061	3,705,772	0
Health	1,346	4,761,773	0
Human Services	248,750	12,169,050	0
Economic Development and Assistance	768	329,231	0
Other	949,017	0	0
Capital Outlay	0	0	0
Intergovernmental	50,000	0	0
Debt Service:			
Principal Retirement	40,005	45,242	1,054,044
Interest and Fiscal Charges	27,158	1,557	402,275
Total Expenditures	<u>8,815,146</u>	<u>22,166,131</u>	<u>1,456,319</u>
Excess of Revenues Over (Under) Expenditures	<u>915,528</u>	<u>1,001,347</u>	<u>(644,296)</u>
<u>Other Financing Sources (Uses):</u>			
Inception of Capital Lease	106,459	22,764	0
Operating Transfers In	0	681,552	183,320
Proceeds from Sale of Notes	0	0	455,000
Operating Transfers Out	(663,089)	(182,814)	0
Total Other Financing Sources (Uses)	<u>(556,630)</u>	<u>521,502</u>	<u>638,320</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	358,898	1,522,849	(5,976)
Fund Balances at Beginning of Year Restated (Note 3)	4,532,370	6,017,214	644,083
Decrease in Reserve for Inventory	<u>(4,874)</u>	<u>(19,600)</u>	<u>0</u>
Fund Balances at End of Year	<u>\$4,886,394</u>	<u>\$7,520,463</u>	<u>\$638,107</u>

See accompanying notes to the general purpose financial statements

Capital Projects	Fiduciary Fund Type Expendable Trust	Component Unit		
		Totals Primary Government (Memorandum Only)	Guernsey County Port Authority	Totals Reporting Entity (Memorandum Only)
\$0	\$0	\$5,020,386	\$0	\$5,020,386
0	0	4,849,473	0	4,849,473
0	0	2,671,904	0	2,671,904
0	0	76,763	0	76,763
0	0	375,005	0	375,005
311,285	0	19,158,770	50,000	19,208,770
0	0	84,394	0	84,394
15,932	6,060	907,830	93	907,923
32,220	0	293,602	0	293,602
0	0	637,545	0	637,545
<u>359,437</u>	<u>6,060</u>	<u>34,075,672</u>	<u>50,093</u>	<u>\$34,125,765</u>
0	0	3,255,306	0	3,255,306
0	0	2,780,358	0	2,780,358
0	0	2,550,883	0	2,550,883
0	0	3,770,833	20,810	3,791,643
0	0	4,763,119	0	4,763,119
0	0	12,417,800	0	12,417,800
0	0	329,999	0	329,999
0	0	949,017	0	949,017
328,727	0	328,727	0	328,727
0	0	50,000	0	50,000
0	0	1,139,291	0	1,139,291
0	0	430,990	0	430,990
<u>328,727</u>	<u>0</u>	<u>32,766,323</u>	<u>20,810</u>	<u>32,787,133</u>
<u>30,710</u>	<u>6,060</u>	<u>1,309,349</u>	<u>29,283</u>	<u>1,338,632</u>
0	0	129,223	0	129,223
10,000	0	874,872	0	874,872
0	0	455,000	0	455,000
(143,708)	0	(989,611)	0	(989,611)
<u>(133,708)</u>	<u>0</u>	<u>469,484</u>	<u>0</u>	<u>469,484</u>
(102,998)	6,060	1,778,833	29,283	1,808,116
440,428	101,906	11,736,001	0	11,736,001
0	0	(24,474)	0	(24,474)
<u>\$337,430</u>	<u>\$107,966</u>	<u>\$13,490,360</u>	<u>\$29,283</u>	<u>13,519,643</u>

Guernsey County, Ohio
 Combined Statement of Revenues, Expenditures, and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 All Governmental Fund Types and Expendable Trust Fund
 For the Year Ended December 31, 2001

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property and Other Taxes	\$1,059,840	\$1,131,126	\$71,286
Sales Tax	3,986,204	4,112,964	126,760
Charges for Services	1,338,325	1,581,065	242,740
Licenses and Permits	11,700	9,973	(1,727)
Fines and Forfeitures	103,600	140,363	36,763
Intergovernmental	1,249,061	1,284,654	35,593
Special Assessments	0	0	0
Interest	750,000	893,607	143,607
Rent	144,874	144,674	(200)
Other	205,371	343,759	138,388
Total Revenues	<u>8,848,975</u>	<u>9,642,185</u>	<u>793,210</u>
<u>Expenditures:</u>			
Current:			
General Government:			
Legislative and Executive	4,538,462	2,943,259	1,595,203
Judicial	2,630,375	2,438,552	191,823
Public Safety	2,200,723	2,065,774	134,949
Public Works	118,376	67,111	51,265
Health	3,000	789	2,211
Human Services	298,408	265,115	33,293
Economic Development and Assistance	0	0	0
Other	1,260,552	949,017	311,535
Capital Outlay	0	0	0
Intergovernmental	50,000	50,000	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	17,409	17,409	0
Total Expenditures	<u>11,117,305</u>	<u>8,797,026</u>	<u>2,320,279</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,268,330)</u>	<u>845,159</u>	<u>3,113,489</u>
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Notes	0	0	0
Operating Transfers In	38,437	0	(38,437)
Operating Transfers Out	(1,215,147)	(663,089)	552,058
Total Other Financing Sources (Uses)	<u>(1,176,710)</u>	<u>(663,089)</u>	<u>513,621</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(3,445,040)</u>	<u>182,070</u>	<u>3,627,110</u>
Fund Balances at Beginning of Year	3,500,510	3,500,510	0
Prior Year Encumbrances Appropriated	<u>53,339</u>	<u>53,339</u>	<u>0</u>
Fund Balances at End of Year	<u><u>\$108,809</u></u>	<u><u>\$3,735,919</u></u>	<u><u>\$3,627,110</u></u>

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$3,289,837	\$3,889,260	\$599,423	\$0	\$0	\$0
0	0	0	618,000	618,000	0
473,246	830,922	357,676	0	0	0
45,200	66,790	21,590	0	0	0
227,586	246,971	19,385	0	0	0
17,956,394	17,366,478	(589,916)	0	0	0
0	0	0	79,565	84,394	4,829
24,000	23,058	(942)	3,000	2,521	(479)
9,600	9,600	0	107,418	107,108	(310)
191,955	293,786	101,831	0	0	0
<u>22,217,818</u>	<u>22,726,865</u>	<u>509,047</u>	<u>807,983</u>	<u>812,023</u>	<u>4,040</u>
710,735	341,024	369,711	0	0	0
783,555	382,217	401,338	0	0	0
622,553	496,735	125,818	0	0	0
4,180,532	3,813,258	367,274	0	0	0
7,505,397	4,922,632	2,582,765	0	0	0
13,806,021	12,068,562	1,737,459	0	0	0
363,713	329,569	34,144	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	1,091,282	1,054,044	37,238
0	0	0	402,275	402,275	0
<u>27,972,506</u>	<u>22,353,997</u>	<u>5,618,509</u>	<u>1,493,557</u>	<u>1,456,319</u>	<u>37,238</u>
<u>(5,754,688)</u>	<u>372,868</u>	<u>6,127,556</u>	<u>(685,574)</u>	<u>(644,296)</u>	<u>41,278</u>
0	0	0	0	455,000	455,000
495,591	681,552	185,961	231,455	183,320	(48,135)
(449,831)	(182,814)	267,017	(86,970)	0	86,970
<u>45,760</u>	<u>498,738</u>	<u>452,978</u>	<u>144,485</u>	<u>638,320</u>	<u>493,835</u>
(5,708,928)	871,606	6,580,534	(541,089)	(5,976)	535,113
5,764,936	5,764,936	0	541,083	541,083	0
53,743	53,743	0	0	0	0
<u>\$109,751</u>	<u>\$6,690,285</u>	<u>\$6,580,534</u>	<u>(\$6)</u>	<u>\$535,107</u>	<u>\$535,113</u>

(continued)

Guernsey County, Ohio
 Combined Statement of Revenues, Expenditures, and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 All Governmental Fund Types and Expendable Trust Fund
 For the Year Ended December 31, 2001
 (Continued)

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property and Other Taxes	\$0	\$0	\$0
Sales Tax	0	0	0
Charges for Services	0	0	0
Licenses and Permits	0	0	0
Fines and Forfeitures	0	0	0
Intergovernmental	380,227	351,881	(28,346)
Special Assessments	0	0	0
Interest	6,629	17,415	10,786
Rent	30,000	32,220	2,220
Other	0	0	0
Total Revenues	<u>416,856</u>	<u>401,516</u>	<u>(15,340)</u>
<u>Expenditures:</u>			
Current:			
General Government:			
Legislative and Executive	0	0	0
Judicial	0	0	0
Public Safety	0	0	0
Public Works	0	0	0
Health	0	0	0
Human Services	0	0	0
Economic Development and Assistance	0	0	0
Other	0	0	0
Capital Outlay	725,194	370,529	354,665
Intergovernmental	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	<u>725,194</u>	<u>370,529</u>	<u>354,665</u>
Excess of Revenues Over (Under) Expenditures	<u>(308,338)</u>	<u>30,987</u>	<u>339,325</u>
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Notes	0	0	0
Operating Transfers In	10,000	10,000	0
Operating Transfers Out	(143,708)	(143,708)	0
Total Other Financing Sources (Uses)	<u>(133,708)</u>	<u>(133,708)</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(442,046)	(102,721)	339,325
Fund Balances at Beginning of Year	442,046	442,046	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances at End of Year	<u>\$0</u>	<u>\$339,325</u>	<u>\$339,325</u>

See accompanying notes to the general purpose financial statements

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$4,349,677	\$5,020,386	\$670,709
0	0	0	4,604,204	4,730,964	126,760
0	0	0	1,811,571	2,411,987	600,416
0	0	0	56,900	76,763	19,863
0	0	0	331,186	387,334	56,148
0	0	0	19,585,682	19,003,013	(582,669)
0	0	0	79,565	84,394	4,829
5,400	6,512	1,112	789,029	943,113	154,084
0	0	0	291,892	293,602	1,710
0	0	0	397,326	637,545	240,219
<u>5,400</u>	<u>6,512</u>	<u>1,112</u>	<u>32,297,032</u>	<u>33,589,101</u>	<u>1,292,069</u>
0	0	0	5,249,197	3,284,283	1,964,914
0	0	0	3,413,930	2,820,769	593,161
0	0	0	2,823,276	2,562,509	260,767
0	0	0	4,298,908	3,880,369	418,539
0	0	0	7,508,397	4,923,421	2,584,976
106,854	0	106,854	14,211,283	12,333,677	1,877,606
0	0	0	363,713	329,569	34,144
0	0	0	1,260,552	949,017	311,535
0	0	0	725,194	370,529	354,665
0	0	0	50,000	50,000	0
0	0	0	1,091,282	1,054,044	37,238
0	0	0	419,684	419,684	0
<u>106,854</u>	<u>0</u>	<u>106,854</u>	<u>41,415,416</u>	<u>32,977,871</u>	<u>8,437,545</u>
<u>(101,454)</u>	<u>6,512</u>	<u>107,966</u>	<u>(9,118,384)</u>	<u>611,230</u>	<u>9,729,614</u>
0	0	0	0	455,000	455,000
0	0	0	775,483	874,872	99,389
0	0	0	(1,895,656)	(989,611)	906,045
<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,120,173)</u>	<u>340,261</u>	<u>1,460,434</u>
(101,454)	6,512	107,966	(10,238,557)	951,491	11,190,048
101,454	101,454	0	10,350,029	10,350,029	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>107,082</u>	<u>107,082</u>	<u>0</u>
<u>\$0</u>	<u>\$107,966</u>	<u>\$107,966</u>	<u>\$218,554</u>	<u>\$11,408,602</u>	<u>\$11,190,048</u>

Guernsey County, Ohio
 Combined Statement of Revenues,
 Expenses and Changes in Fund Equity/Fund Balance
 All Proprietary Fund Types and Non-Expendable Trust Fund
 For the Year Ended December 31, 2001

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Non-Expendable Trust	
<u>Operating Revenues:</u>				
Charges for Services	\$1,670,130	\$1,648,042	\$0	\$3,318,172
Tap-In Fees	41,150	0	0	41,150
Interest	0	0	5,482	5,482
Other Operating Revenues	11,256	0	0	11,256
Total Operating Revenues	<u>1,722,536</u>	<u>1,648,042</u>	<u>5,482</u>	<u>3,376,060</u>
<u>Operating Expenses:</u>				
Personal Services	340,053	0	0	340,053
Fringe Benefits	116,794	0	0	116,794
Contractual Services	790,949	175,475	0	966,424
Materials and Supplies	99,289	0	846	100,135
Claims	0	1,411,531	0	1,411,531
Depreciation	204,860	0	0	204,860
Other Operating Expenses	31,706	742	0	32,448
Total Operating Expenses	<u>1,583,651</u>	<u>1,587,748</u>	<u>846</u>	<u>3,172,245</u>
Operating Income	<u>138,885</u>	<u>60,294</u>	<u>4,636</u>	<u>203,815</u>
<u>Non-Operating Revenues (Expenses):</u>				
Interest Income	9,952	0	0	9,952
Loss on Sale of Fixed Asset	(19,331)	0	0	(19,331)
Interest and Fiscal Charges	(101,006)	0	0	(101,006)
Total Non-Operating Revenues (Expenses)	<u>(110,385)</u>	<u>0</u>	<u>0</u>	<u>(110,385)</u>
Income Before				
Operating Transfers	28,500	60,294	4,636	93,430
Operating Transfers In	<u>114,739</u>	<u>0</u>	<u>0</u>	<u>114,739</u>
Net Income	143,239	60,294	4,636	208,169
Retained Earnings/Fund Balance at Beginning of Year	<u>260,266</u>	<u>661,207</u>	<u>87,502</u>	<u>1,008,975</u>
Retained Earnings/Fund Balance at End of Year	403,505	721,501	92,138	1,217,144
Contributed Capital at Beginning and End of Year	<u>3,048,697</u>	<u>0</u>	<u>0</u>	<u>3,048,697</u>
Total Fund Equity at End of Year	<u>\$3,452,202</u>	<u>\$721,501</u>	<u>\$92,138</u>	<u>\$4,265,841</u>

See accompanying notes to the general purpose financial statements

Guernsey County, Ohio
 Combined Statement of Revenues, Expenses and
 Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
 All Proprietary Fund Types and Non-Expendable Trust Fund
 For the Year Ended December 31, 2001

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$1,687,163	\$1,668,063	(\$19,100)
Interest	0	10,122	10,122
Tap-In Fees	41,150	41,150	0
Other Revenues	5,500	11,256	5,756
Total Revenues	<u>1,733,813</u>	<u>1,730,591</u>	<u>(3,222)</u>
<u>Expenses:</u>			
Personal Services	342,062	326,606	15,456
Fringe Expense	55,666	108,360	(52,694)
Contractual Services	942,100	914,926	27,174
Materials and Supplies	140,000	106,505	33,495
Claims Expense	0	0	0
Other Operating Expenses	654,274	31,706	622,568
Capital Outlay	165,470	146,904	18,566
Debt Service:			
Principal Retirement	139,189	109,418	29,771
Interest and Fiscal Charges	101,006	101,006	0
Total Expenses	<u>2,539,767</u>	<u>1,845,431</u>	<u>694,336</u>
Excess of Revenues Over (Under) Expenses	(805,954)	(114,840)	691,114
Operating Transfers In	65,400	114,739	49,339
Operating Transfers Out	<u>(14,231)</u>	<u>0</u>	<u>14,231</u>
Excess of Revenues Over (Under) Expenses and Operating Transfers	(754,785)	(101)	754,684
Fund Equity at Beginning of Year	754,777	754,777	0
Prior Year Encumbrances Appropriated	<u>59,051</u>	<u>59,051</u>	<u>0</u>
Fund Equity at End of Year	<u>\$59,043</u>	<u>\$813,727</u>	<u>\$754,684</u>

(continued)

Guernsey County, Ohio
 Combined Statement of Revenues, Expenses and
 Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
 All Proprietary Fund Types and Non-Expendable Trust Fund
 For the Year Ended December 31, 2000
 (Continued)

	Internal Service		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<u>Revenues:</u>			
Charges for Services	\$1,500,275	\$1,520,472	\$20,197
Interest	0	0	0
Tap-In Fees	0	0	0
Other Revenues	0	0	0
Total Revenues	<u>1,500,275</u>	<u>1,520,472</u>	<u>20,197</u>
<u>Expenses:</u>			
Personal Services	0	0	0
Fringe Expense	0	0	0
Contractual Services	210,000	175,475	34,525
Materials and Supplies	0	0	0
Claims Expense	2,296,711	1,297,531	999,180
Other Operating Expenses	742	742	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenses	<u>2,507,453</u>	<u>1,473,748</u>	<u>1,033,705</u>
Excess of Revenues Over (Under) Expenses	(1,007,178)	46,724	1,053,902
Operating Transfers In	0	0	0
Operating Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses and Operating Transfers	(1,007,178)	46,724	1,053,902
Fund Equity at Beginning of Year	1,007,177	1,007,177	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Equity at End of Year	<u><u>(\$1)</u></u>	<u><u>\$1,053,901</u></u>	<u><u>\$1,053,902</u></u>

See accompanying notes to the general purpose financial statements

Non-Expendable Trust			Totals - Memorandum Only		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$3,187,438	\$3,188,535	\$1,097
0	5,482	5,482	0	15,604	15,604
0	0	0	41,150	41,150	0
0	0	0	5,500	11,256	5,756
0	5,482	5,482	3,234,088	3,256,545	22,457
0	0	0	342,062	326,606	15,456
0	0	0	55,666	108,360	(52,694)
0	0	0	1,152,100	1,090,401	61,699
0	846	(846)	140,000	107,351	32,649
0	0	0	2,296,711	1,297,531	999,180
0	0	0	655,016	32,448	622,568
0	0	0	165,470	146,904	18,566
0	0	0	139,189	109,418	29,771
0	0	0	101,006	101,006	0
0	846	(846)	5,047,220	3,320,025	1,727,195
0	4,636	4,636	(1,813,132)	(63,480)	1,749,652
0	0	0	65,400	114,739	49,339
0	0	0	(14,231)	0	14,231
0	4,636	4,636	(1,761,963)	51,259	1,813,222
87,502	87,502	0	1,849,456	1,849,456	0
0	0	0	59,051	59,051	0
<u>\$87,502</u>	<u>\$92,138</u>	<u>\$4,636</u>	<u>\$146,544</u>	<u>\$1,959,766</u>	<u>\$1,813,222</u>

Guernsey County, Ohio
 Combined Statement of Cash Flows
 All Proprietary Fund Types and Non-Expendable Trust Fund
 For the Year Ended December 31, 2001

	Proprietary Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	Water	Sewer	Enterprise	Internal Service	Non- Expendable Trust	
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>						
<u>Cash Flows from Operating Activities:</u>						
Cash Received from Customers	\$1,503,423	\$175,731	\$1,679,154	\$0	\$0	\$1,679,154
Cash Received from Quasi-External Transactions with Other Funds	0	0	0	1,520,472	0	1,520,472
Cash Payments for Employee Services and Benefits	(389,085)	(51,824)	(440,909)	0	0	(440,909)
Cash Payments for Goods and Services	(869,356)	(84,077)	(953,433)	(175,475)	(846)	(1,129,754)
Cash Payments for Claims	0	0	0	(1,297,531)	0	(1,297,531)
Other Operating Revenue	11,256	692	11,948	0	0	11,948
Other Operating Expenses	(28,446)	(3,260)	(31,706)	(742)	0	(32,448)
Other Non-Operating Revenue	40,750	400	41,150	0	0	41,150
Net Cash Provided by (Used for) Operating Activities	<u>268,542</u>	<u>37,662</u>	<u>306,204</u>	<u>46,724</u>	<u>(846)</u>	<u>352,082</u>
<u>Cash Flows from Noncapital Financing Activities:</u>						
Operating Transfers In	105,082	9,657	114,739	0	0	114,739
<u>Cash Flows from Capital and Related Financing Activities:</u>						
Payments for Capital Acquisitions	(146,904)	0	(146,904)	0	0	(146,904)
Principal Payments	(109,418)	0	(109,418)	0	0	(109,418)
Interest Payments	(101,006)	0	(101,006)	0	0	(101,006)
Net Cash Used for Capital and Related Financing Activities	<u>(357,328)</u>	<u>0</u>	<u>(357,328)</u>	<u>0</u>	<u>0</u>	<u>(357,328)</u>
<u>Cash Flows from Investing Activities:</u>						
Receipts of Interest	9,952	0	9,952	0	5,482	15,434
Net Increase in Cash and Cash Equivalents	26,248	47,319	73,567	46,724	4,636	124,927
Cash and Cash Equivalents at Beginning of Year	748,208	72,650	820,858	1,007,177	87,502	1,915,537
Cash and Cash Equivalents at End of Year	<u>\$774,456</u>	<u>\$119,969</u>	<u>\$894,425</u>	<u>\$1,053,901</u>	<u>\$92,138</u>	<u>\$2,040,464</u>
<u>Reconciliation of Operating Income to</u>						
<u>Net Cash Provided by (Used for) Operating Activities:</u>						
Operating Income	\$129,693	\$9,192	\$138,885	\$60,294	\$4,636	\$203,815
<u>Adjustments to Reconcile Operating Income</u>						
<u>to Net Cash Provided by (Used for) Operating Activities:</u>						
Depreciation	185,305	19,555	204,860	0	0	204,860
Interest	0	0	0	0	(5,482)	(5,482)
<u>Changes in Assets and Liabilities:</u>						
Increase in Accounts Receivable	-520	-1,547	(2,067)	0	0	(2,067)
Decrease in Prepaid Items	4,703	888	5,591	0	0	5,591
Increase in Materials and Supplies Inventory	-6,424	-82	(6,506)	0	0	(6,506)
Decrease in Accounts Payable	-1,579	52	(1,527)	0	0	(1,527)
Increase in Accrued Wages and Benefits	1,435	166	1,601	0	0	1,601
Increase in Claims Payable	0	0	0	114,000	0	114,000
Increase in Compensated Absences Payable	4,839	792	5,631	0	0	5,631
Decrease in Deferred Revenue	0	0	0	(127,570)	0	(127,570)
Decrease in Due to Other Governments	-48,910	8,646	(40,264)	0	0	(40,264)
Total Adjustments	<u>138,849</u>	<u>28,470</u>	<u>167,319</u>	<u>(13,570)</u>	<u>(5,482)</u>	<u>148,267</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$268,542</u>	<u>\$37,662</u>	<u>\$306,204</u>	<u>\$46,724</u>	<u>(\$846)</u>	<u>\$352,082</u>
<u>Reconciliation:</u>						
Cash and Cash Equivalents - All Fiduciary Funds			\$2,755,182			
Cash and Cash Equivalents - Expendable Trust Fund			(107,966)			
Cash and Cash Equivalents - All Agency Funds			(2,555,078)			
Cash and Cash Equivalents - Non-Expendable Trust Fund			<u>\$92,138</u>			

See accompanying notes to the general purpose financial statements

Guernsey County, Ohio
Statement of Activities
Component Unit
For the Year Ended December 31, 2001

	Guernsey Industries
<u>Unrestricted Net Assets Revenue:</u>	
Sales	\$218,290
Interest	2,661
Donations	7,433
Workers' Compensation Insurance Refund	32
Contributions: Guernsey County Board of Mental Retardation/Developmental Disabilities	36,872
Total Operating Revenues	265,288
 Direct Materials and Supplies	 62,445
	 202,843
 <u>Operating Expenses:</u>	
Wages	89,242
Depreciation	21,514
Employee Welfare	3,081
160 Board Expense	741
Insurance - General	8,185
Insurance - Industrial	261
Utilities	1,630
Advertising	2,458
Licenses	566
Professional Fees	8,961
Family Resources	27,972
Vehicle Expense	982
Repairs - Equipment	909
Dues and Subscriptions	885
Office Supplies and Postage	710
Other Supplies	7,706
Payroll Taxes	6,935
In-Kind Contribution	36,872
Total Operating Expenses	219,610
 Decrease in Unrestricted Net Assets	 (16,767)
 Net Assets, Beginning of Year	 186,333
 Net Assets, End of Year	 \$169,566

See accompanying notes to the general purpose financial statements

Guernsey County, Ohio
Statement of Cash Flows
Component Unit
For the Year Ended December 31, 2001

	Guernsey Industries
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$243,588
Cash Paid to Suppliers and Employees	(217,956)
Interest Received	973
Net Cash Provided by Operating Activities	26,605
<u>Cash Flows from Investing Activities:</u>	
Purchase of Equipment	(4,650)
Net Decrease in Cash	21,955
Cash at Beginning of Year	53,509
Cash at End of Year	\$75,464
<u>Reconciliation of Change in Net Assets to Net Cash (Used for) Operating Activities:</u>	
Change in Net Assets	(\$16,767)
<u>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used for) Operating Activities:</u>	
Depreciation	21,514
Reinvested Earning on Short-Term Investments	(1,688)
<u>(Increase) Decrease in Assets:</u>	
Accounts and Grant Receivable	9,358
Inventory	4,662
Prepaid Expenses	(100)
<u>(Decrease) in Liabilities:</u>	
Increase in Accrued Wages and Benefits	
Accounts Payable and Accrued Expenses	1,151
Deferred Income	8,475
Net Cash (Used for) Operating Activities	\$26,605
<u>Supplemental Data:</u>	
<u>Non-Cash Operating and Investing Activities:</u>	
Gifts In-Kind	\$36,872

See accompanying notes to the general purpose financial statements

Guernsey County, Ohio
Notes to the General Purpose Financial Statements
December 31, 2001

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

Guernsey County, Ohio (The County), was created in 1810. The County is comprised of nineteen townships, one city, and ten villages. The County is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County who manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, County Municipal Court Judge, Common Pleas Judge (also serves as the Domestic Relations Judge), and Probate Court Judge (also serves as the Juvenile Court Judge).

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

A. Reporting Entity:

The County utilizes the standards of Governmental Accounting Standards Board Statement 14 for determining the reporting entity.

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

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the County. For Guernsey County, this includes the Board of Mental Retardation and Developmental Disabilities, Children's Service Board, Soldiers' Relief Commission, Local Emergency Planning Committee (LEPC), Water and Sanitary Sewer Districts, Board of Mental Health and all departments and activities that are directly operated by the elected County Officials.

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

The component unit columns in the combined financial statements identify the financial data of the County's component units, Guernsey Industries and the Guernsey County Port Authority. The component units are discretely presented in separate columns to emphasize that they are legally separate from the County.

Guernsey Industries is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. The workshop, under a contractual agreement with the Guernsey County Board of Mental Retardation and Developmental Disabilities, provides sheltered employment for mentally retarded or handicapped adults in Guernsey County. The Guernsey County Board of MR/DD provides the workshop with staff salaries, transportation, equipment (except that used directly in the production of goods or rendering services), staff to administer and supervise training programs, and other funds as necessary for the operation of the workshop. Based on the

Guernsey County, Ohio
Notes to the General Purpose Financial Statements
December 31, 2001

significant services and resources provided by the County to the workshop and workshop's sole purpose of providing assistance to the retarded and handicapped adults of Guernsey County, the workshop is presented as a component unit of Guernsey County. Separately issued financial statements can be found from Guernsey Industries, Byesville, Ohio.

The Guernsey County Port Authority (GCPA) is a legally separate, not-for profit organization which is governed by a five member board. The GCPA was established by the Guernsey County Commissioners as a resource to continue and improve economic development throughout the county. The GCPA may adopt budgets, hire and fire employees, and issue revenue debt without the approval of the County. The GCPA received funding from Guernsey County to be used for administration and start up costs. The GCPA intends to seek state or federal grant funding to pursue various projects. Based upon the County's appointment of all GCPA board members, and the County's ongoing financial contributions to the GCPA, the Guernsey County Port Authority is presented as a component unit of Guernsey County. The GCPA operates on a fiscal year ending December 31. The operating statement of the GCPA is presented at the program level. Separately issued financial statements can be obtained from the Guernsey County Port Authority, Cambridge, Ohio.

The following potential component units have been excluded from the County's financial statements because the County is not financially accountable for these organizations nor are these entities for which the County approves the budget, the issuance of debt, or the levying of taxes:

Guernsey County District Public Library
GMN Educational Service Center
Guernsey Health Systems (Guernsey Health Foundation)
Pritchard-Laughlin Convention Center

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

Guernsey County General Health District is governed by the Board of Health. The Board adopts its own budget, hires and fires its own staff, and operates autonomously from the County. Funding is based on a rate per taxable valuation, along with state and federal grants applied for by the District. The County cannot significantly influence the Health District's operations, nor is it obligated for the Health District's debt.

Guernsey County Soil and Water Conservation District is statutorily created as a separate and distinct political subdivision of the State. The five supervisors of the Soil and Water Conservation District are elected officials authorized to contract and sue on behalf of the District. The supervisors adopt their own budget, authorize District expenditures, hire and fire staff, and do not rely on the County to finance deficits.

Guernsey County Law Library is operated by a non-profit association organized under State statute. State statutes require the County Commissioners to pay the salary of the Law Librarian and provide adequate, suitable facilities at County expense for the use as a county law library. The Board of County Commissioners is not involved in the selection of trustees or management of the Law Library. The County exercises no oversight responsibility. The County Auditor maintains the Law Library Agency Fund and collects monies paid by the courts for payment to the board of trustees of the Law Library.

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The County is associated with certain organizations which are defined as Jointly Governed Organizations, Related Organizations, or Pools. These organizations are presented in Note 19, Note 20, and Note 21 to the General Purpose Financial Statements. The organizations are:

SouthEastern Ohio Joint Solid Waste Management District
Guernsey-Monroe-Noble Community Action Corporation (GMN)
Southeast Ohio Juvenile Rehabilitation District (SEOJRD)
Guernsey County Family Service Council
Mental Health and Recovery Services Board
South Eastern Narcotics Team (SENT)
Mid Eastern Ohio Regional Council (MEORC)
Ohio Mid-Eastern Governments Association (OMEGA)
Cambridge - Guernsey County Visitors and Convention Bureau
The Area Office on Aging
Eastern Ohio Correctional Center
Southeast Area Transit
Guernsey County Convention Facilities Authority
Cambridge Metropolitan Housing Authority
Guernsey County Park District
Guernsey County Airport Authority
County Risk Sharing Authority (CORSA)
County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

B. Fund Accounting:

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

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

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

Governmental Fund Types:

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

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

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

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

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

Proprietary Fund Types:

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

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

Internal Service Fund This fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit on a cost-reimbursement basis.

Fiduciary Fund Types:

These funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments and/or other funds. The following are the County's fiduciary fund types:

Expendable Trust Fund This fund is accounted for in essentially the same manner as governmental funds.

Non-Expendable Trust Fund This fund is accounted for in essentially the same manner as proprietary funds; the principal of the trust must be preserved intact.

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

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Account Groups:

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These polices conform to Generally Accepted Accounting Principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. The County applies Financial Accounting Standards Board statements and interpretations issued prior to November 30, 1989, to proprietary activities provided they do not conflict with Governmental Accounting Standards Board statements and interpretations. Information in the notes to the General Purpose Financial Statements relates in general to the Primary Government. Information related to the operation of Guernsey Industries and the Guernsey County Port Authority (component units) is specifically identified.

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

A. Measurement Focus and Basis of Accounting:

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

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

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

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The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. The full accrual basis of accounting is followed for the proprietary and non-expendable trust funds.

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: earnings on investments, sales taxes (See Note 8) hotel/motel lodging tax, federal and state grants and subventions, and charges for current services.

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

Property taxes for which there is an enforceable legal claim as of December 31, 2001, but which were levied to finance 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

The Guernsey County Port Authority accounts for its operations on a modified accrual basis similar to the governmental funds of the County.

Guernsey Industries is a non-government, not-for-profit organization that follows the provisions of Statement of Financial Accounting (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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B. Budgetary Process:

The budgetary process is prescribed by provisions of the Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, legally are required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each fund, program and department. Budgetary modifications may only be made by resolution of the County Commissioners.

Budgetary information for Guernsey Industries and the Guernsey County Port Authority, (component units) is not reported because it is not included in the entity for which "the appropriated budget" is adopted and the component units do not maintain separate budgetary financial information.

Tax Budget:

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

Estimated Resources:

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be amended further during the year if the County Auditor determines, and the Budget Commission agrees, that an estimate needs either to be increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2001.

Appropriations:

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

The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the County Commissioners. Several

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supplemental appropriation resolutions were legally enacted by the County Commissioners during the year. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the Non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Revised Code prohibits expenditures plus encumbrances from exceeding appropriations.

On the GAAP basis, encumbrances outstanding at year-end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds and reported in the Notes to the Financial Statements for proprietary funds.

Lapsing of Appropriations:

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

C. Cash and Cash Equivalents 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 2001, investments were limited to STAROhio, federal agency securities, United States Treasury Notes and Federal Home Loan Mortgage Corporation REMICS.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

The County has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during 2001. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2001.

Investment procedures are restricted by the provisions of the Ohio Revised Code. During 2001, interest was distributed to the general fund, certain special revenue funds, a debt service fund, certain capital projects funds, an expendable trust fund, an enterprise fund, a non-expendable trust fund and certain agency funds. Interest Income earned in 2001 totaled \$923,263 for the primary government. Interest revenue credited to the General Fund during 2001 amounted to \$860,954, which includes \$643,710 assigned from other county funds. Interest income earned in 2001

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totaled \$2,661 for Guernsey County Industries, and \$93 for the Guernsey County Port Authority component units.

The County has segregated bank accounts for monies held separate from the County's central bank account. These interest bearing depository accounts are presented in the Combined Balance Sheet as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited into the County treasury. The component unit's money is also presented as "Cash and Cash Equivalents in Segregated Accounts".

For purposes of the Combined Statement of Cash Flows and for presentation on the Combined Balance Sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are considered to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

The component unit short-term investments are carried at cost, which approximates market value. At December 31, 2001 and 2000 these investments were primarily interest bearing bank certificates of deposit with maturity dates of greater than three months.

D. Receivables and Payables:

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

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

E. Inventory of 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. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. Reported 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. Inventory of Guernsey Industries (component unit) is stated at the lower of cost or market value, on the first-in, first-out method.

F. Prepaid Items:

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

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G. Interfund Assets and Liabilities:

Amounts owed to a particular fund by another fund for goods or services rendered, and amounts to be distributed by agency funds to other funds of the County, are classified as "Due from Other Funds/Due to Other Funds" on the Combined Balance Sheet.

Short-term interfund loans or the short-term portion of advances are classified as "interfund receivables/payables".

H. Property, Plant, Equipment, and Depreciation:

1. General Fixed Assets Account Group

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

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 in the General Fixed Assets Account Group.

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

2. Enterprise Fund Fixed Assets

Property, plant, and equipment reflected in the enterprise funds and Guernsey Industries (component unit) are stated at historical cost (or estimated historical cost) and are updated for the cost of additions and retirements during the year. Depreciation has been provided on a straight-line basis over the following estimated useful lives:

Description	Estimated Lives	
	Primary Governments	Component Unit
Buildings	50 Years	N/A
Machinery and Equipment	3-20 Years	5-7 Years
Furniture and Fixtures	3-20 Years	N/A
Vehicles	5 Years	3-5 Years
Underground Lines	40 Years	N/A

3. Valuation

County fixed asset values initially were determined at December 31, 1991, assigning original acquisition costs when such information was available. In cases when original costs were not practicably determinable, estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at estimated fair market value on the date donated. The Guernsey Industries (component unit) fixed asset values were determined at original acquisition costs when purchased.

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I. Compensated Absences:

GASB Statement 16, "Accounting for Compensated Absences", specifies the methods used to accrue liabilities for leave benefits. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the County has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the County's termination policy.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the General Long-Term Obligations Account Group. In the proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J. Accrued and Long-Term Obligations:

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

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

K. Reserves and Contributed Capital:

Fund balance reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Fund balances are reserved for encumbrances, inventories of materials and supplies, endowments and unclaimed monies. The reserve for endowment represents the principal portion of the Non-Expendable Trust Fund cash and cash equivalents that may not be spent. Under Ohio law, unclaimed monies are not available for appropriation until they have remained unclaimed for five years.

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from customers prior to 2001. A determination of the amount of contributed capital received prior to 1993 has not been made. Capital contributions received in 2001 have been recorded as revenues and are reported as increases in retained earnings based on new guidelines established by GASB Statement 33, "Accounting and Reporting for Non-Exchange Transactions."

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L. Interfund Transactions:

During the course of normal operations the County had numerous transactions between funds. The most significant include operating transfers and reimbursements.

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 fund are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.

M. Total Columns on 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. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

When the title of a statement indicates a Component Unit is included, two total columns are presented. The first is captioned "Primary Government" to indicate that only those activities that comprise the County's legal entity have been included. The second is captioned reporting entity and includes the activity and operations of the County's legally separate discretely presented component units (See Note 1). The total column on the statements which do not include a component unit has no additional caption.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR BALANCE

For 2001, the County has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36, "Reporting for Certain Shared Nonexchange Revenues." This implementation of new accounting principles resulted in a change in fund balance for Special Revenue Funds in the amount of \$43,246, from \$5,973,968 to \$6,017,214.

General fixed assets were restated by \$52,679 in the General Fixed Assets Account Group. General fixed assets increased from \$27,041,142 to \$27,093,821.

Capital leases payable were restated by \$501, from \$117,490 to \$116,989, and Ohio Public Works Commission notes payable were restated by \$10,726, from \$206,668 to \$195,942. This resulted in a reduction in general long term obligations in the amount of \$11,227., from \$8,455,545 to \$8,444,318.

NOTE 4 - RECONCILIATION OF OPERATIONS FROM BUDGET BASIS TO GAAP BASIS

While reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements, appropriations and encumbrances.

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Fund and the Combined

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Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types and Non-Expendable Trust Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types and the expendable trust fund (GAAP basis). Material encumbrances are disclosed in the notes for proprietary fund types (GAAP basis).
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than on the balance sheet transactions (GAAP basis).
5. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
6. Principal and interest payments on debt obligations are reported in debt service funds on the operating statement (budget basis) rather than in the funds receiving the proceeds or responsible for making the debt payments (GAAP basis).
7. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

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:

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Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types, Expendable Trust Fund and Component Unit

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Guernsey County Port Authority
GAAP Basis	\$358,898	\$1,522,849	(\$5,976)	(\$102,998)	\$6,060	\$29,283
Net Adjustment for						
Revenue Accruals	(82,459)	(459,402)	0	42,720	452	0
Unreported Cash	(41,447)	(3,975)	0	(641)	0	0
Change in Fair Value	(71,042)	0	0	0	0	0
Prepays	(72,125)	(19,181)	0	0	0	0
Net Adjustment for						
Expenditure Accruals	30,891	(385,901)	0	(41,802)	0	0
Encumbrances	(44,289)	(43,398)	0	0	0	0
Retirement Adjustment	103,643	260,614	0	0	0	0
Excess for Nonbudgeted Fund	0	0	0	0	0	(29,283)
Budget Basis	<u>\$182,070</u>	<u>\$871,606</u>	<u>(\$5,976)</u>	<u>(\$102,721)</u>	<u>\$6,512</u>	<u>\$0</u>

Net Income/Excess of Revenues Over (Under)
Expenses, Operating Transfers and Advances
All Proprietary Fund Types, Non Expendable Trust Fund and Component Unit

	Enterprise	Internal Service	Non-Expendable Trust	Guernsey Industries
GAAP Basis	\$143,239	\$60,294	\$4,636	(\$16,767)
Net Adjustment for				
Revenue Accruals	(1,768)	(127,570)	0	0
Unreported Cash	(129)	0	0	0
Prepays	(1,119)	0	0	0
Net Adjustment for				
Expense Accruals	(52,766)	114,000	0	0
Capital Outlay	(146,904)			
Principal Retirement	(109,418)			
Depreciation	204,860	0	0	0
Retirement Adjustment	12,571	0	0	0
Loss on Sale of Fixed Assets	19,331	0	0	0
Encumbrances	(67,998)	0	0	0
Excess of Net Income for Non-Budgeted Funds	0	0	0	16,767
Budget Basis	<u>(\$101)</u>	<u>\$46,724</u>	<u>\$4,636</u>	<u>\$0</u>

NOTE 5 - COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficits:

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

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Fund Type/Fund	Deficit Fund Balance
<u>Special Revenue Fund:</u>	
Public Assistance Fund	\$244,783
<u>Enterprise Funds:</u>	
Sewer Fund	155,339

These deficits are the result of the recognition of liabilities in accordance with Generally Accepted Accounting Principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

B. Legal Compliance:

The County had no funds that had accounts where expenditures plus encumbrances were materially in excess of appropriations contrary to section 5705.41, Revised Code:

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

Moneys held by the County which are not considered active are classified as inactive. Inactive moneys 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 and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;

Guernsey County, Ohio
Notes to the General Purpose Financial Statements
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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 Treasurer's investment pool (STAROhio);
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) of this section or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio; and
10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

In 1993 and 1994, which was prior to Senate Bill 81, the County's investment firm purchased Federal Home Loan Mortgage Corporation REMICS which are a type of derivative. These investments are held in the investment firm's pool on behalf of the County. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. In 1993 and 1994, which was prior to Senate Bill 81, the County's investment firm purchased Federal Home Loan Mortgage Corporation REMICS which are a type of derivative. These investments are held in the investment firm's pool on behalf of the County

Cash on Hand:

At year end, the County had \$39,196 in undeposited cash on hand which is included on the balance sheet of the County as part of "Equity in Pooled Cash and Cash Equivalents".

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

Deposits:

At year-end, the carrying amount of the County's deposits was \$4,115,399, and the bank balance was \$5,535,325. Of the bank balance:

1. \$793,160 was covered by federal depository insurance;

Guernsey County, Ohio
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2. \$4,724,165 was considered uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

Investments:

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

	Category 3	Carrying/ Fair Value
STAROhio	\$0	\$3,070,998
United States Treasury Notes	260,390	260,390
Tennessee Valley Authority Note	249,063	249,063
Federal Home Loan Bank Bonds (FHLB/FHLBB)	6,446,019	6,446,019
Federal Home Loan Consolidated Bonds	254,463	254,463
Federal Home Loan Mortgage Corporation (Freddie MAC)	1,256,107	1,256,107
Federal Home Loan Mortgage Corporation REMICS	58,050	58,050
Federal National Mortgage Association Notes	758,467	758,467
Total		\$12,353,557

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

Guernsey County, Ohio
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	<u>Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement 9	\$16,461,091	\$47,061
Undeposited Cash	(39,196)	0
Investments		
STAROhio	(3,070,998)	3,070,998
Certificates of Deposit	47,061	(47,061)
United States Treasury Notes	(260,390)	260,390
Tennessee Valley Authority Note	(249,063)	249,063
Federal Home Loan Bank		
Consolidated Bonds	(8,208,154)	8,208,154
Federal Home Loan		
Mortgage Corporation REMICS	(58,050)	58,050
Federal National Mortgage		
Association	(506,902)	506,902
GASB Statement 3	<u>\$4,115,399</u>	<u>\$12,353,557</u>

At year end, the carrying amount of Guernsey Industries (component unit) deposits was \$75,464 and the bank balance was \$53,010. The entire bank balance was covered by Federal Deposit Insurance. The Component Unit also had short term investments of \$39,674 that are carried at cost, which approximates market value. At December 31, 2001, these investments were primarily interest bearing bank certificates of deposit with maturity dates of greater than three months.

At year end, the carrying amount and bank balance of the Guernsey County Port Authority (component unit) were \$29,283. The entire bank balance was covered by Federal Deposit Insurance.

NOTE 7 - PROPERTY TAXES

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

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after October 1, 2001, and are collected in 2002 with real property taxes.

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

The full tax rate for all County operations for the year ended December 31, 2001, was \$12.70 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2001 property tax receipts were based are as follows:

Guernsey County, Ohio
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Real Property	\$352,073,740
Public Utility Personal Property	40,550,130
Tangible Personal Property	<u>90,702,500</u>
Total Assessed Value	<u><u>\$483,326,370</u></u>

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

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

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

NOTE 8 - PERMISSIVE SALES AND USE TAX

On February 27, 1989, the County Commissioners adopted a resolution which imposed a one quarter of one percent Permissive Sales Tax (Piggy Back Tax). The sales tax came into effect on April 1, 1992, and expired on April 1, 1993. This sales tax was renewed for two consecutive one-year terms and expired on April 1, 1995. On August 1, 1993, the County Commissioners adopted a resolution which imposed an additional one-quarter of one percent Permissive Sales Tax bringing the total Permissive Sales Tax to one-half of one percent. On February 22, 1995, the County Commissioners adopted a resolution to combine the two one-quarter of one percent Permissive Sales Taxes to a one-half of one percent tax. The County Commissioners have renewed the one-half of one percent Permissive Sales Tax for the seventh consecutive year on February 5, 2001. This sales tax came into effect on April 1, 2001, and expired on March 31, 2002.

The revenues generated from the sales tax are used for the purpose of providing additional revenue for the County's General Fund and General Bond Retirement Fund.

Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County. Proceeds of the tax are credited to the General Fund and General Bond Retirement Fund. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue. Sales and use tax revenue for 2001 amounted to \$4,849,473.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2001 consisted of taxes, accounts (billings for user charged services, including unbilled utility services), interfund, special assessments, accrued interest, outstanding court costs, and intergovernmental receivables arising from grants and shared revenues. All receivables are considered collectible in full. Special assessment delinquencies amount to \$64,409, are considered

Guernsey County, Ohio
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collectible, and are included in the receivable amount. Most other delinquent accounts receivable may be certified and collected as a special assessment, subject to foreclosure for nonpayment.

Guernsey Industries, Inc. (Component Unit) serves as the contract agent for funds received from the State of Ohio to serve the Family Resource Program. However, another party serves as the administrator of this program. All monies are received annually in July for expenditures occurring during the July through June period. Therefore, any unexpended monies remaining at year-end are recorded and are considered to be unrestricted net assets.

A summary of the principal items of intergovernmental receivables follows:

	Amount
General Fund:	
Homestead and Rollback	\$58,418
Electric Utility Deregulation	15,007
Total General Fund	73,425
Special Revenue Funds:	
Gasoline Tax	660,257
Motor Vehicle License Tax	843,945
Homestead and Rollback	169,669
Electric Utility Deregulation	52,526
Recycle Ohio!	3,520
Childrens Services Reimbursements	694,451
Prison Population Reduction	35,078
NCA Grant	1,767
Title VI	1,065
Title XX	32,876
Help Me Grow	60,343
Community Alternative Funding System	212,881
Preschool	246,943
Community Development Block Grant	593,098
Emergency Management Grants	15,918
Victims of Crime Act	15,565
Total Special Revenue Funds	3,639,902
Agency Funds:	
Local Government	1,889,869
Motor Vehicle License Tax	220,399
Gasoline Tax	454,079
Homestead and Rollback	12,793
Electric Utility Deregulation	50,438
Permissive Tax	121,657
Total Agency Funds	2,749,235
Total All Funds	\$6,462,562

NOTE 10 - FIXED ASSETS

A summary of the enterprise funds of the primary government and Guernsey Industries (component unit) fixed assets at December 31, 2001 follows:

Guernsey County, Ohio
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	Primary Government	Guernsey Industries
Land	\$17,280	\$0
Buildings	731,385	0
Improvements other than Buildings	707,222	0
Furniture and Fixtures	4,640	0
Machinery and Equipment	229,175	99,145
Vehicles	285,598	121,936
Underground Pipelines	4,562,610	0
Total	6,537,910	221,081
Less Accumulated Depreciation	(2,771,842)	(175,870)
Net Fixed Assets	<u>\$3,766,068</u>	<u>\$45,211</u>

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

	Balance January 1, 2001	Additions	Reductions	Balance December 31, 2001
Land	\$582,763	\$0	\$0	\$582,763
Buildings	14,050,124	431,707	0	14,481,831
Improvements other than Buildings	4,583,117	63,078	8,266	4,637,929
Furniture and Fixtures	676,546	91,981	25,187	743,340
Machinery and Equipment	3,896,828	356,389	239,513	4,013,704
Vehicles	2,162,752	476,845	111,684	2,527,913
Underground Pipelines	1,141,691	0	0	1,141,691
Construction in Progress	0	60,542	0	60,542
	<u>\$27,093,821</u>	<u>\$1,480,542</u>	<u>\$384,650</u>	<u>\$28,189,713</u>

NOTE 11 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; employee injuries, and natural disasters. By contracting with the County Risk Sharing Authority (CORSA) for liability, crime, and property insurance, the County has addressed these various types of risk.

CORSA, a non-profit corporation sponsored by the County Commissioners Association of Ohio, was created to provide affordable liability, property casualty, and crime insurance coverage for its members. CORSA was established May 12, 1987, and has grown to forty-eight members.

Under the CORSA program for general liability, auto liability, error and omission for public officials, and law enforcement liability, the County has \$1,000,000 of total liability coverage for each loss. Property damage is on a replacement cost basis for a buildings and contents and electronic data processing equipment.

In addition, the County maintains replacement cost insurance through CORSA on other property including the following: \$1,000,000 for valuable papers and extra expenses, \$100,000 for motortruck cargo, \$100,000,000 for flood and earthquake damage, and \$3,000,000 for automatic acquisition. Contractors equipment, miscellaneous inland marine, and auto physical damage are insured for their actual cash value under CORSA.

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Settled claims have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

With the exception of workers' compensation, health, dental, vision, and life insurances, all other insurance is held with CORSA. The County pays all elected official bonds by statute.

The County contracts with Medical Benefits to provide employees with medical insurance through a self-insurance program. The County maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss on this program.

The claims liability of \$332,400 reported in the Health Insurance Internal Service Fund at December 31, 2001 is based on the requirements of Governmental Accounting Standards Board Statement 10 which requires that a liability for unpaid claims costs, including estimates of costs related to incurred but not reported (IBNR) claims, be reported. The claims liability is based on an estimate calculated by Medical Benefits Administrators, Inc. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the funds' claims liability in 2000 and 2001 were:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2000	\$226,200	\$1,263,008	\$1,270,808	\$218,400
2001	218,400	1,411,531	1,297,531	332,400

For 2001 the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (see Note 21). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating Counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. Public Employees Retirement System:

All County employees, other than teachers, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Board. PERS provides basic retirement and

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disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report that may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations; law enforcement employees (sheriff and sheriff deputies) contribute 10.1 percent; all other law enforcement employees contribute 9 percent. For plan members, other than those engaged in law enforcement, the County was required to contribute 9.25 percent of covered salary for 2001, increased from 6.54 percent in 2000. The County contribution for all law enforcement employees for 2001 was 12.4 percent, increased from 11.4 percent in 2000. Contributions are authorized by State statute. The contribution rates are determined actuarially. The County's contributions to PERS for the years ended December 31, 2001, 2000, and 1999 were \$1,291,892, \$853,835, and \$1,153,105, respectively; 73 percent has been contributed for 2001 and 100 percent has been contributed for 2000 and 1999. The unpaid contribution for 2001 is recorded as a liability in the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System:

Certified teachers, employed by the school for Mental Retardation and Developmental Disabilities, participate in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary to fund pension obligations and the County is required to contribute 9.5 percent, an increase from 6 percent in 2000. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The County's contributions to STRS for the years ended December 31, 2001, 2000, and 1999 were \$31,518, \$20,436, and \$19,962, respectively. 100 percent has been contributed for 2001, 2000, and 1999.

NOTE 13 - POST-EMPLOYMENT BENEFITS

A. Public Employees Retirement System:

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The employer contribution rate for 2001 was 13.55 percent of covered payroll for employees not

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engaged in law enforcement; 4.3 percent was the portion that was used to fund health care. The employer contribution rate for law enforcement employees for 2001 was 16.7 percent of covered payroll; 4.3 percent was used to fund health care. For 2000 the employer contribution rate was 15.7 percent; 4.3 percent was used to fund health care.

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

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

The number of active contributing participants was 411,076. The County's actual contributions for 2001 which were used to fund postemployment benefits were \$566,805. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 2000, (the latest information available) were \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$14,364.6 million and \$2,628.7 million, respectively.

In January 2001, House Bill 416 divided the PERS law enforcement program into two separate divisions with separate employee contribution rates and benefits. The law enforcement classification consisted of sheriffs, deputy sheriffs and township police with an employee contribution rate of 10.1 percent. All other members of the PERS law enforcement program were placed in a newly named public safety division, and continue to contribute at 9.0 percent. The employer contribution rate for both the law enforcement and public safety divisions is 16.7 percent. Law enforcement officer benefits permit age and service retirement at an earlier age with a different formula than that for PERS members not covered under this division.

B. State Teachers Retirement System:

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS). Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS.

Benefits are funded on a pay-as-you-go basis. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the County, this amount equaled \$14,930 for 2001.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund at June 30, 2001, was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and there were 102,132 eligible benefit recipients.

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Notes to the General Purpose Financial Statements
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NOTE 14 - OTHER EMPLOYER BENEFITS

A. Deferred Compensation Plans:

County employees and elected officials may participate in either of two state-wide deferred compensation plans created in accordance with Internal Revenue Code Section 457, one offered by the State of Ohio and one by the County Commissioners Association of Ohio (CCAO). Assets of the plans are held in trust for the exclusive benefit of the participants and beneficiaries. The County has no fiduciary accountability for these plans. Participation is on a voluntary payroll deduction basis. Each plan permits deferral of compensation until future years. According to the plans, the deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

B. Compensated Absences:

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. Accumulated, unused vacation time and accumulated, unused sick leave is paid to a retired employee at varying rates depending on length of service and department policy.

C. Medical, Vision, Dental and Life Benefits

On September 1, 2000, the County contracted for two years with Medical Benefits to provide employees with medical insurance through a self-insured program. The County maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. The third party administrator, Medical Benefits, reviews and pays the claims. The County and employees share the cost of these premiums.

On September 1, 2000, the County contracted for two years with Medical Benefits to provide employees of the engineer's department and the sheriff's department with dental and vision insurance. The County pays 100 percent for engineer employees and the County and sheriff employees share the cost of their coverage. The County also contracted to provide all other employees with vision insurance.

Also, on September 1, 2000, the County Commissioners contracted to provide life insurance for two years with Medical Benefits. All County employees are eligible to receive life insurance coverage up to a maximum of \$20,000.

Employees of the Children's Services department do not participate in the County's self-insurance program. They are provided with life and health insurance through United Health Care of Ohio. The monthly premiums for these coverages are based on sex, age, marital status, and number of dependents. Both the County and the employees share the cost of the premiums.

Employees of the Board of Mental Retardation and Developmental Disabilities do not participate in the County's self-insurance program. They are provided with life, health, dental and vision insurance through Medical Benefits. The Board and employees share in the cost of these plans.

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NOTE 15 - CAPITAL LEASES - LESSEE DISCLOSURE

In the current and prior years, the County has entered into capitalized leases for a vehicle and five copiers. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the General Purpose Financial Statements for the governmental funds. The items acquired by lease have been capitalized in the General Fixed Assets Account Group in the amount of \$252,699, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the General Long-Term Obligations Account Group. Principal payments in 2001 totaled \$46,765.

Future minimum lease payments through 2006 are as follows:

Year	Amount
2002	\$59,224
2003	59,224
2004	58,764
2005	41,019
2006	13,663
Total	231,894
Less: Amount Representing Interest	(32,447)
Present Value of Net Minimum Lease Payments	\$199,447

NOTE 16 - LONG-TERM OBLIGATIONS

Changes in the County's long-term obligations during the year consisted of the following:

	Outstanding 12/31/00	Additions	Reductions	Outstanding 12/31/01
Enterprise Fund Obligations:				
General Obligations Bonds				
Kimbolton Waterline				
1992 5.75% Bond	\$127,100	\$0	\$6,500	\$120,600
North Salem Waterline				
1994 5% Bond	415,600	0	15,700	399,900
County Water Building Bond	72,350	0	10,650	61,700
Total General Obligation Bonds	615,050	0	32,850	582,200
Water Fund OWDA Loan	878,802	0	76,568	802,234
Total Enterprise Fund Obligations	\$1,493,852	\$0	\$109,418	\$1,384,434

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	Outstanding 12/31/00	Additions	Reductions	Outstanding 12/31/01
General Long-Term Obligations:				
Special Assessments Bonds:				
Rolling Hills Paving I 1988 6.375% Bond	\$111,500	\$0	\$11,100	\$100,400
Rolling Hills Paving II 1988 6.375% Bond	36,592	0	4,200	32,392
Northgate Sewer 1987 7.25%	63,000	0	9,000	54,000
Stop Nine Sanitary Sewer 1993 5%	55,500	0	700	54,800
Sundew and Zane Waterline 1996 4.95%	77,363	0	3,103	74,260
Cedar Hills Sewer 1996 4.95%	147,629	0	6,874	140,755
Wolf's Den Road Waterline 2000 6%	63,880	0	3,194	60,686
Eastmoor Sewer 1998 4.5%	174,300	0	6,500	167,800
Total Special Assessment Bonds	<u>729,764</u>	<u>0</u>	<u>44,671</u>	<u>685,093</u>
General Obligations Bonds				
Rolling Hills Paving II 1988 6.375%	5,108	0	0	5,108
Public Improvement 1992 5.75% Bond	5,515,000	0	405,000	5,110,000
Public Improvement 1996 4.95%	112,659	0	4,373	108,286
Total General Obligation Bonds	<u>5,632,767</u>	<u>0</u>	<u>409,373</u>	<u>5,223,394</u>
Garage Construction General Obligation Notes 2000 3.86%	600,000	0	600,000	0
Garage Construction General Obligation Notes 2001 6%	0	455,000	0	455,000
Compensated Absences	1,149,903	628,923	582,788	1,196,038
Pension Obligations	19,153	382,763	19,153	382,763
Capital Leases	116,989	129,223	46,765	199,447
Ohio Public Works Commission Promissory Notes	195,942	0	38,482	157,460
Total General Long-Term Obligations	<u>\$8,444,518</u>	<u>\$1,595,909</u>	<u>\$1,741,232</u>	<u>\$8,299,195</u>

The County has \$5,223,394 in general obligation bonds outstanding as of December 31, 2001, which are intended to be repaid from rental income from the Department of Human Services, Department of Job and Family Services, and sales and use tax revenues. The County has \$685,093 in special assessment bonds outstanding which will be paid from special assessment revenue. In the event the special assessments are not paid by the property owners, the County would be required to pay the bonds. The County has \$455,000 in long term notes outstanding at year end. These notes will be repaid from the County's general tax revenues. The County had \$199,447 in outstanding capital leases at December 31, 2001, which will be paid from the General Fund, the Children Services Special Revenue Fund and the Real Estate Assessment Special Revenue Fund. The enterprise general obligations bonds and OWDA loan will be repaid from water revenues. The Ohio Public Works Commission Loan will be repaid from the Motor Vehicle Gasoline Tax Special Revenue Fund. Compensated absences and the pension obligations will be repaid from the fund which the employees' salaries are paid.

Guernsey County, Ohio
Notes to the General Purpose Financial Statements
December 31, 2001

Annual requirements to retire general obligation bonds outstanding for the primary government at December 31, 2001, including interest in the amount of \$576,539 and \$1,832,869 for enterprise general obligation bonds and governmental general obligation bonds, respectively are as follows:

Year	Enterprise General Obligation Bonds	Governmental General Obligation Bonds	Total Primary Government
2002	\$50,236	\$733,980	\$784,216
2003	50,249	739,432	789,681
2004	50,241	732,770	783,011
2005	50,312	744,507	794,819
2006	50,259	738,525	788,784
2007-2011	180,370	3,301,722	3,482,092
2012-2016	180,332	65,327	245,659
2017-2021	180,357	0	180,357
2022-2026	180,075	0	180,075
2027-2031	178,933	0	178,933
2032	7,375	0	7,375
Total	<u>\$1,158,739</u>	<u>\$7,056,263</u>	<u>\$8,215,002</u>

Annual requirements to retire general obligation notes outstanding at December 31, 2001 including interest in the amount of \$332,000 are as follows:

Year	Amount
2002	\$49,000
2003	48,000
2004	47,000
2005	46,000
2006	50,000
2007-2011	241,000
2012-2016	239,250
2017-2021	66,750
Total	<u>\$787,000</u>

Annual requirements to retire special assessment bonds outstanding at December 31, 2001 including interest in the amount of \$305,206 are as follows:

Year	Amount
2002	\$83,318
2003	82,495
2004	81,505
2005	80,700
2006	80,122
2007-2011	274,972
2012-2016	201,051
2017-2021	64,561
2022-2026	17,365
2027-2031	17,220
2032-2033	6,990
Total	<u>\$990,299</u>

Guernsey County, Ohio
Notes to the General Purpose Financial Statements
December 31, 2001

Annual requirements to retire the OWDA loan including interest in the amount of \$292,054 are as follows:

Year	Amount
2002	\$72,953
2003	145,905
2004	145,905
2005	145,905
2006	145,905
2007-2009	437,715
Total	\$1,094,288

Annual requirements to retire the OPWC loans are as follows:

Year	Amount
2002	\$38,481
2003	32,801
2004	32,801
2005	20,096
2006	9,087
2007-2009	24,194
Total	\$157,460

The County's overall legal debt margin was \$10,766,266 with an unvoted debt margin of \$4,833,264 at December 31, 2001.

NOTE 17 - INTERFUND TRANSACTIONS

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

Guernsey County, Ohio
Notes to the General Purpose Financial Statements
December 31, 2001

<u>Due from/Due to Other Funds</u>	<u>Due from</u>	<u>Due to</u>
General Fund	\$1,390,332	\$3,000
Special Revenue Funds:		
Law Enforcement Trust	0	7,417
MRDD	2,452,338	0
Public Assistance	88,001	156,908
County Home	44,062	0
Childrens Services	969,853	0
Senior Citizens Levy	440,637	0
Child Support Enforcement Agency	0	160,175
Total Special Revenue Funds	<u>3,994,891</u>	<u>324,500</u>
Special Assessment Bond		
Retirement Fund	935,118	0
Agency Funds:		
Health Department	348,991	0
Undivided Property Tax	0	6,341,832
Total Agency Funds	<u>348,991</u>	<u>6,341,832</u>
Total Due from/Due to Other Funds	<u>\$6,669,332</u>	<u>\$6,669,332</u>
<u>Interfund Receivables/Payables</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$22,146	\$0
Water Enterprise Fund	0	22,146
Total Interfund Receivable/Payable	<u>\$22,146</u>	<u>\$22,146</u>

NOTE 18 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The County maintains two enterprise funds which are intended to be self-supported through user fees charged for services provided to consumers for water and sewer services. The component unit, Guernsey Industries, provides various services for the mentally retarded and developmentally disabled. Financial segment information for the year ended December 31, 2001, is as follows:

Guernsey County, Ohio
Notes to the General Purpose Financial Statements
December 31, 2001

	Water	Sewer	Total Primary Government	Component Unit	Total Reporting Entity
Operating Revenues/ Total Revenues	\$1,544,880	\$177,785	\$1,722,665	\$265,288	\$1,987,953
Depreciation Expense	185,305	19,555	204,860	21,514	226,374
Operating Income (Loss) Increase in Unrestricted Net Assets	129,693	9,192	138,885	(16,767)	122,118
Net Non-Operating Revenues (Expenses)	(110,385)	0	(110,385)	0	(110,385)
Operating Transfers In	105,082	9,657	114,739	0	114,739
Net Income (Loss)/ Increase in Net Assets	124,390	18,849	143,239	(16,767)	126,472
Additions to Property, Plant and Equipment	146,904	0	146,904	4,650	151,554
Net Working Capital	957,954	112,614	1,070,568	124,355	1,194,923
Total Assets	4,307,205	628,811	4,936,016	193,296	5,129,312
Bonds and Other Long- Term Liabilities Payable from Revenue	1,384,434	0	1,384,434	0	1,384,434
Total Equity/Net Assets	2,841,313	610,889	3,452,202	169,566	3,621,768
Encumbrances Outstanding at December 31	66,368	1,630	67,998	0	67,998

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS

A. SouthEastern Ohio Joint Solid Waste Management District

The County is a member of the Joint Solid Waste District which consists of Monroe, Guernsey, Morgan, Muskingum, Noble and Washington Counties. The purpose of the District is to make disposal of waste in the six-county area more comprehensive in terms of recycling, incinerating, and land filling. The District was created in 1989 as required by the Ohio Revised Code.

The Joint Solid Waste District is governed and operated through three groups. An eighteen member board of directors, comprised of three commissioners from each county, is responsible for the District's financial matters. Financial records were maintained by Muskingum County until May 1993 at which time Noble County assumed the responsibility. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. Although the County contributed amounts to the District at the time of its creation, no contributions were received from the County in 2001. No future contributions by the County are anticipated. A thirty-one member policy committee, comprised of five members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the policy committee. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

B. Guernsey-Monroe-Noble Community Action Corporation (GMN)

The Guernsey-Monroe-Noble Community Action Corporation (GMN) is a non-profit organization formed to plan, conduct and coordinate programs designed to combat social and economic problems and to help eliminate conditions of poverty within Guernsey, Monroe and

Guernsey County, Ohio
Notes to the General Purpose Financial Statements
December 31, 2001

Noble Counties. The agency is governed by an eighteen member board which consists of three commissioners from each county, three business owners from each county and three low income individuals elected by each county. The three business owners are nominated by other local business owners and the three low income individuals are nominated by local town council meetings. The agency receives federal and state monies which are applied for and received by, and in the name of, the Board of Directors. Continued existence of the Community Action Agency is not dependent upon the County's continued participation, nor does the County have an equity interest in the agency. The agency is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on the County.

C. Southeast Ohio Juvenile Rehabilitation District (SEOJRD)

The Southeast Ohio Juvenile Rehabilitation District is a jointly governed organization among Monroe, Belmont, Harrison, Guernsey, Jefferson and Noble counties. SEOJRD was formed to operate a regional juvenile rehabilitation facility for the use of member counties, and to house and treat adjudicated non-violent felony offenders. The facility is operated and managed by SEOJRD. The participating entities created a Judicial Rehabilitation Board; the members of which are made up of the juvenile judges of each participating county who determine the policy.

A Board of Trustees has been created whose members are appointed by the juvenile judges of which Belmont County has three appointees, and Jefferson, Guernsey, Harrison, Monroe and Noble Counties each have one appointee. The facility is located on property now owned by Belmont County. Policies, procedures and the operating budget are approved by the Judicial Rehabilitation Board. The Board is not dependent upon Guernsey County for its continued existence, no debt exists, and the County does not have an equity interest in or a financial responsibility for the Board.

D. Guernsey County Family Service Council

The Guernsey County Family Service Counsel is a jointly governed organization created under Ohio Revised Code Section 121.37. The Council is made up of the following members: Director of the Board of Alcohol, Drug Addiction, and Mental Health Services, Director of the Guernsey County Community Mental Health Services Board, Health Commissioner of the Guernsey County Health Department, Health Commissioner of the City of Cambridge Health Department, Director of the Guernsey County Human Services, Director of the Children Services Department, Superintendent of the Guernsey County Mental Retardation and Development Disabilities, the Guernsey County Juvenile Court Judge, Superintendent of Cambridge City Schools, Mayor of the City of Cambridge, one representative from the City of Cambridge, Chair of the Guernsey County Commissioners, State Department of Youth Services Regional representative, representative from the County Head Start Agencies, a representative of the County's Early Intervention Collaborative established pursuant to the federal early intervention program operated under the "Education of the Handicapped Act Amendments of 1986", and at least three individuals representing the interests of families in the County. When possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership. In 2001, the County made no contributions to the Council. Continued existence of the Council is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

Guernsey County, Ohio
Notes to the General Purpose Financial Statements
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E. Mental Health and Recovery Services Board

The Mental Health and Recovery Services Board is a jointly governed organization. Participants are Muskingum, Coshocton, Guernsey, Perry, Morgan, and Noble Counties. The board has responsibility for development, coordinated continuation and ongoing modernization, funding, monitoring, and evaluation of community-based mental health and substance abuse programming. The Board is managed by an eighteen member board of trustees; two appointed by the Guernsey County Commissioners, eight appointed by the commissioners of the other participating counties, four by the director of the State Director of Alcohol and Drug Addiction, and four appointed by the Director of the State Department of Mental Health. The Board exercises total control, including budgeting, appropriating, contracting, and designating management.

During 2001, Guernsey County did not contribute any revenue through a levy. The revenues are provided by levies from other member counties, and state and federal grants awarded to the multi-county board. Continued existence of the Board is not dependent on County's continued participation. The County has no equity interest in, or financial responsibility for the Board. The Board has no outstanding debt.

F. South Eastern Narcotics Team (SENT)

SENT is a multi-jurisdictional drug task force with the primary goal of combating major narcotic traffickers in Monroe, Belmont, Carroll, Guernsey, Harrison and Tuscarawas Counties. It is jointly governed among the participating counties and cities. A grant is received from the State of Ohio of which the participating entities must match twenty-five percent. SENT is comprised by thirty-two members. Each member's control over the operation of SENT is limited to its representation of the Board. During 2001, Guernsey County voluntarily contributed \$3,738 to SENT.

G. Mid Eastern Ohio Regional Council (MEORC)

The Mid Eastern Ohio Regional Council of Governments (MEORC) is a jointly governed organization which serves fourteen counties in Ohio. MEORC provides services to the mentally retarded and developmentally disabled residents in the participating counties. The Council is made up of the superintendents of each county's Board of Mental Retardation and Developmental Disabilities. Revenues are generated by fees and state grants. Although the County contributed to the Council upon its creation, the County made no contributions to the Council during 2001. No future contributions by the County are anticipated. Continued existence of the Council is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the Council. The Council has no outstanding debt.

H. Ohio Mid-Eastern Governments Association (OMEGA)

Ohio Mid-Eastern Governments Association (OMEGA) is organized as an agency of the local governments by agreement among the membership. OMEGA is comprised of Belmont, Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Tuscarawas, and Columbiana Counties and other political subdivisions in the counties. OMEGA was formed to aid and assist the participating counties in the application for Appalachian Regional Commission and Economic Development grant monies. OMEGA's governing board is comprised of a total of three members from each county which appoints an executive board consisting of one person from each member county to supervise the administrative functions of OMEGA. The executive board elects officers, appoints an executive director and its own fiscal officer. The Board exercises total control, including budgeting, appropriating, contracting, and designating management. During 2001,

Guernsey County, Ohio
Notes to the General Purpose Financial Statements
December 31, 2001

Guernsey County voluntarily contributed \$2,455 to OMEGA. The continued existence of the Association is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the Association. OMEGA has no outstanding debt.

I. Cambridge-Guernsey County Visitors and Convention Bureau

The Bureau is organized under State Statute by agreement between the Guernsey County Commissioners, the Cambridge Area Chamber of Commerce, and The Cambridge-Guernsey Community Improvement Corporation who acts as the fiscal agent for the Bureau. The Bureau operates the Guernsey County Tourist Information Center. The Bureau is governed by a seven member Board of Directors. The Board is comprised of one member of the Guernsey County Board of Commissioners, one member appointed by the Guernsey County Board of Commissioners, the president of the Guernsey Innkeeper's Association, one member appointed by the Guernsey County Innkeeper's Association, the president of the Chamber of Commerce, one member appointed by the Chamber of Commerce, and the executive vice president of the Chamber of Commerce. The Board exercises total control, including budgeting, appropriating, contracting, and designating management. The County collects and distributes a three percent hotel/motel lodging tax to the Bureau. The County has no equity interest in, or financial responsibility for the Bureau. The Bureau has no outstanding debt.

J. The Area Office on Aging

The Area Office on Aging is a regional council of governments that assists nine counties, including Guernsey County in providing services to senior citizens in the Council's service area. The Council is governed by a board of directors comprised of one representative appointed by each participating county. The board has total control over budgeting, personnel, and all other financial matters. The continued existence of the Council is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the Council. The Council has no outstanding debt.

K. Eastern Ohio Correctional Center

The Eastern Ohio Correctional Center (EOCC) is a six county facility created pursuant to the Ohio Revised Code Section 2301.51. EOCC serves Belmont, Carroll, Columbiana, Guernsey, Harrison, and Jefferson Counties. The EOCC was formed in 1987 to offer drug treatment, education, work release, community services, and other rehabilitation services to convicted felons within the six counties. The EOCC is governed by a ten member board comprised of two common pleas court judges from Belmont, Carroll, Columbiana, and Jefferson Counties and one common pleas court judge from Guernsey and Harrison Counties. The common pleas judges appoint a citizens advisory board to assist in the operations of the EOCC. The board has total control over budgeting, personnel, and financial matters. The EOCC receives funding in the form of state grant monies which are used to provide the various services of the EOCC. Jefferson County serves as fiscal agent for EOCC. During 2001, the EOCC received no monies from Guernsey County. The continued existence of the EOCC is not dependent on the County's continued participation and the County does not have an equity interest in or a financial responsibility for the EOCC. The EOCC has no outstanding debt.

L. Southeast Area Transit

The Southeast Area Transit (SEAT) was created pursuant to state statute in 1979. SEAT formulates general policy for the operation of the Regional Transit Authority. Other duties of SEAT include determining routes and fares, formulate operating procedures, promote and

Guernsey County, Ohio
Notes to the General Purpose Financial Statements
December 31, 2001

maintain community awareness, and appoint and remove the General Manager and Secretary/Treasurer. SEAT is limited to a ten member board comprised of six individuals appointed by the Mayor of Zanesville, two people appointed by Muskingum County Commissioners, one individual appointed by the Mayor of South Zanesville, and one person appointed by the Guernsey County Commissioners. Guernsey County has a signed agreement with this organization to contribute \$22,000 per year. The continued existence of the Authority is not dependent on the County's continued participation and the County has no equity interest in or financial responsibility for the Authority. SEAT has no outstanding debt.

NOTE 20 - RELATED ORGANIZATIONS

A. Guernsey County Convention Facilities Authority

This Authority (CFA) was created pursuant to State Statutes for the purpose of constructing, equipping, and operating a convention facility in Guernsey County. The Authority operates under the direction of an eleven member appointed board of directors. This board consists of six members appointed by Guernsey County, three members appointed by the Mayor of the City of Cambridge, and two members appointed by the remaining municipal corporations located within the County. The board contracted with a private group for the construction and operation of the Pritchard-Laughlin Civic Center; this center is controlled by a private board of directors which are self-appointing and have total control over the operation of the center including budgeting, appropriating, contracting, and designation of management. The CFA levied a three percent hotel/motel tax that is collected and distributed directly to the Center by the Guernsey County Commissioners. The County is prohibited from contributing to the operations of the CFA by state law.

B. Cambridge Metropolitan Housing Authority

The Cambridge Metropolitan Housing Authority is a nonprofit organization established to provide adequate public housing for low income individuals and was created pursuant to state statutes. The Authority is operated by a five member board. Two members are appointed by the mayor of the largest city in the County, one member is appointed by the probate court judge, one member is appointed by the common pleas court judge, and one member is appointed by the County Commissioners. The Authority receives funding from the Federal Department of Housing and Urban Development. The Board sets its own budget and selects its own management, and the County is not involved in the management or operation. The County is not financially accountable for the Authority.

C. Guernsey County Park District

The Guernsey County Park District is governed by a three member Park District Board of Commissioners appointed by the Probate Judge of the County. State Statute provides that the County Auditor and Treasurer are Ex-officio members of the Park District Board of Commissioners and designates the County Auditor as fiscal officer of the commission. The County Commissioners do not have the ability to significantly influence operations, designate management, approve budgets, nor is the County responsible for funding deficits. The County maintains an agency fund for the District's operation since the County serves as fiscal agent for the District.

Guernsey County, Ohio
Notes to the General Purpose Financial Statements
December 31, 2001

D. Guernsey County Airport Authority

The Guernsey Airport Authority is governed by a five-member Board. The original Board was appointed by the Guernsey County Commissioners, and the Commissioners approve members to fill vacancies upon recommendation of the current Authority Board. The Authority derives its revenues from hangar rental, state and federal grants received directly by the Authority, and interest. The County is not financially accountable for the Authority; the County cannot impose its will on the Authority; and no financial benefit/burden relationship exists between the County and the Authority.

NOTE 21 - POOLS

A. County Risk Sharing Authority (CORSA):

The County Risk Sharing Authority, Inc. (CORSA) is a public entity risk pool among forty-eight counties in Ohio. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing the CORSA 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 coverage 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 equity interest in or a financial responsibility for CORSA. Any additional premium or contribution amounts and estimates of losses are not reasonably determinable. The County's payment for insurance to CORSA in 2001 was \$150,763.

B. County Commissioners Association of Ohio Workers' Compensation Group Rating Plan:

The County is participating in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool.

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at the meeting held in the month of December each year. No participant can have more than one member of the group executive committee in any year, and each elected member shall be a County Commissioner.

Guernsey County, Ohio
Notes to the General Purpose Financial Statements
December 31, 2001

NOTE 22 - RELATED PARTY TRANSACTIONS

Guernsey Industries, a discretely presented component unit of Guernsey County, received contributions from the County for facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of its programs. These contributions are reflected as operating revenues and operating expenses at cost or fair market value as applicable, in the general purpose financial statements. In 2001, these contributions were \$36,872. Additional habilitative services provided directly to workshop clients by Guernsey County amounted to \$1,951,840 during 2001.

In 2001, the Guernsey County Port Authority, a discretely presented component unit of Guernsey County, received \$50,000 from the County for start up costs.

NOTE 23 - FOOD STAMPS

The County's Department of Job and Family Services (Welfare) distributes, through contracting issuance centers, federal food stamps to entitled recipients within Guernsey County. The receipt and issuance of these stamps have the characteristics of a federal grant. However, the Department of Job and Family Services merely acts in an intermediary capacity. Therefore, the inventory value of these stamps is not reflected in the accompanying financial statements as the only economic interest related to these stamps rests with the ultimate recipient. The County's Department of Job and Family Services had on hand for distribution \$31,959 as of December 31, 2001.

NOTE 24 - CONTINGENT LIABILITIES

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

NOTE 25 - SUBSEQUENT EVENT

On February 4, 2002, the County Commissioners approved the renewal of the County's one-half of one percent Permissive Sales Tax for the eighth consecutive year. This sales tax will come into effect April 1, 2002 and will expire on March 31, 2003.

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GUERNSEY COUNTY
SCHEDULE OF FEDERAL AWARD EXPENDITURE:
DECEMBER 31, 2001

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Entity Number	Federal CFDA Number	Disbursements	Noncash Disbursements
<u>U.S. Department of Agriculture</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Food Distribution Program	N/A	10.550	\$	\$969
School Breakfast Program	05-PU-00/01	10.553	2,820	
National School Lunch Program	03/04-PU-00/01	10.555	5,847	
Total Child Nutrition Cluster			<u>8,667</u>	<u>969</u>
Total U.S. Department of Agriculture			8,667	969
<u>U.S. Department of Housing and Urban Development</u>				
<i>Passed Through Ohio Department of Development:</i>				
Community Development Block Grants	B-C-00-028-2	14.228	71,354	
	B-F-00-028-1	14.228	120,417	
	B-C-97-028-1	14.228	38,585	
	B-F-97-028-1	14.228	19,236	
	B-F-98-028-1	14.228	12,443	
	B-F-99-028-1	14.228	53,005	
Total Community Development Block Grants			<u>315,040</u>	
Total U.S. Department of Housing and Urban Development			315,040	
<u>U.S. Department of Education</u>				
<i>Passed Through Ohio Department of Health:</i>				
Special Education Grants for Infants and Families with Disabilities	N/A	84.181	52,351	
<i>Passed Through Ohio Department of Education:</i>				
Special Education Cluster:				
Special Education Grants to States (Title VI-B)	6B-SF-01P/02P	84.027	28,446	
Special Education Preschool Grants	PG-S1-2001P/2002P	84.173	6,072	
Special Education Preschool Grants - Galileo Grant	PG-SC-00P	84.173	2,169	
Total Special Education Cluster			<u>36,687</u>	
Innovative Education Program Strategies (Title VI)	C2-S1-00/01	84.298	2,142	
Total Passed Through Ohio Department of Education			<u>38,829</u>	
Total U.S. Department of Education			91,180	
<u>U.S. Department of Justice</u>				
<i>Direct Program:</i>				
COPS Universal Hiring Program	N/A	16.710	4,604	
Total U.S. Department of Justice			<u>4,604</u>	

GUERNSEY COUNTY
SCHEDULE OF FEDERAL AWARD EXPENDITURE:
DECEMBER 31, 2001
(Continued)

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Entity Number	Federal CFDA Number	Disbursements	Noncash Disbursements
<u>U.S. Department of Labor</u>				
<i>Passed Through Joint Training Partnership of Southeast Ohio (SDA #31) / Ohio Valley Employment Resource:</i>				
JTPA Cluster:				
Joint Training Partnership Act:				
Title II A 77% PY99	0-99-31-00-00	17.250	2,028	
Title II A 5% PY99	1-99-31-00-00	17.250	288	
Title II A 8% PY99	4-99-31-00-00	17.250	381	
Title II B PY99	5-99-31-00-00	17.250	2,732	
Title II C PY99	Y-99-31-00-00	17.250	1,242	
Total Joint Training Partnership Act			6,671	
Employment and Training Assistance - Dislocated Workers:				
EDWAA PY99	A-99-31-00-00	17.246	1,466	
Ametek/March Electric	F-98-31-00-00	17.246	63,354	
Total Employment and Training Assistance			64,820	
Total JTPA Cluster			71,491	
<i>Passed Through Ohio Department of Job and Family Services:</i>				
Workforce Investment Act (WIA):				
WIA Planning	N/A	17.255	786	
WIA Retro	N/A	17.255	21,170	
WIA Youth	N/A	17.255	288,187	
WIA Adult	N/A	17.255	550,617	
WIA Dislocated Worker	N/A	17.255	86,431	
WIA-One Stop Implementation	N/A	17.255	11,531	
Total Workforce Investment Act			958,722	
Total U.S. Department of Labor			1,030,213	
<u>U.S. Department of Transportation</u>				
<i>Passed Through Ohio Department of Transportation:</i>				
Highway Planning and Construction	N/A	20.205	4,147	
<i>Passed Through Ohio State Emergency Response Commission:</i>				
Interagency Hazardous Materials Public Sector Training	N/A	20.703	6,000	
Total U.S. Department of Transportation			10,147	

GUERNSEY COUNTY
SCHEDULE OF FEDERAL AWARD EXPENDITURES
DECEMBER 31, 2001
(Continued)

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Entity Number	Federal CFDA Number	Disbursements	Noncash Disbursements
<u>U.S. Department of Health and Human Services</u>				
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities (MRDD):</i>				
Social Services Block Grant (Title XX)	N/A	93.667	54,885	
Medical Assistance Program (Medicaid, Title XIX)	N/A	93.778	484,617	
Total Passed Through Ohio Department of MRDD			539,502	
Total U.S. Department of Health and Human Services			539,502	
<u>Federal Emergency Management Agency</u>				
<i>Passed Through Ohio Department of Public Safety - Emergency Management Agency:</i>				
Emergency Management Performance Grants	N/A	83.552	17,237	
Total U.S. Department of Emergency Management			17,237	
Total Federal Awards Expenditures			2,016,590	969

The accompanying Notes to the Schedule of Federal Awards Expenditures are an integral part of this Schedule.

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GUERNSEY COUNTY

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES DECEMBER 31, 2001

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of Guernsey County's (the County) federal award programs. The Schedule has been prepared on the cash basis of accounting, except expenditures of assistance passed through the Ohio Department of Job and Family Services Job Training Partnership Programs are presented on an accrual basis.

NOTE B - SUBRECIPIENTS

The County passes-through certain federal assistance received from Ohio Department of Development to other governments. As described in Note A, the County records expenditures of federal awards to subrecipients when paid in cash, except expenditures paid to JTPA subrecipients are recognized on an accrual basis.

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

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the United States Department of Agriculture are commingled with state grants. It is assumed federal monies are expended first. At December 31, 2001, the County had no significant food commodities in inventory.

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.

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

The County has established a revolving loan program to provide low-interest loans to businesses for renovations and improvements. The Federal Department of Housing and Urban Development (HUD) granted money for these loans to the County, and they were passed through the Ohio Department of Development (ODOD). No additional loan money was granted to the County during 2001. Loans repaid, including interest, were used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by the building and/or property. At December 31, 2001 there were no significant loans outstanding under this program.

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

Guernsey County
128 East 8th Street, Suite 101
Cambridge, Ohio 43725

To The Board of County Commissioners:

We have audited the general purpose financial statements of Guernsey County, Ohio (the County), as of and for the year ended December 31, 2001, and have issued our report thereon dated August 15, 2002. 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. We did not audit the financial statements of Guernsey Industries, the County's discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the general purpose financial statements, insofar as it relates to the amounts discretely presented for Guernsey Industries, is based solely on the report of the other auditors. The financial statements of Guernsey Industries, were audited in accordance with auditing standards generally accepted in the United States of America, but were not audited in accordance with *Government Auditing Standards* and accordingly this report does not extend to that component unit.

Compliance

As part of obtaining reasonable assurance about whether the County's general purpose 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as item 2001-61030-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the County in a separate letter dated August 15, 2002.

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 general purpose 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 Guernsey County in a separate letter dated August 15, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

Jim Petro
Auditor of State

August 15, 2002



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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**

Guernsey County
128 East 8th Street, Suite 101
Cambridge, Ohio 43725

To the Board of County Commissioners:

Compliance

We have audited the compliance of Guernsey 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 each of its major federal programs for the year ended December 31, 2001. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2001. We noted certain instances of noncompliance that do not require inclusion in this report that we have reported to the management of Guernsey County in a separate letter dated August 15, 2002.

Internal Control over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. We noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of Guernsey County in a separate letter dated August 15, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

August 15, 2002

GUERNSEY COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
DECEMBER 31, 2001

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	No
(d)(1)(vii)	Major Programs (list):	Medical Assistance Program (Medicaid: Title XIX), CFDA #93.778, Workforce Investment Act (WIA), CFDA #17.255
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

GUERNSEY COUNTY

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2001
(Continued)**

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

FINDING NUMBER 2001-61030-001

Noncompliance Citation

Ohio Revised Code § 5705.41 (D)(1) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The following exceptions to this basic requirement are provided by statute:

- A. Then and Now Certificates - This exception provides that, if the fiscal officer can certify that both at the time the contract or order was made and at the time that the fiscal officer is completing their certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
- B. Amounts of less than \$100 for counties may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Fiscal officers may prepare so-called "blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding 3 months or running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

In addition to these blanket certificates, a subdivision may also make expenditures and contracts from a specific line-item appropriation account in a specified fund over \$5,000 upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the fiscal year or in the case of counties, beyond the quarterly spending plan established by the county commissioners. Effective August 28, 2001, there is no longer a \$5,000 limit on super blanket certificates, they can be for any amount.

The County Auditor's prior certification was not obtained for 31% of the transactions we tested, and there was no evidence of a "Then and Now" certificate being used by the County Auditor. These included purchases from various County departments including Common Pleas Court, Juvenile Probation, Children Services, and Family Services. Also, 34% of the blanket and super blanket certificates tested were not issued in accordance with the above mentioned guidelines. These included blanket and super blanket certificates prepared by various departments most notably the Engineering department, the Commissioners office, Children Services, and the Sheriff office.

We recommend the County obtain prior certification for all disbursements. Also, we recommend the County issue blanket certificates for \$5,000 or less and not use them for over 3 months. We recommend the County only issue super blankets for specific recurring and reasonably predictable operating expenses.

GUERNSEY COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2001
(Continued)

3. FINDINGS FOR FEDERAL AWARDS

None

GUERNSEY COUNTY

**SCHEDULE OF PRIOR AUDIT FINDING
OMB CIRCULAR A-133 §.315 (b)
DECEMBER 31, 2001**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-61030-001	Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing unit shall make any expenditure of money unless the fiscal officer attaches a certificate stating the amount has been lawfully appropriated.	No	Not Corrected; the noncompliance citation is repeated in the GAGAS letter as Finding Number 2001-61030-001.
2000-61030-002	The County Engineer's pavement marking project was financed with federal grant monies through the Highway Planning and Construction grant program. The County was not properly monitoring compliance with the prevailing wage rates under the Davis-Bacon Act.	Yes	Finding No Longer Valid.

GUERNSEY COUNTY

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 §.315 (c)
DECEMBER 31, 2001**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2001-61007-001	The County Auditor's bookkeeping department plans to personally discuss improving encumbering procedures with the applicable County departments. In addition, the Auditor's bookkeeping department plans to closely monitor the situation.	Ongoing	Tony Brown, County Auditor



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GUERNSEY COUNTY FINANCIAL CONDITION

GUERNSEY 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 8, 2002