



**CLINTON COUNTY FINANCIAL CONDITION  
SINGLE AUDIT  
FOR THE YEAR ENDED DECEMBER 31, 1999**



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

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**STATE OF OHIO**



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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street  
Suite 150 E  
Cincinnati, Ohio 45202  
Telephone 513-361-8550  
800-368-7419  
Facsimile 513-361-8577  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Clinton County  
46 South South Street  
Wilmington, Ohio 45177

To the Board of County Commissioners:

We have audited the accompanying general-purpose financial statements of Clinton County, Ohio (the County) as of and for the year ended December 31, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the County, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2000 on our consideration of County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

**Jim Petro**  
Auditor of State

August 14, 2000

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**CLINTON COUNTY**  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES, ACCOUNT GROUPS AND DISCREETLY PRESENTED COMPONENT UNIT  
 DECEMBER 31, 1999

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total Primary Government (Memorandum Only)	Component Unit	Total Reporting Entity (Memorandum Only)
	General	Special Revenue	Debt Service			Capital Projects	Internal Service			
<b>ASSETS AND OTHER DEBITS</b>										
<b>ASSETS:</b>										
Equity in pooled cash and investments . . . . .	\$2,343,176	\$4,974,321	\$247,405	\$5,131,608	\$184,468	\$3,236,844		\$16,117,822	\$1,832,392	\$17,950,214
Equity in pooled cash and investments - nonexpendable trust funds . . . . .						7,095		7,095		7,095
Cash with fiscal and escrow agents . . . . .						230,107		230,107		230,107
Receivables (net of allowances of uncollectibles):										
Sales taxes . . . . .	655,241	4,201						659,442		659,442
Real and other taxes . . . . .	1,080,965	1,090,023	484,010	144,933				2,799,931	1,724,108	4,524,039
Accounts . . . . .	13,465	25,257						38,722	39,253	77,975
Special assessments . . . . .		11,034						11,034		11,034
Accrued interest . . . . .	168,274	239		1,750	1,368			171,631	912	172,543
Interfund loans receivable . . . . .	403,321							403,321		403,321
Due from other funds . . . . .	19,148	26,530						53,233		53,233
Due from other governments . . . . .	33,061	249,994		140,337	7,555			423,392	66,290	489,682
Prepayments . . . . .	65,423	4,392						69,815	596	70,411
Materials and supplies inventory . . . . .	31,514	25,127						56,641		56,641
Property, plant and equipment (net of accumulated depreciation where applicable) . . . . .							\$14,121,261	14,121,261	1,372,198	15,493,459
<b>OTHER DEBITS:</b>										
Amount available in debt service fund . . . . .								\$238,496		238,496
Amount to be provided from general government resources . . . . .								6,703,912		6,703,912
Amount to be provided from component unit resources . . . . .									113,615	113,615
<b>Total assets and other debits . . . . .</b>	<b>\$4,813,588</b>	<b>\$6,411,118</b>	<b>\$731,415</b>	<b>\$5,418,628</b>	<b>\$185,836</b>	<b>\$3,481,601</b>	<b>\$14,121,261</b>	<b>\$42,105,855</b>	<b>\$5,149,364</b>	<b>\$47,255,219</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT (Continued)

**CLINTON COUNTY**  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES, ACCOUNT GROUPS AND DISCREETELY PRESENTED COMPONENT UNIT  
 (CONTINUED)  
 DECEMBER 31, 1999

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total Primary Government (Memorandum Only)	Component Unit	Total Reporting Entity (Memorandum Only)
	General	Special Revenue	Debt Service			Capital Projects	Internal Service			
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>										
<b>LIABILITIES:</b>										
Accounts payable . . . . .	\$70,052	\$124,093						\$194,145	\$105,428	\$299,573
Contracts payable . . . . .	89,118	81,000		\$501,345				671,463		671,463
Retainage payable . . . . .				48,143				48,143		48,143
Accrued wages and benefits . . . . .	156,320	147,734			\$2,754			306,808	53,638	360,446
Compensated absences payable . . . . .		601			2,471		\$512,408	515,480	113,615	629,095
Accrued interest payable . . . . .			\$10,407					10,407		10,407
Interfund loans payable . . . . .		104,000		299,321				403,321		403,321
Due to other funds . . . . .	14,478	16,859						53,233		53,233
Due to other governments . . . . .	208,150	212,729			1,895			1,090,393	65,183	1,155,576
Deposits held and due to others . . . . .					2,603,555			2,603,555		2,603,555
Deferred revenue . . . . .	1,117,215	1,210,908	482,512	144,500				2,955,135	1,718,954	4,674,089
Amount to be paid to claimants . . . . .								133,640		133,640
Claims payable . . . . .					7,706			7,706	451	8,157
General obligation bonds payable . . . . .							6,430,000	6,430,000		6,430,000
Total liabilities . . . . .	1,655,333	1,897,924	492,919	993,309	14,826		6,942,408	15,423,429	2,057,269	17,480,698
<b>EQUITY AND OTHER CREDITS:</b>										
Investment in general fixed assets . . . . .						\$14,121,261		14,121,261	1,372,198	15,493,459
Retained earnings:										
Unreserved . . . . .								171,010		171,010
Fund balances:										
Reserved for encumbrances . . . . .	278,253	569,092		3,096,963				3,944,308		3,944,308
Reserved for materials and supplies inventory . . . . .	31,514	25,127						56,641		56,641
Reserved for prepayments . . . . .	65,423	4,392						69,815	596	70,411
Reserved for debt service . . . . .			238,496					238,496		238,496
Reserved for principal endowment . . . . .								7,095		7,095
Unreserved, undesignated (deficit) . . . . .	2,783,065	3,914,583		1,328,356				8,073,800	1,719,301	9,793,101
Total equity and other credits . . . . .	3,158,255	4,513,194	238,496	4,425,319	171,010	14,121,261		26,682,426	3,092,095	29,774,521
Total liabilities, equity and other credits . . . . .	\$4,813,588	\$6,411,118	\$731,415	\$5,418,628	\$185,836	\$14,121,261	\$6,942,408	\$42,105,855	\$5,149,364	\$47,255,219

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT



**CLINTON COUNTY**  
**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, 1999**

	Governmental Fund Types				Fiduciary	Total	Component	Total
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Primary Government (Memorandum Only)	Unit Board of MRDD	Reporting Entity (Memorandum Only)
<b>Revenues:</b>								
Property taxes . . . . .	\$1,316,638	\$1,283,605	\$162,454	\$133,568		\$2,896,265	\$1,595,633	\$4,491,898
Sales taxes . . . . .	3,696,334	59,270				3,755,604		3,755,604
Charges for services . . . . .	1,351,225	855,225				2,206,450	185,362	2,391,812
Licenses and permits . . . . .	6,004					6,004		6,004
Fines and forfeitures . . . . .	34,870	57,493				92,363		92,363
Intergovernmental . . . . .	1,256,651	8,063,814	15,524	468,419		9,804,408	1,917,458	11,721,866
Special assessments . . . . .		40,992				40,992		40,992
Investment income . . . . .	960,138	1,598	1,306	33,999	\$44,563	1,041,604	6,852	1,048,456
Rental income . . . . .	28,129					28,129		28,129
Other . . . . .	11,864	60,028	60,000		12,772	144,664	107,529	252,193
<b>Total revenue . . . . .</b>	<b>8,661,853</b>	<b>10,422,025</b>	<b>239,284</b>	<b>635,986</b>	<b>57,335</b>	<b>20,016,483</b>	<b>3,812,834</b>	<b>23,829,317</b>
<b>Expenditures:</b>								
<b>Current:</b>								
<b>General government:</b>								
Legislative and executive . . . . .	4,215,936	341,961				4,557,897		4,557,897
Judicial . . . . .	1,756,127	260,051				2,016,178		2,016,178
Public safety . . . . .	2,047,212	216,689				2,263,901		2,263,901
Public works . . . . .	75,192	4,229,530				4,304,722		4,304,722
Health . . . . .	52,681	122,482				175,163	3,352,552	3,527,715
Human services . . . . .	165,847	5,063,654				5,229,501		5,229,501
Economic development . . . . .		350,623				350,623		350,623
Other . . . . .		1,213			70,492	71,705		71,705
Capital outlay . . . . .	241,031	51,065		2,156,269		2,448,365		2,448,365
<b>Debt service:</b>								
Principal retirement . . . . .			275,000			275,000		275,000
Interest and fiscal charges . . . . .			85,806	129,853		215,659		215,659
<b>Total expenditures . . . . .</b>	<b>8,554,026</b>	<b>10,637,268</b>	<b>360,806</b>	<b>2,286,122</b>	<b>70,492</b>	<b>21,908,714</b>	<b>3,352,552</b>	<b>25,261,266</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	107,827	(215,243)	(121,522)	(1,650,136)	(13,157)	(1,892,231)	460,282	(1,431,949)
<b>Other financing sources (uses):</b>								
Proceeds from sale of assets . . . . .	35,089					35,089	2,960	38,049
Proceeds from sale of bonds . . . . .				4,951,622		4,951,622		4,951,622
Accrued interest on bonds sold . . . . .			9,229			9,229		9,229
Operating transfers in . . . . .		168,074		389,735		557,809		557,809
Operating transfers out . . . . .	(557,633)			(176)		(557,809)		(557,809)
Other financing sources . . . . .	390,568	484,061	114,040			988,669		988,669
Other financing uses . . . . .	(505,596)					(505,596)		(505,596)
<b>Total other financing sources (uses) . . . . .</b>	<b>(637,572)</b>	<b>652,135</b>	<b>123,269</b>	<b>5,341,181</b>		<b>5,479,013</b>	<b>2,960</b>	<b>5,481,973</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses . . . . .	(529,745)	436,892	1,747	3,691,045	(13,157)	3,586,782	463,242	4,050,024
Net loss from proprietary operations . . . . .							(9,697)	(9,697)
Fund balances, January 1 (restated) . . . . .	3,697,632	4,081,195	236,749	734,274	60,953	8,810,803	1,266,352	10,077,155
Decrease in reserve for inventory . . . . .	(9,632)	(4,893)				(14,525)		(14,525)
<b>Fund balances, December 31 . . . . .</b>	<b>\$3,158,255</b>	<b>\$4,513,194</b>	<b>\$238,496</b>	<b>\$4,425,319</b>	<b>\$47,796</b>	<b>\$12,383,060</b>	<b>\$1,719,897</b>	<b>\$14,102,957</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

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

	General			Special Revenue			Debt Service			Capital Projects			Total (Memorandum Only)		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>															
Property taxes	\$1,211,946	\$1,318,478	\$106,532	\$1,209,297	\$1,284,287	\$74,990	\$200,715	\$161,582	(\$39,133)	\$135,614	\$133,650	(\$1,964)	\$2,757,572	\$2,897,997	\$140,425
Sales taxes	3,349,607	3,644,043	294,436	52,370	59,173	6,803				3,401,977	3,703,216	301,239	3,401,977	3,703,216	301,239
Charges for services	1,272,156	1,383,981	111,825	870,511	905,534	35,023				2,142,667	2,289,515	146,848	2,142,667	2,289,515	146,848
Licenses and permits	5,519	6,004	485							5,519	6,004	485	5,519	6,004	485
Fines and forfeitures	30,817	33,526	2,709	52,737	60,283	7,546	19,285	15,524	(3,761)	308,493	328,556	20,063	83,554	93,809	10,255
Intergovernmental	1,139,026	1,239,136	100,110	7,720,642	8,174,308	453,666				9,187,446	9,757,524	570,078	9,187,446	9,757,524	570,078
Special assessments				41,599	41,599	0				41,599	41,599	0	41,599	41,599	0
Investment income	781,372	850,056	68,684	0	1,359	1,359			(5)	19,825	31,775	11,950	802,508	884,496	81,988
Rental income	25,856	28,129	2,273							25,856	28,129	2,273	25,856	28,129	2,273
Other	10,823	11,774	951	53,253	56,125	2,872	60,208	60,000	(208)	463,932	493,981	30,049	124,284	127,899	3,615
<b>Total revenue</b>	<b>7,827,122</b>	<b>8,515,127</b>	<b>688,005</b>	<b>10,000,409</b>	<b>10,582,668</b>	<b>582,259</b>	<b>281,519</b>	<b>238,412</b>	<b>(43,107)</b>	<b>463,932</b>	<b>493,981</b>	<b>30,049</b>	<b>18,572,982</b>	<b>19,830,188</b>	<b>1,257,206</b>
<b>Expenditures:</b>															
<b>Current:</b>															
General government:															
Legislative and executive	5,082,742	4,513,467	569,275	431,225	361,782	69,443									
Judicial	1,996,047	1,835,268	160,779	354,577	301,841	52,736									
Public safety	2,134,253	2,101,642	32,611	293,699	230,504	63,195									
Public works	75,141	74,479	662	4,949,028	4,755,078	193,950									
Health	53,724	52,681	1,043	129,444	122,362	7,082									
Human services	183,453	179,280	4,173	5,841,004	5,228,622	612,382									
Economic development				698,465	424,802	273,663									
Other	266,925	241,925	25,000	1,213	56,921	12,414									
Capital outlay				69,335											
Principal retirement															
Interest and fiscal charges															
<b>Total expenditures</b>	<b>9,762,285</b>	<b>8,998,742</b>	<b>763,543</b>	<b>12,767,990</b>	<b>11,483,125</b>	<b>1,284,865</b>	<b>383,317</b>	<b>372,183</b>	<b>11,134</b>	<b>11,753,288</b>	<b>10,048,240</b>	<b>1,705,048</b>	<b>34,666,880</b>	<b>30,902,290</b>	<b>3,764,590</b>
Excess (deficiency) of revenues over (under) expenditures	(1,935,163)	(483,615)	1,451,548	(2,767,581)	(900,457)	1,867,124	(101,798)	(133,771)	(31,973)	(11,289,356)	(9,554,259)	1,735,097	(16,093,898)	(11,072,102)	5,021,796
Other financing sources (uses):															
Proceeds from sale of bonds															
Proceeds from sale of fixed assets															
Advances in and not repaid	32,254	35,089	2,835	99,597	101,000	1,403									
Advances out and not repaid	15,392	16,745	1,353	(16,745)	(16,745)	0									
Operating transfers in	(400,321)	(400,321)	0	147,347	168,074	20,727									
Operating transfers out	(493,493)	(557,633)	(64,140)	492,401	484,061	(8,340)									
Other financing sources	359,010	390,568	31,558												
Other financing uses	(529,828)	(505,596)	24,232												
Accrued interest on bonds sold															
<b>Total other financing sources (uses)</b>	<b>(1,016,986)</b>	<b>(1,021,148)</b>	<b>(4,162)</b>	<b>722,600</b>	<b>736,390</b>	<b>13,790</b>	<b>0</b>	<b>123,269</b>	<b>9,229</b>	<b>9,816,876</b>	<b>10,140,502</b>	<b>323,626</b>	<b>9,636,530</b>	<b>9,979,013</b>	<b>342,483</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,952,149)	(1,504,763)	1,447,386	(2,044,981)	(164,067)	1,880,914	12,242	(10,502)	(22,744)	(1,472,480)	586,243	2,058,723	(6,457,368)	(1,093,089)	5,364,279
Fund balances, January 1	2,384,254	2,384,254	0	3,957,450	3,957,450	0	257,907	257,907	0	214,349	214,349	0	6,813,960	6,813,960	0
Prior year encumbrances appropriated	982,225	982,225	0	433,450	433,450	0	0	0	0	1,208,203	1,208,203	0	2,623,878	2,623,878	0
<b>Fund balances, December 31</b>	<b>\$414,330</b>	<b>\$1,861,716</b>	<b>\$1,447,386</b>	<b>\$2,345,919</b>	<b>\$4,226,833</b>	<b>\$1,880,914</b>	<b>\$270,149</b>	<b>\$247,405</b>	<b>(\$22,744)</b>	<b>(\$49,928)</b>	<b>\$2,008,795</b>	<b>\$2,058,723</b>	<b>\$2,980,470</b>	<b>\$8,344,749</b>	<b>\$5,364,279</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**CLINTON COUNTY**  
 COMBINED STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN RETAINED EARNINGS/FUND BALANCE  
 PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total Primary Government (Memorandum Only)</u>
	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
Operating revenues:			
Charges for services . . . . .	\$1,187,442		\$1,187,442
Other operating revenue . . . . .	300		300
	<u>1,187,742</u>		<u>1,187,742</u>
Total operating revenues . . . . .			
Operating expenses:			
Personal services . . . . .	57,153		57,153
Insurance costs . . . . .	1,265,274		1,265,274
Administrative costs . . . . .	14,935		14,935
Other expenses . . . . .	687		687
	<u>1,338,049</u>		<u>1,338,049</u>
Total operating expenses . . . . .			
Operating loss . . . . .	<u>(150,307)</u>		<u>(150,307)</u>
Nonoperating revenues:			
Interest income . . . . .	19,404		19,404
	<u>19,404</u>		<u>19,404</u>
Total nonoperating revenues . . . . .			
Net loss . . . . .	(130,903)		(130,903)
Retained earnings/fund balance, January 1 . . . . .	<u>301,913</u>	<u>\$7,095</u>	<u>309,008</u>
Retained earnings/fund balance, December 31 . . . . .	<u>\$171,010</u>	<u>\$7,095</u>	<u>\$178,105</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**CLINTON COUNTY**  
**COMBINED STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	Proprietary Fund Type	Fiduciary Fund Type	Total Primary Government (Memorandum Only)
	Internal Service	Nonexpendable Trust	
Cash flows from operating activities:			
Cash received from customers . . . . .	\$1,251,324		\$1,251,324
Cash payments for other operations . . . . .	300		300
Cash payments for personal services . . . . .	(53,622)		(53,622)
Cash payments for insurance costs . . . . .	(1,479,818)		(1,479,818)
Cash payments for administrative costs . . . . .	(14,935)		(14,935)
Cash payments for other expenses . . . . .	(687)		(687)
Net cash used in operating activities . . . . .	(297,438)		(297,438)
Cash flows from investing activities:			
Interest received . . . . .	18,036		18,036
Net cash provided by investing activities . . . . .	18,036		18,036
Net decrease in cash and cash equivalents	(279,402)		(279,402)
Cash and cash equivalents at beginning of year . . . . .	463,870	\$7,095	470,965
Cash and cash equivalents at end of year . . . . .	\$184,468	\$7,095	\$191,563
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss . . . . .	(\$150,307)	\$0	(\$150,307)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Changes in assets and liabilities:			
Decrease in accounts receivable . . . . .	63,882		63,882
Decrease in accounts payable . . . . .	(20,078)		(20,078)
Increase in accrued wages and benefits . . . . .	1,628		1,628
Increase in compensated absences payable . . . . .	1,581		1,581
Increase in due to other governments . . . . .	322		322
Decrease in claims payable . . . . .	(194,466)		(194,466)
Net cash used in operating activities . . . . .	(\$297,438)	\$0	(\$297,438)

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 1 - DESCRIPTION OF THE COUNTY**

Clinton County, Ohio ("County") was created in 1812. The County is governed by a Board of three commissioners elected by the voters of the County. The County Commissioners serve as the taxing authority, the contracting body, and the chief administrators of public services for the County. Other officials elected by the voters of the County that manage various segments of the County's operations are: the county auditor, county treasurer, recorder, clerk of courts, coroner, engineer, prosecuting attorney, sheriff, two common pleas court judges, a probate court judge, and two county municipal court judges.

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

The general purpose financial statements (GPFS) of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The County also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the County's accounting policies are described below.

**A. Reporting Entity**

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

Based upon the foregoing criteria, the financial activities of the following PCU's have been reflected in the accompanying GPFS as follows:

***BLENDING COMPONENT UNITS***

Certain funds are legally separate from the County, however, their activity is so intertwined with that of the County that they are reported as part of the County. The following funds have been included or blended into the County's GPFS:

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

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

*Local Emergency Planning Commission (LEPC)*

The LEPC is a legally separate entity from the County. The County Commissioners do not appoint a voting majority of the LEPC's Board. The LEPC is fiscally independent from the County, however, it would be misleading to exclude the LEPC's operations from that of the County since the LEPC provides services entirely for the benefit of the County. The operations of the LEPC are accounted for as a separate special revenue fund.

*Clinton County Solid Waste District (District)*

The District is a legally separate entity from the County. By state statute, the County Commissioners comprise the District's entire Board. The County is able to impose its will upon the District as the County Commissioners approve and/or modify the District's budget. The District's Board is substantively the same as the County's. The operations of the District are accounted for as a separate special revenue fund.

***DISCRETELY PRESENTED COMPONENT UNIT***

*Clinton County Board of Mental Retardation and Developmental Disabilities (MRDD)*

The Clinton County Board of Mental Retardation and Development Disabilities ("Board") is appointed by the Probate Judge and the County Commissioners. The Commissioners serve as the appropriating authority for the Board, which includes residential services, but are not "accountable" for its activities. The Board's operations have been discretely presented to emphasize that it is legally separate from the County. The Board is presented as a governmental fund type. Further financial information concerning the Clinton County Board of Mental Retardation and Community MRDD Residential Services is located in the financial section of the County's general purpose financial statements.

*ORION Rehabilitation Center, Inc.*

The ORION Rehabilitation Center, Inc. ("Workshop") is a legally separate, nonprofit corporation, served by a self-appointing board of trustees. The Workshop, under a contractual agreement with the Clinton County Board of Retardation and Developmental Disabilities, provides sheltered employment for adults with mental retardation or developmental disabilities in Clinton County. The Clinton County Board of MRDD provides the Workshop staff, salaries, transportation, equipment (except that used directly in the production of goods or rendering of services), staff to administer and supervise training programs, and other funds as necessary for the operation of the Workshop. Based on the significant services and resources provided by the County to the Workshop

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

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

and the Workshop's sole purpose of providing assistance to mentally retarded or developmentally disabled adults of Clinton County, the Workshop is reflected as a component unit of the County. It is reported separately to emphasize that it is legally separate from the County. The financial activity of the Workshop has been included with that of the Board of MRDD in the financial statements. The Workshop is presented as a governmental fund type.

***RELATED ORGANIZATIONS***

Clinton County officials are also responsible for appointing the members of the Boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments of the following organizations:

*Clinton County Regional Planning Commission*

The Board of County Commissioners appoints eleven of the twenty board members.

*Clinton County Memorial Hospital*

The Board of County Commissioners, the Probate Judge and the Judge of the court of Common Pleas appoint all ten of the board members.

*Clinton County Regional Airport Authority*

The Board of County Commissioners appoints all five of the board members.

***POTENTIAL COMPONENT UNITS REPORTED AS AGENCY FUNDS***

In the case of the separate agencies, boards, and commissions listed below, the County serves as fiscal agent and custodian, but is not accountable as defined in GASB Statement No. 14; therefore, the operations of the following PCUs have been excluded from the County's GPFS, but the funds held on behalf of these PCUs in the County Treasury are included in the agency funds.

*Clinton County Emergency Management*

*Clinton County Soil and Water Conservation District*

*Clinton County Board of Health*

*Clinton County Regional Planning Commission*

*Clinton County Law Library*

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

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

Information in the notes to the GPFS is applicable to the primary government. When information is provided relative to component units, they are specifically identified.

***JOINT VENTURE WITHOUT EQUITY INTEREST***

***Warren/Clinton Counties Community Alcoholism, Drug Addiction and Mental Health Services Board (ADAMHS Board)***

Clinton County is a member of the Warren/Clinton Counties Community Alcoholism, Drug Addiction and Mental Health Services Board (ADAMHS Board), which is a joint venture between Warren and Clinton Counties. The purpose of the board is to provide aid, support and education for alcohol and drug dependent citizens as well as those who are mentally handicapped.

The Warren/Clinton Counties ADAMHS Board is governed by a board appointed by the Ohio Director of Alcohol and Drug Addiction Services, the Ohio Director of Mental Health Services, and Clinton and Warren Counties. The main sources of revenue for this Board are grants from the two previously named state departments and a property tax levy in each of the counties. Outside agencies are contracted by the Board to provide services for the Board. Financial records are maintained by the Warren County Auditor and Treasurer. Pursuant to Section 340.016 of the Ohio Revised Code, any withdrawing county would be required to submit a comprehensive plan that provides for the equitable adjustment and division of debts and obligations of the Joint County District to the State Director of Mental Health.

***RISK POOL***

***County Risk Sharing Authority, Inc. (CORSA)***

CORSA is jointly governed by forty-one counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance



**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

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

Each member has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the CORSA 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.

**B. Basis of Presentation - Fund Accounting**

The accounts of the County are maintained on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. The following fund types and account groups are used by the County:

**GOVERNMENTAL FUNDS**

*General Fund*

The general fund is used to account for all activities of the County not required to be included in another fund.

*Special Revenue Funds*

The special revenue funds are used to account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

*Debt Service Funds*

The debt service funds are used to account for the accumulation of financial resources for, and the payment of, general obligation long-term debt principal, interest and related costs.

*Capital Projects Funds*

The capital projects 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).

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

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

**PROPRIETARY FUNDS**

*Internal Service Funds*

The internal service funds are used to account for the financing on a cost-reimbursement basis of goods or services provided by one department or agency to other departments or agencies. Charges to the user departments are intended to recover total costs.

**FIDUCIARY FUNDS**

*Trust and Agency Funds*

These funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include expendable and nonexpendable trust funds and agency funds. The expendable trust funds are accounted for in essentially the same manner as governmental funds. The nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. The agency funds are purely custodial (assets equal liabilities) in nature and thus do not involve the measurement of results of operations. Agency funds are presented on a budget basis, with note disclosure, if applicable, regarding items which, in other fund types, would be subject to accrual (See Note 3.C.).

**ACCOUNT GROUPS**

*General Fixed Assets Account Group*

The general fixed assets account group is used to account for all general 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.

**C. Basis of Accounting and Measurement Focus**

The modified accrual basis of accounting is followed for governmental funds and expendable trust funds. Revenues are recognized in the period when measurable and available to meet obligations incurred during the current year. The County defines available as meaning collectible within 60 days of year end. Revenues which are accrued include earnings on investments; delinquent real and personal property taxes; sales taxes, federal and state grants; and charges for current services.

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

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

Deferred revenues, as reported on the combined balance sheet, arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Special assessments due at December 31, to the extent that they were not collected within the available period, are recorded as deferred revenue because they do not meet the availability criteria. Property taxes are measurable as of December 31, 1999, but are intended to finance 2000 operations and delinquent property taxes, whose availability is indeterminable, have been recorded as deferred revenue to the extent that the delinquent taxes at December 31 were not collected during the available period.

Expenditures are recognized on the accrual basis with the following exceptions: general long-term obligation principal is reported only when paid and the costs of accumulated unpaid vacation and sick leave are reported in the period due and payable rather than in the period earned by employees.

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

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

All proprietary funds and nonexpendable 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. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The MRDD Board is a discretely presented component unit of the County. The MRDD Board is presented using the modified accrual format based on the MRDD Board's principal activity. The results of operations from the proprietary activity is presented as a single line item "net income from proprietary operations".

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

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

**D. Budgetary Data**

Outlined below are the normal budgetary procedures followed by the County to establish the annual operating budget and the budgetary data reported in the combined statement of revenues, expenditures and changes in fund balance - budget and actual (Non-GAAP budgetary basis) - all governmental fund types (Exhibit 3):

1. Following submission of requests of offices and departments, the Board of County Commissioners holds budget hearings during the fall with respective officeholders and department heads.
2. Shortly after the beginning of the fiscal year, the County Commissioners pass a temporary Appropriation Resolution, for a period of not more than 90 days, which legally authorizes the expenditure of funds.
3. Prior to the expiration of the temporary Appropriation Resolution the County Commissioners will approve an official Appropriation Resolution.
4. The County is accorded discretion in its method of appropriating federal funds. Appropriations are provided in the amounts of approved grants by the Board of County Commissioners.
5. The Revised Budget figures reflected in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types (Exhibit 3) include the prior year appropriations carried over for payment of prior year encumbrances, and any amendments to the original Appropriation Resolution.
6. Supplemental appropriations are made when needed, subject to approval by at least two Commissioners. Supplemental appropriations were made during 1999.
7. Unencumbered appropriations lapse at year end. Contracts and purchase type encumbrances outstanding at year end carry their appropriations with them into the new year.
8. Contract and purchase type encumbrances outstanding at year end are recorded as expenditures on the combined statement of revenues, expenditures and changes in fund balance - budget and actual (Non-GAAP budgetary basis) - all governmental fund types (Exhibit 3).
9. The budgetary procedures described herein apply to all funds except agency and trust funds.

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

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

**E. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the appropriated governmental and proprietary funds. Encumbrances outstanding at year end are reported as reservations of fund balance (to the extent that they are not included in accounts payable) for subsequent year expenditures on the modified accrual basis of accounting. Encumbrances outstanding at year end are reported as expenditures on the budget basis of accounting.

**F. Cash and Investments**

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

During fiscal year 1999, investments were limited to U.S. treasury notes, federal agency securities, U.S. government money market mutual funds, repurchase agreements and non-negotiable certificates of deposit.

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The following funds were credited with more interest revenue than would have been received based upon their share of the County's cash fund balance during 1999:

	<u>Interest Actually Received</u>	<u>Interest Based Upon Share of Cash Fund Balance</u>	<u>Interest Assigned by Other Funds</u>
General Fund	\$960,138	\$185,553	\$774,585
<u>Special Revenue Funds</u>			
Treasurer's Prepay Interest	1,598	489	1,109
<u>Capital Projects Funds</u>			
Federal Road and Bridge	365	128	237

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

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

The County has segregated bank accounts for monies held separate from the County's central bank account. These interest bearing depository accounts are presented on the combined balance sheet as "Cash with Fiscal and Escrow Agents" since they are not required to be deposited into the County treasury.

For purpose of the combined statement of cash flows, investments of the cash management pool are considered to be cash equivalents because the County may access the proprietary funds' portion of the pool without prior notice or penalty. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the Treasurer's investment account at year end is provided in Note 4.

**G. Risk Management**

The Comprehensive Omnibus Budget Reconciliation Act (COBRA) of 1986 requires the County to offer to provide terminated or retired employees continued participation in the County's employee health care benefits program, provided that the employees pay the rate established by the plan administrator. The County incurred no expenditures or revenues in providing these services. The participating former employees make premium payments directly to the County's Insurance Provider and the Provider is responsible for all claims made.

**H. Inventories of Materials and Supplies**

Inventories for all governmental funds are valued at cost (first-in/first-out method). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories at period end are reported as assets of the respective fund, which are equally offset by a fund balance reserve which indicates they are unavailable for appropriation even though they are a component of reported assets.

**I. Property, Plant, Equipment, and Depreciation**

*General Fixed Assets Account Group*

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and disposals during the year in the general fixed assets account group. Contributed fixed assets are recorded at their fair market values as of the date donated. The County follows a policy of not capitalizing infrastructure, which is defined as assets that are immovable and of value only to the County (i.e., roads, bridges, etc.), ornamental artifacts, and assets with a cost of less than \$500. No depreciation is

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

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

recognized for assets in the account group. Interest on debt issued to construct general fixed assets is not capitalized in the account group.

**J. Compensated Absences**

Compensated absences of the County consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the County and the employee.

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

Accumulated vacation and sick leave of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave benefits for employees meeting the above requirements who are paid from proprietary funds are recorded as an expense when earned.

County employees earn vacation at varying rates ranging from two to five weeks per year. Sick leave is accumulated at the rate of three weeks per year. Vacation and sick leave is accumulated on an hours worked basis. Accumulated vacation cannot exceed three times the annual accumulation rate for an employee. The County does not accrue a liability for non-vested sick leave or vacation benefits.

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

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

**K. Intergovernmental Revenues**

Unrestricted intergovernmental revenues received on the basis of entitlement are recorded as receivables and revenues when the entitlement occurs. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for proprietary fund operations are recognized as revenue when measurable and earned.

**L. Interfund Transactions**

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

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/ expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Short-term interfund balances, related to charges for goods and services rendered, are reflected as "due to/from other funds".
4. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as "interfund loans receivable/payable".

See Note 5 for an analysis of the County's interfund transactions.

**M. Fund Balance Reserves**

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

The County reports amounts representing material and supply inventories, prepayments, encumbrances outstanding, debt service and principal endowment as fund balance reservations in the governmental funds and nonexpendable trust.



**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

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

**N. Long-Term Obligations**

Long-term obligations for general obligation bonds, vested sick and vacation leave and any claims or judgement that are expected to be paid from the governmental funds are shown in the general long-term obligations account group, while those expected to be paid from proprietary funds are shown as a liability of those funds.

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

**O. Estimates**

The preparation of the GPFS in conformity with GAAP 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.

**P. Prepayments**

Prepayments for governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At period end, because prepayments are not available to finance future governmental fund expenditures the fund balance is reserved by an amount equal to the carry value of the asset.

**Q. Bond Discounts, Premiums and Issuance Costs**

When the proceeds from general obligation bonded debt are placed in a governmental type fund, any bond issuance costs are shown as "Capital Outlay". Any premium or discount is included in "Other Financing Sources-Bond Proceeds" on the Statement of Revenues, Expenditures and Changes in Fund Balance. The long-term debt that appears in the general long-term obligations account group would always be reported at the bond's face value.

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

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

**R. Total Columns on the General Purpose Financial Statements**

Total columns on the GPFS are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

**NOTE 3 - COMPLIANCE AND ACCOUNTABILITY**

**A. Prior Period Adjustment**

In prior years, the County "advanced" monies from the general fund to various other funds to subsidize their activities. These "advances" should be reclassified as "operating transfers" since they are not subject to repayment. The effect of this adjustment on fund balances as previously reported is as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Fund balance as previously reported	\$ 4,769,491	\$3,922,981	\$206,214	\$(148,836)
Restatement for advances	<u>(1,071,859)</u>	<u>158,214</u>	<u>30,535</u>	<u>883,110</u>
Fund balance as of January 1, 1999	<u>\$ 3,697,632</u>	<u>\$4,081,195</u>	<u>\$236,749</u>	<u>\$ 734,274</u>

**B. Fund Deficits**

The following funds had deficit fund balances as of December 31, 1999:

<u>Special Revenue Funds</u>	<u>Deficit Fund Balances</u>
Dog and Kennel	\$ 6,511
Clinton County Park Board	63,099

These funds complied with Ohio state law, which does not permit a cash basis deficit at year end. The deficit fund balances in the Dog and Kennel and Clinton County Park Board special revenue fund are due to the recognition of short-term interfund loans as a fund liability rather than as an "other financing source". These deficits will be eliminated by anticipated future revenues or other subsidies not recognized and recorded at December 31.

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

**NOTE 3 - COMPLIANCE AND ACCOUNTABILITY - (Continued)**

**C. Agency Funds**

The following are accruals for the agency funds, which, in other fund types, would be recognized in the combined balance sheet:

<u>ASSETS</u>	
Special assessments receivable	\$ 65,082
Real and other taxes receivable	25,423,799
Due from other governments	<u>196,660</u>
Total	<u>\$25,685,541</u>
 <u>LIABILITIES</u>	
Accrued wages and benefits payable	\$ 158
Deposits held and due to others	25,620,301
Due to other governments	<u>65,082</u>
Total	<u>\$25,685,541</u>

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS**

**A. Primary Government**

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 or interest by the United States;

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
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**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 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;
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) 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 (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed 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

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

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.

*Cash on Hand:* At year end, the County had \$7,228 in undeposited cash on hand which is included on the Balance Sheet of the County as part of "Equity in Pooled Cash and Investments."

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, including non-negotiable certificates of deposit and cash with fiscal and escrow agents, was \$6,817,108 and the bank balance, including non-negotiable certificates of deposit and cash with fiscal and escrow agents, was \$7,712,523. Of the bank balance:

1. \$1,226,258 was covered by federal depository insurance; and
2. \$6,486,265 was uninsured and uncollateralized as defined by GASB even though it was covered by collateral held by third party trustees, pursuant to Ohio Revised Code Section 135.181, in single institution collateral pools securing all public funds on deposits with specific depository institutions. Although all state 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 or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the County's name. U.S. government money market mutual funds are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

	Category <u>3</u>	Carrying <u>Value</u>	Fair <u>Value</u>
Federal Agency Securities	\$1,238,502	\$1,238,502	\$1,238,502
U. S. Treasury Notes	74,063	74,063	74,063
Repurchase Agreements	4,069,751	4,069,751	4,069,751
U. S. Government Money Market Mutual Funds	<u>                    </u>	<u>4,148,372</u>	<u>4,148,372</u>
 Total Investments	 <u>\$5,382,316</u>	 <u>\$9,530,688</u>	 <u>\$9,530,688</u>

The classification of cash and cash equivalents on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

A reconciliation between the classifications of pooled cash and investments on the combined balance sheet and the classifications of deposits, investments and cash on hand presented in this footnote is as follows:

A summary of deposits, investments and cash on hand as of December 31, 1999 follows:

Deposits	\$ 6,817,108
Investments	9,530,688
Cash on Hand	<u>7,228</u>
Total	<u>\$16,355,024</u>

The above amounts are classified in the combined balance sheet as follows:

Equity in Pooled Cash and Investments	\$16,124,917
Cash with Fiscal and Escrow Agents	<u>230,107</u>
Total	<u>\$16,355,024</u>

**B. Component Unit**

At December 31, 1999, the carrying amount of the component unit's demand deposits, including nonnegotiable certificates of deposit and a money market account, was \$1,832,292 and the bank balance, including nonnegotiable certificates of deposit and a money market account, was \$1,956,341. Of the bank balance, \$127,924 was insured by the FDIC, \$1,792,550 was covered by collateral held by a third party trustee, pursuant to Ohio Revised Code Section 135.181, in collateralized pools securing on public funds on deposit with specific depository institutions and \$35,867 was insured and

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

uncollateralized. In addition, the component units had \$100 of cash on hand at December 31, 1999 which is included in "Equity in Pooled Cash and Investments". The component unit had no investments at December 31, 1999.

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund balances, related to items other than charges for goods and services rendered, at December 31, 1999, consist of the following individual fund receivables and payables:

	<u>Interfund Loans Receivable</u>	<u>Interfund Loans Payable</u>
General Fund	\$403,321	\$ ---
<u>Special Revenue Funds</u>		
Youth and Community Partnership	---	3,000
Dog and Kennel	---	20,000
Clinton County Park Board	---	81,000
<u>Capital Projects Funds</u>		
Clinton County Bypass	---	299,321
Total	<u>\$403,321</u>	<u>\$403,321</u>

- B. Interfund balances, related to charges for goods and services rendered, at December 31, 1999, consist of the following amounts due to and due from other funds:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$19,148	\$14,478
<u>Special Revenue Funds</u>		
Motor Vehicle & Gas Tax	5,442	---
Indigent Driver Alcohol Treatment	263	---
Children Services	20,357	2,633
Drug Law Enforcement	200	---
Child Support Enforcement Agency	---	14,226
Dog and Kennel	268	---

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

<u>Agency Funds</u>		
Law Library	4,922	4,922
Children and Family First	<u>2,633</u>	<u>16,974</u>
Total	<u>\$53,233</u>	<u>\$53,233</u>

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ ---	\$577,633
<u>Special Revenue Funds</u>		
Motor Vehicle & Gas Tax	64,140	---
Child Support Enforcement Agency	68,758	---
Children Services	35,000	---
Dog and Kennel	176	---
<u>Capital Projects Funds</u>		
Permanent Improvement	171,000	176
Clinton County Bypass	<u>218,735</u>	<u>---</u>
Total	<u>\$557,809</u>	<u>\$577,809</u>

**NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the County. Real property taxes and public utility taxes are levied on April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35% of appraised market value. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 50% of cost). Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are currently 25% of true value. The assessed value upon which taxes were collected in 1999 was \$694,253,160. The full tax rate for all County operations applied to real property for fiscal year ended December 31, 1999, was \$9.30 per \$1,000 of assessed valuation.

Real property taxes for tax year 1999 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 earlier or later payment dates to be established.



**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

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

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

Tangible personal property taxes for unincorporated and single county businesses are due semi-annually with the first payment due April 30 and the remainder payable by September 20. Due dates are normally extended an additional 45 days for the first half. The due date for the entire tax for inter-county businesses is September 20. The first \$10,000 of taxable value is exempt from taxation for each business by state law. The lien date is either December 31 or the end of the fiscal year (for incorporated businesses in operation more than one year). Since each business files a return to the County Auditor, the tangible personal taxes are not known until all the returns are received.

"Real and Other Taxes" receivable represents delinquent real and tangible personal property and public utility taxes outstanding as of the last settlement (net of allowances for estimated uncollectibles) and real and public utility taxes which were measurable as of the year end. Since the current levy is not intended to finance 1999 operations, the receivable is offset by a credit to "Deferred Revenue". The delinquent real, public utility and tangible personal property taxes that will become available to the County within the first 60 days of 2000 are shown as 1999 revenue; the remainder are shown as "Deferred Revenue".

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

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

In 1977, the County Commissioners by resolution imposed a 0.5% percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. In 1988, the County Commissioners added an additional 0.5% tax to the existing tax. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of the month following collection. The State Auditor then has five days in which to draw the warrant payable to the County.

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

**NOTE 7 - PERMISSIVE SALES AND USE TAX (Continued)**

Proceeds of the tax are credited entirely to the general fund and special revenue funds. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue to the extent that they are intended to finance fiscal 1999 operations. Sales and use tax revenue for 1999 amounted to \$3,755,604.

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 1999, consisted of taxes, interest, accounts (billings for user charged services), special assessments, short-term interfund loans, interfund transactions related to charges for goods and services rendered and intergovernmental receivables arising from grants, entitlements and shared revenue. All intergovernmental receivables have been classified as "Due From Other Governments" on the combined balance sheet and all interfund transactions related to charges for goods and services rendered have been classified as "Due From Other Funds" on the combined balance sheet. Receivables have been recorded to the extent that they are both measurable and available at December 31, 1999, as well as intended to finance fiscal 1999 operations.

A summary of the principal items of receivables follows:

<u>Fund/Description</u>	<u>Amount</u>
<u>General Fund</u>	
Sales taxes	\$ 655,241
Real and other taxes	1,080,965
Accounts	13,465
Accrued interest	168,274
Interfund loans	403,321
Due from other funds	19,148
Intergovernmental	33,061
<u>Special Revenue Funds</u>	
Sales taxes	4,201
Real and other taxes	1,090,023
Accounts	25,257
Special assessments	11,034
Due from other funds	26,530
Intergovernmental	249,994
<u>Debt Service Funds</u>	
Real and other taxes	484,010
<u>Capital Projects Funds</u>	
Real and other taxes	144,933

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

**NOTE 8 - RECEIVABLES (Continued)**

Accrued Interest	1,750
Intergovernmental	140,337
<u>Internal Service Funds</u>	
Accrued interest	1,368
<u>Agency Funds</u>	
Due from other funds	7,555

**NOTE 9 - FIXED ASSETS**

**A. General Fixed Assets Account Group**

The general fixed assets account group has been restated as of January 1, 1999, due to the omission of a building addition that was completed in 1998.

	Balance 12/31/98	Corrections	Restated Balance 1/1/99
Land and Improvements	\$ 260,170	\$ - - -	\$ 260,170
Buildings and Improvements	7,109,346	418,098	7,527,444
Furniture, Fixtures and Equipment	2,871,977	- - -	2,871,977
Vehicles	1,430,807	- - -	1,430,807
Construction in Process	383,535	- - -	383,535
 Total	 <u>\$12,055,835</u>	 <u>\$ 418,098</u>	 <u>\$12,473,933</u>

A summary of the changes in the general fixed assets account group during the fiscal year follows:

	Restated Balance 1/1/99	Additions	(Disposals)	Balance 12/31/99
Land and Improvements	\$ 260,170	\$ - - -	\$ - - -	\$ 260,170
Buildings and Improvements	7,527,444	495,000	- - -	8,022,444
Furniture, Fixtures and Equipment	2,871,977	331,660	(113,024)	3,090,613
Vehicles	1,430,807	305,997	(98,903)	1,637,901
Construction in Process	383,535	1,110,133	(383,535)	1,110,133
 Total	 <u>\$12,473,933</u>	 <u>\$2,242,790</u>	 <u>\$(595,462)</u>	 <u>\$14,121,261</u>

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

**NOTE 9 - FIXED ASSETS (Continued)**

The Construction in Progress at December 31 represents costs incurred as of December 31 to construct the new County jail. This project is expected to be completed in 2001.

**B. Component Unit Fixed Assets**

The balance of the component unit fixed assets has been restated as of January 1, 1999, due to the errors and omissions of certain fixed assets.

	<u>Balance</u> <u>12/31/98</u>	<u>Corrections</u>	<u>Restated</u> <u>Balance</u> <u>1/1/99</u>
Furniture, Fixtures and Equipment	\$ 434,479	\$ 201,333	\$ 635,812
Vehicles	<u>541,284</u>	<u>(81,423)</u>	<u>459,861</u>
Total	<u>\$ 975,763</u>	<u>\$ 119,910</u>	<u>\$1,095,673</u>

A summary of the changes in the component unit fixed assets during the fiscal year follows:

	<u>Restated</u> <u>Balance</u> <u>1/1/99</u>	<u>Additions</u>	<u>(Disposals)</u>	<u>Balance</u> <u>12/31/99</u>
Furniture, Fixtures and Equipment	\$ 635,812	\$229,725	\$ (6,731)	\$ 858,806
Vehicles	<u>459,861</u>	<u>53,531</u>	<u>---</u>	<u>513,392</u>
Total	<u>\$1,095,673</u>	<u>\$283,256</u>	<u>\$ (6,731)</u>	<u>\$1,372,198</u>

**NOTE 10 - VACATION AND SICK LEAVE LIABILITY**

The non-current portion of vested vacation and sick leave accumulated by governmental fund type employees has been recorded in the general long-term obligations account group. The current portion (paid within the 60 days after year end) are recorded as liabilities of the fund from which the employee is paid. The liability is reported as "Compensated Absences Payable" on the combined financial statements.

Upon termination of County service, an employee is entitled to all accumulated vacation. Retiring employees are also entitled to 25% of their accumulated sick leave up to a maximum of 30 days for employees with 10 to 20 years of service and 45 days for employees with greater than 20 years of service. At December 31, 1999 vested benefits for vacation leave for governmental fund type employees, excluding component units, totaled \$360,749 and vested

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

**NOTE 10 - VACATION AND SICK LEAVE LIABILITY - (Continued)**

benefits for sick leave totaled \$45,333. In accordance with GASB Statement No. 16, a liability of \$106,326 was also accrued to record termination (severance) payments for employees expected to become eligible to retire in the future.

**NOTE 11 - LONG TERM OBLIGATIONS**

A. The County's long-term obligations at year end and a schedule of current year activity is as follows:

<u>Classification</u>	<u>Balance 1/1/99</u>	<u>1999 Additions</u>	<u>1999 Principal Retirement</u>	<u>Balance 12/31/99</u>
General Obligation Bonds	\$1,705,000	\$5,000,000	\$(275,000)	\$6,430,000
Compensated Absences	<u>451,052</u>	<u>61,356</u>	<u>---</u>	<u>512,408</u>
Total General Long-Term Obligations	<u>\$2,156,052</u>	<u>\$5,061,356</u>	<u>\$(275,000)</u>	<u>\$6,942,408</u>

*General Obligation Bonds:* General obligation bonds are direct obligations of the County for which its full faith and credit are pledged for repayment.

*Compensated Absences:* Vested sick leave and vacation benefits are presented net of actual increases and decreases because of the practicality of determining these values. The benefits will be paid from the fund from which the person is paid.

**B. General Obligation Bonds**

The following is a description of the County's general obligation bonds that were outstanding as of December 31, 1999:

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

**NOTE 11 - LONG TERM OBLIGATIONS - (Continued)**

<u>Description</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding 1/1/99</u>	<u>1999 Issues</u>	<u>1999 Principal Retirement</u>	<u>Balance Outstanding 12/31/99</u>
Dept. of Human Services Bond	10/15/89	04/15/10	7.20%	\$ 365,000	\$ ---	\$ (30,000)	\$ 335,000
Court House Improvement Bond	12/1/91	12/01/00	5.625%	200,000	---	(100,000)	100,000
County Buildings Improvement Bond	7/14/93	06/01/08	5.42%	840,000	---	(45,000)	795,000
Highway Maintenance Facility Bond	5/16/94	12/01/01	4.68%	300,000	---	(100,000)	200,000
Bypass/Jail Construction Bond	12/01/99	12/01/19	4.00-5.75%	<u>0</u>	<u>5,000,000</u>	<u>---</u>	<u>5,000,000</u>
				<u>\$1,705,000</u>	<u>\$5,000,000</u>	<u>\$(275,000)</u>	<u>\$6,430,000</u>

The following is a summary of the County's future principal and interest debt service requirements for the general obligation bonds outstanding.

<u>Year Ending 12/31</u>	<u>Principal On Bonds</u>	<u>Interest On Bonds</u>	<u>Total</u>
2000	\$ 365,000	\$ 336,884	\$ 701,884
2001	365,000	318,148	683,148
2002	310,000	299,909	609,909
2003	315,000	284,567	599,567
2004	345,000	268,608	613,608
2005 - 2009	1,825,000	1,066,138	2,891,138
2010 - 2014	1,295,000	662,626	1,957,626
2015 - 2019	<u>1,610,000</u>	<u>284,939</u>	<u>1,894,939</u>
Total	<u>\$6,430,000</u>	<u>\$3,521,819</u>	<u>\$9,951,819</u>

**C. Legal Debt Margin**

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County.

The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to three percent of the first \$100,000,000, of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000 plus two and one-half percent of such valuation in excess of \$300,000,000. Based on this calculation, the County's legal debt margin was \$22,524,825 as of December 31, 1999.

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

**NOTE 12 - BOND ANTICIPATION NOTES**

The County had the following bond anticipation note activity occur during 1999. Bond anticipation notes are reported as liabilities of the capital projects funds, the funds which received the proceeds.

	<u>Date Issue</u>	<u>Date Retired</u>	<u>Balance Outstanding 1/1/99</u>	<u>1999 Issues</u>	<u>1999 Principal Retirement</u>	<u>Balance Outstanding 12/31/99</u>
<u>Clinton County Bypass Fund</u>						
6.00% Road Improvement	12/18/98	12/16/99	\$500,000	\$ ---	\$ (500,000)	\$ 0
<u>Jail Construction Fund</u>						
3.56% Jail Construction	4/2/99	12/15/99	<u>0</u>	<u>4,500,000</u>	<u>(4,500,000)</u>	<u>0</u>
Total Capital Project Funds			<u>\$500,000</u>	<u>\$4,500,000</u>	<u>\$(5,000,000)</u>	<u>\$ 0</u>

**NOTE 13 - RISK MANAGEMENT**

**A. General Insurance**

The County is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters.

The County is a member of County Risk Sharing Authority, Inc. (CORSA) which is a shared risk pool of forty-one counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the CORSA 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 one 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.

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

**NOTE 13 - RISK MANAGEMENT (Continued)**

The County pays the State Workers' Compensation System a premium based on a rate per \$100 of employee compensation. The rate is calculated based on accident history and administrative costs. Settled claims have not exceeded this coverage in any of the past three fiscal years.

**B. Health and Vision Insurance**

The County provides comprehensive health and vision insurance coverage to its employees through a traditionally funded plan. Effective January 1, 1999, the County switched from being self-insured for health and vision benefits to obtaining full coverage from an outside insurance carrier. The County purchases commercial health insurance coverage through Anthem Blue Cross/Blue Shield and through Community Health Plan. The County pays 90% of the monthly premium while the employee pays 10%. The entire risk of loss transfers to the commercial insurance carrier. The County's monthly premium requirement under each plan is as follows:

	<u>Family Coverage</u>	<u>Single Coverage</u>
Anthem Blue Cross/Blue Shield	\$414.51	\$146.22
Community Health Plan	\$437.67	\$172.30

The County provides vision insurance through Vision Service Plan. The County pays 80% of the monthly premium while the employee pays 20%. The entire risk of loss transfers to the commercial insurance carrier. The County monthly premium requirement for vision insurance is \$10.13 for family coverage and \$4.48 for single coverage.

**C. Dental Self-Insurance**

The County has established a Risk Management Fund (an internal service fund) to account for and finance its dental benefits. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$1,000 per person per year to a group claims maximum. The County purchases commercial insurance for claims in excess of coverage provided by the Fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

All funds of the County participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and dental conversion and administrative fees and services). The third party administrator (Employer Group Health) reviews, and the County pays, all claims. The liability for unpaid claims of \$7,706 reported in the Risk Management Fund at December 31, 1999, is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk



**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

**NOTE 13 - RISK MANAGEMENT - (Continued)**

Financing and Related Insurance Issues”, as amended by GASB Statement No. 30, “Risk Financing Omnibus”, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in the balances of the self insurance claims liabilities during the past two fiscal (calendar) years are as follows:

	<u>Liability At Beginning Of Year</u>	<u>Incurred Claims</u>	<u>Claim Payments</u>	<u>Liability At End Of Year</u>
1999	\$228,869	\$1,258,655	\$(1,479,818)	\$ 7,706
1998	\$113,354	\$1,555,544	\$(1,440,029)	\$228,869

The decrease in the claims liability at December 31, 1999 is due to the County’s switch from being self-insured for health insurance at December 31, 1998 to being traditionally insured through a commercial insurance carrier at December 31, 1999.

**NOTE 14 - DEFINED BENEFIT PENSION PLANS**

**A. Public Employees Retirement System**

All County full-time employees, other than teachers, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system created by the State of Ohio. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 1999 was 8.5 percent for employees other than law enforcement. Law enforcement employees contribute 9.0 percent of covered salary. The employer contribution rate for employees other than law enforcement was 13.55 percent of covered payroll; 9.35 percent was the portion used to fund pension obligations for 1999. The employer contribution rate for law enforcement employees was 16.7 percent of covered payroll; 12.5 percent was the portion used to fund pension obligations for 1999. The County’s contributions for pension obligations to the PERS for the years ended December 31, 1999, 1998, and 1997 were \$792,220, \$807,457, and \$664,656, respectively; 78.1 percent has been contributed for 1999 and 100 percent for 1998 and 1997. \$173,428, representing the unpaid contribution for 1999, is recorded as a liability within the respective funds.

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**B. State Teachers Retirement System**

Certified teachers employed by the school for the Mental Retarded/Developmentally Disabled 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 basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit 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 for STRS. That 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 and the County is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. 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 for pension obligations to STRS for the years ended December 31, 1999, 1998, and 1997 were \$13,851, \$11,744 and \$13,528, respectively; 90 percent has been contributed for 1999 and 100 percent for the years 1998 and 1997. \$1,381, representing the unpaid contributions for 1999, is recorded as a liability within the respective funds.

**NOTE 15 - POSTEMPLOYMENT BENEFITS**

**A. Public Employees Retirement System**

PERS provides post retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. 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 Government Employers". A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 1999 employer contribution rate for local employers was 13.55% of covered payroll; 4.2% was the portion that was used to fund health care. The law enforcement employer rate for 1999 was 16.7% of covered payroll; 4.2% was the portion used to fund health care.

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

**NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. The County's contribution actually made to fund post employment benefits was \$339,144.

OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

Expenditures for OPEB during 1999 were \$523.599 million. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9.870 billion. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

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

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

**B. State Teachers Retirement System**

Comprehensive health care benefits are provided to retired teachers and their dependents through the STRS. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by STRS based on authority granted by State statute.

All benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium. Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to the Health Care Reserve Fund equal to 8% of covered payroll for the fiscal year ended June 30, 1999. For the County this amount equaled \$4,617 during 1999. As of June 30, 1999, the balance in the Health Care Reserve Fund was \$2.783 billion and eligible benefit recipients statewide totaled 95,796 for STRS as a whole. Net health care costs paid by STRS statewide were \$549.929 million.

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

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

**Excess of Revenues and Other Financing  
Sources Over (Under) Expenditures and Other Uses**

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$(1,504,763)	\$(164,067)	\$(10,502)	\$ 586,243
Net adjustment for revenue accruals	146,726	(160,643)	872	142,005
Net adjustment for expenditure accruals	(40,696)	98,369	11,377	4,639,305
Net adjustment for other financing sources (uses) accruals	383,576	(84,255)	---	(4,799,321)
Encumbrances (budget basis)	<u>485,412</u>	<u>747,488</u>	<u>---</u>	<u>3,122,813</u>
GAAP basis	<u><u>\$(529,745)</u></u>	<u><u>\$ 436,892</u></u>	<u><u>\$ 1,747</u></u>	<u><u>\$3,691,045</u></u>

**NOTE 17 - CONTINGENCIES**

**A. Grants**

The County receives significant financial assistance from numerous federal and state agencies in the forms of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the County at December 31, 1999.

**CLINTON COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

**NOTE 17 - CONTINGENCIES (Continued)**

**B. Litigation**

Several claims and lawsuits are pending against the County. In the opinion of the County Prosecutor, no material liability is anticipated.

**NOTE 18 - CONDUIT DEBT OBLIGATIONS**

The County has served as the issuer of \$14,298,685 in industrial revenue bonds. The proceeds were used by private corporations and community organizations to fund various endeavors. The industrial revenue bonds do not constitute a general obligation, debt or bonded indebtedness of the County. Neither is the full faith and credit to taxing power of the County pledged to make repayment. As of December 31, 1999, \$14,097,453 was still outstanding.

To provide for the financing of certain expenditures at Clinton Memorial Hospital, the Hospital has issued special facility revenue bonds. These consist of \$3,800,000 in 1992 Clinton County, Ohio, Variable Rate Demand Hospital Improvement Revenue Bonds, with final maturity in February, 2002. These bonds do not constitute a debt or pledge of the faith and credit of the County and have not been reported in the accompanying financial statements. As of December 31, 1999, \$3,100,000 was still outstanding.

**NOTE 19 - CHILD SUPPORT ENFORCEMENT AGENCY**

To comply with the 1988 Federal Family Support Act, the Ohio Department of Human Services (ODHS) assumed responsibility for developing the Support Enforcement Tracking System (SETS) software all counties must use to account for child support activity. The County is responsible for collecting and receipting child support payments. Beginning October 1, 1998, the SETS program was fully functional and operating for Clinton County. Once information is entered into the SETS system, the SETS personnel batch the reports and checks are prepared and distributed by the SETS personnel in Columbus. Collections and payments during 1999 were approximately \$6,100,000. ODHS is responsible for all costs (which are significantly reimbursed by Federal matching dollars) and programming for SETS development).

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**CLINTON COUNTY**  
**SCHEDULE OF FEDERAL AWARDS EXPENDITURES**  
**DECEMBER 31, 1999**

Federal Grantor/ Pass Through Grantor Program Title	Fund	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURAL</b>			
<i>Passed Through Ohio Department of Education:</i>			
National School Lunch Program	004	10.555	\$561
Total U.S. Department of Agricultural			561
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education:</i>			
Educational Handicapped Act, Title VI B	004	84.027	8,279
Early Childhood Development	004	84.173	3,555
Total U.S. Department of Education			11,834
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>			
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities</i>			
Title XX - Social Sciences	004	93.667	24,616
Total U.S. Department of Health & Human Services			24,616
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed Through Ohio Department of Development</i>			
Community Development Block Grant		14.228	
B-F-97-014-1	109		104,984
B-F-98-014-1	109		45,500
B-C-97-014-1	109		125,030
B-C-99-014-1	109		9,000
Total CDBG:			284,514
Home Investment Partnership		14.239	
B-C-97-014-2	109		102,769
B-C-99-014-2	109		16,000
Total HIPP			118,769
Total U.S. Department of Housing and Urban Development			403,283
<b>Total Federal Expenditures</b>			<b>\$440,294</b>

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

**CLINTON COUNTY  
NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 1999**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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





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

250 West Court Street  
Suite 150 E  
Cincinnati, Ohio 45202  
Telephone 513-361-8550  
800-368-7419  
Facsimile 513-361-8577  
www.auditor.state.oh.us

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

Clinton County  
46 South South Street  
Wilmington, Ohio 45177

To the Board of County Commissioners:

We have audited the general-purpose financial statements of Clinton County, Ohio (the County), as of and for the year ended December 31, 1999, and have issued our report thereon dated August 14, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 1999-60414-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the County in a separate letter dated August 14, 2000.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control structure over financial reporting that do not require inclusion in this report that we have reported to management of the County in a separate letter dated August 14, 2000.

This report is intended for the information and use of the County elected officials, management, 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 fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

August 14, 2000



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

250 West Court Street  
Suite 150 E  
Cincinnati, Ohio 45202  
Telephone 513-361-8550  
800-368-7419  
Facsimile 513-361-8577  
www.auditor.state.oh.us

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

Clinton County  
46 South South Street  
Wilmington, Ohio 45177

To the Board of County Commissioners:

**Compliance**

We have audited the compliance of Clinton County, Ohio (the County), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 1999. The County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on Clinton County's compliance based on our audit.

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

In our opinion, Clinton County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999. We noted an instance of noncompliance that does not require inclusion in this report that we have reported to the management of Clinton County in a separate letter dated August 14, 2000.

**Internal Control Over Compliance**

The management of Clinton 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.

However, we noted another matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the County in a separate letter dated August 14, 2000.

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

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

**Jim Petro**  
Auditor of State

August 14, 2000

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

**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):	Community Development Block Grant CFDA #14.228
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

**FINDING NUMBER 1999-60414-001**

**Material Noncompliance**

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

**CLINTON COUNTY  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 1999  
(Continued)**

**FINDING NUMBER 1999-60414-001 (Continued)**

This section also provides for two exceptions to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Commissioners may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$100 dollars, the Auditor may authorize payment through a Then and Now Certificate without affirmation of the Board of Commissioners, if such expenditure is otherwise valid.

Eighteen percent of the expenditures tested were not prior certified by the Auditor and were not encumbered until the time of payment. Every effort should be made by the County to properly utilize the encumbrance method of accounting by certifying funds on purchase orders. Failure to properly certify funds could result in overspending funds.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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None



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

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

## CLINTON COUNTY FINANCIAL CONDITION

### CLINTON 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  
SEPTEMBER 7, 2000