



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

---

**STATE OF OHIO**



**FINANCIAL CONDITION  
SCIOTO COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Balance Sheet - All Fund Types and Account Groups and Discretely Presented Component Unit .....	2
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance/Equity - All Governmental Fund Types and Expendable Trust Funds .....	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual - All Governmental and Similar Fiduciary Fund Types .....	7
Combined Statement of Revenues, Expenses, and Changes in Fund Equity - All Proprietary Fund Types and Discretely Presented Component Unit .....	10
Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Budgetary Basis) and Actual - All Proprietary Fund Types .....	11
Combined Statement of Cash Flows - All Proprietary Fund Types and Discretely Presented Component Unit .....	14
Notes to the General Purpose Financial Statements .....	16
Schedule of Federal Awards Expenditures .....	52
Notes to the Schedule of Federal Awards Expenditures .....	53
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	55
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 .....	57
Schedule of Findings - OMB Circular A-133 Section .505 .....	59
Schedule of Prior Audit Findings .....	61
Corrective Action Plan .....	62

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## REPORT OF INDEPENDENT ACCOUNTANTS

Board of County Commissioners  
Scioto County  
Scioto County Courthouse  
602 Seventh Street  
Portsmouth, Ohio 45662

We have audited the accompanying general purpose financial statements of Scioto 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 Scioto County, Ohio, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund types 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 October 31, 2000 on our consideration of the Government'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. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

**Jim Petro**  
Auditor of State

October 31, 2000

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**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>ASSETS AND OTHER DEBITS</u>				
<u>Assets</u>				
Equity in pooled cash and cash equivalents	\$ 799,886	\$ 8,134,778	\$ 103,561	\$ 1,005,461
Cash with fiscal and escrow agents	8,428	28	-	-
Receivables:				
Taxes	2,190,137	2,408,960	-	-
Accounts (net of allowance)	224,881	270,238	-	-
Special assessments	-	-	-	-
Accrued interest	53,234	6,792	-	-
Due from other governments	172,012	942,200	-	-
Prepayments	41,675	15,960	-	-
Deferred charges	-	-	-	-
Advances to other funds	433,487	-	-	-
Loans receivable	-	1,127,146	-	-
Materials and supplies inventory	25,787	90,651	-	-
Restricted assets:				
Cash with fiscal and escrow agents	-	-	-	-
Property, plant and equipment (net of accumulated depreciation where applicable)	-	-	-	-
<u>Other Debits</u>				
Amount available in debt service fund for retirement of general obligation bonds	-	-	-	-
Amount to be provided for retirement of General long-term debt obligations	-	-	-	-
Total assets and other debits	\$ <u>3,949,527</u>	\$ <u>12,996,753</u>	\$ <u>103,561</u>	\$ <u>1,005,461</u>

*See accompanying notes to the general purpose financial statements.*



<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Total Primary Government (Memorandum Only)</u>	<u>Star Inc.</u>	<u>Totals (Memorandum Only) Reporting Entity</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust And Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>			
444,360	\$ 33,025	\$ 3,708,184	\$ -	\$ -	\$ 14,229,255	\$ -	\$ 14,229,255
92,486	-	350,869	-	-	451,811	131,431	583,242
-	-	24,052,372	-	-	28,651,469	-	28,651,469
94,232	-	-	-	-	589,351	28,802	618,153
62,898	-	-	-	-	62,898	-	62,898
-	-	-	-	-	60,026	-	60,026
-	11,398	3,018,630	-	-	4,144,240	13,403	4,157,643
-	-	-	-	-	57,635	-	57,635
97,724	-	-	-	-	97,724	-	97,724
-	-	-	-	-	433,487	-	433,487
-	-	-	-	-	1,127,146	-	1,127,146
4,145	-	-	-	-	120,583	7,277	127,860
124,629	-	-	-	-	124,629	-	124,629
11,707,765	-	-	26,995,000	-	38,702,765	12,667	38,715,432
38,715,432							
-	-	-	-	44,228	44,228	-	44,228
-	-	-	-	<u>7,619,770</u>	<u>7,619,770</u>	-	<u>7,619,770</u>
<u>12,628,239</u>	<u>\$ 44,423</u>	<u>\$ 31,130,055</u>	<u>\$26,995,000</u>	<u>\$ 7,663,998</u>	<u>\$ 96,517,017</u>	<u>\$ 193,580</u>	<u>\$ 96,710,597</u>

Continued

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

<u>LIABILITIES, EQUITY, AND OTHER CREDITS</u>	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Liabilities</u>				
Accounts payable	\$ 125,430	\$ 628,351	\$ -	\$ 4,140
Accrued wages and benefits	18,246	62,994	-	-
Compensated absences payable	11,097	4,513	-	-
Contracts payable	-	4,239	-	16,964
Retainage payable	-	-	-	-
Accrued interest payable	5,336	3,366	-	27,317
Due to other funds	-	-	-	-
Due to other governments	77,378	-	-	-
Deferred revenue	1,382,001	2,610,152	-	-
Undistributed monies	-	-	-	-
Deposits held and due to others	-	-	-	-
FHA Loans payable	-	-	-	-
Capital Leases payable	-	-	-	-
Notes payable	510,000	199,000	-	1,740,000
Advances from other funds	-	107,433	-	326,054
Bonds payable:				
General obligation	-	-	-	-
Revenue	-	-	-	-
	<u>2,129,488</u>	<u>3,620,048</u>	<u>-</u>	<u>2,114,475</u>
<u>Fund Equity and Other Credits</u>				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings	-	-	-	-
Fund balances:				
Reserved for advances	433,487	-	-	-
Reserved for loans	-	1,127,146	-	-
Reserved for prepaids	41,675	15,960	-	-
Reserved for encumbrances	316,178	1,257,285	-	26,830
Reserved for supplies inventory	25,787	90,651	-	-
Unreserved fund balance	<u>1,002,912</u>	<u>6,885,663</u>	<u>103,561</u>	<u>(1,135,844)</u>
	<u>1,820,039</u>	<u>9,376,705</u>	<u>103,561</u>	<u>(1,109,014)</u>
Total liabilities, equity and other credits	<u>\$ 3,949,527</u>	<u>\$ 12,996,753</u>	<u>\$ 103,561</u>	<u>\$ 1,005,461</u>

*See accompanying notes to the general purpose financial statements.*

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Total Primary Government (Memorandum Only)</u>	<u>Star Inc.</u>	<u>Totals (Memorandum Only) Reporting Entity</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust And Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>			
7,200	-	\$ -	\$ -	\$ -	\$ 765,121	\$1,247	\$ 766,368
-	-	-	-	-	81,240	2,219	83,459
62,057	-	-	-	1,599,153	1,676,820	-	1,676,820
-	-	-	-	-	21,203	-	21,203
-	-	-	-	-	-	-	-
-	-	-	-	-	36,019	-	36,019
-	-	-	-	-	-	-	-
-	1,870	27,071,002	-	-	27,150,250	-	27,150,250
15,432	-	-	-	-	4,007,585	-	4,007,585
-	-	1,903,843	-	-	1,903,843	-	1,903,843
-	-	2,058,220	-	-	2,058,220	-	2,058,220
2,220,771	-	-	-	-	2,220,771	-	2,220,771
-	-	-	-	439,845	439,845	-	439,845
-	-	-	-	-	2,449,000	-	2,449,000
-	-	-	-	-	433,487	-	433,487
4,226,135	-	-	-	5,625,000	9,851,135	-	9,851,135
<u>315,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>315,000</u>	<u>-</u>	<u>315,000</u>
<u>6,846,595</u>	<u>1,870</u>	<u>31,033,065</u>	<u>-</u>	<u>7,663,998</u>	<u>53,409,539</u>	<u>3,466</u>	<u>53,413,005</u>
-	-	-	26,995,000	-	26,995,000	-	26,995,000
3,830,876	-	-	-	-	3,830,876	-	3,830,876
1,950,768	42,553	-	-	-	1,993,321	190,114	2,183,435
-	-	-	-	-	433,487	-	433,487
-	-	-	-	-	1,127,146	-	1,127,146
-	-	-	-	-	57,635	-	57,635
-	-	2,800	-	-	1,603,093	-	1,603,093
-	-	-	-	-	116,438	-	116,438
<u>-</u>	<u>-</u>	<u>94,190</u>	<u>-</u>	<u>-</u>	<u>6,950,482</u>	<u>-</u>	<u>6,950,482</u>
<u>5,781,644</u>	<u>42,553</u>	<u>96,990</u>	<u>26,995,000</u>	<u>-</u>	<u>43,107,478</u>	<u>190,114</u>	<u>43,297,592</u>
<u>12,628,239</u>	<u>\$ 44,423</u>	<u>\$ 31,130,055</u>	<u>\$26,995,000</u>	<u>\$ 7,663,998</u>	<u>\$ 96,517,017</u>	<u>\$ 193,580</u>	<u>\$ 96,710,597</u>

**FINANCIAL CONDITION  
SCIOTO COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE/EQUITY - ALL GOVERNMENTAL FUND TYPES  
AND EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 13, 1999**

	Governmental Fund Types				Fiduciary Fund Types	Total (Memorandum) Only
	General	Special Revenue	Debt Service	Capital Projects	Expensible Trust	
<b>Revenues:</b>						
Property Taxes	\$549,601	\$2,712,752	\$	\$	\$	\$3,262,353
Permissive Sales Taxes	6,205,784					6,205,784
Charges for Services	1,296,625	2,114,077				3,410,702
Licenses and Permits	7,535	58,667				66,202
Fines and Forfeitures	100,380	150,215				250,595
Intergovernmental	1,018,147	22,259,430		548,943		23,826,520
Investment Income		529,312	96,475		4,186	629,973
Other	911,637	1,062,557		400	614	1,975,208
<b>Total Revenues</b>	<b>10,619,021</b>	<b>28,454,173</b>		<b>549,343</b>	<b>4,800</b>	<b>39,627,337</b>
<b>Expenditures:</b>						
General Government:						
Legislative and Executive	3,436,051	1,110,443				4,546,494
Judicial	1,499,146	245,499				1,744,645
Public Safety	2,807,600	975,803				3,783,403
Public Works	1,004,188	4,608,559				5,612,747
Health	62,258	237,611				299,869
Human Services	249,208	17,840,278				18,089,486
Conservation and Recreation	77,891	1,964				79,855
Economic Development and Assistance	107,414	1,048,157				1,155,571
Transportation						
Other Expense	1,657,593	1,513,705	3,005	367,454	5,681	3,547,438
Depreciation						
Capital Outlay				3,633,388	24,150	3,657,538
<b>Debt Service:</b>						
Principal Retirement		88,000	245,000			333,000
Interest and Fiscal Charges	32,945	15,098	262,253	29,403		339,699
<b>Total Expenditures</b>	<b>10,934,294</b>	<b>27,685,117</b>	<b>510,258</b>	<b>4,030,245</b>	<b>29,831</b>	<b>43,189,745</b>
Excess of Revenues Over (Under) Expenditures	(315,273)	769,056	(510,258)	(3,480,902)	(25,031)	(3,562,408)
<b>Other Financial Sources (Uses):</b>						
Proceeds From Capital Leases						
Proceeds From Notes			3,000			3,000
Proceeds From Bonds			68,337	2,817,330		2,885,667
Advances In						
Advances Out						
Operating Transfers In	450,000	1,044,948	89,163	93,500		1,677,611
Operating Transfers Out	(1,200,610)	(495,000)				(1,695,610)
Other Financing Sources	1,024,867	258,736	357,472		10,122	1,651,197
Other Financing Uses	(311,376)	(114,068)		(340,445)		(765,889)
<b>Total Other Financing Sources (Uses)</b>	<b>(37,119)</b>	<b>694,616</b>	<b>446,635</b>	<b>(246,945)</b>	<b>10,122</b>	<b>3,755,976</b>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(352,392)	1,463,672	7,714	(910,517)	(14,909)	193,568
Fund Balance/Equity						
January 1, 1999	2,204,829	7,910,064	95,847	(198,497)	111,899	10,124,142
Increase/(Decrease) in Reserve for Inventory	(32,398)	2,969				(29,429)
Fund Balance/Equity December 31, 1999	<b>\$1,820,039</b>	<b>\$9,376,705</b>	<b>\$103,561</b>	<b>(\$1,109,014)</b>	<b>\$96,990</b>	<b>\$10,288,281</b>

See accompanying notes to the general purpose financial statements.

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

	General Fund			Special Revenue Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$6,475,000	\$6,814,467	\$339,467	\$2,414,726	\$2,893,841	\$479,115
Charges for Services	1,401,200	\$1,404,857	3,657	1,776,969	2,101,673	324,704
Licenses and Permits	10,600	\$9,010	(1,590)	63,000	60,596	(2,404)
Fines and Forfeitures	138,000	\$120,037	(17,963)	154,038	146,029	(8,009)
Intergovernmental	1,138,872	\$1,160,623	21,751	22,191,889	22,660,285	468,396
Interest	450,000	\$569,305	119,305	2,088,000	95,920	(1,992,080)
Other	25,007	\$23,043	(1,964)	701,722	259,577	(442,145)
Total Revenues	<u>9,638,679</u>	<u>10,101,342</u>	<u>462,663</u>	<u>29,390,344</u>	<u>28,217,921</u>	<u>(1,172,423)</u>
<b>Expenditures:</b>						
General Government:						
Legislative and Executive	3,388,262	3,590,006	(201,744)	1,182,100	1,191,688	(9,588)
Judicial	1,908,933	1,582,139	326,794	317,941	272,259	45,682
Public Safety	2,900,552	2,889,072	11,480	1,412,919	1,054,978	357,941
Public Works	1,044,373	1,031,546	12,827	5,226,028	5,052,262	173,766
Health	66,083	65,714	369	262,462	253,773	8,689
Human Services	263,861	260,003	3,858	22,467,971	20,610,003	1,857,968
Conservation and Recreation	87,724	81,352	6,372	0	0	0
Economic Development	113,517	111,451	2,066	2,136,697	1,501,649	635,048
Transportation	0	0	0	0	0	0
Miscellaneous	1,361,211	1,337,628	23,583	0	0	0
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	41,000	41,000	0	88,000	88,000	0
Interest and Fiscal Charges	27,609	27,609	0	12,000	11,906	94
Total Expenditures	<u>11,203,125</u>	<u>11,017,520</u>	<u>185,605</u>	<u>33,106,118</u>	<u>30,036,518</u>	<u>3,069,600</u>
Excess of Revenues Over/ (Under) Expenditures	<u>(1,564,446)</u>	<u>(916,178)</u>	<u>648,268</u>	<u>(3,715,774)</u>	<u>(1,818,597)</u>	<u>1,897,177</u>
<b>Other Financing Sources (Uses):</b>						
Proceeds from sale of fixed assets	0	0	0	0	0	0
Proceeds from notes	0	0	0	0	0	0
Proceeds from bonds	0	0	0	0	0	0
Advances In	0	182,577	182,577	0	128,178	128,178
Advances Out	0	(251,048)	(251,048)	0	(104,650)	(104,650)
Operating Transfers In	200,000	450,000	250,000	588,987	1,192,949	603,962
Operating Transfers Out	(1,296,457)	(1,200,610)	95,847	(465,000)	(643,001)	(178,001)
Other sources	1,177,130	1,003,212	(173,918)	1,453,529	1,256,533	(196,996)
Other uses	(186,562)	(183,262)	3,300	(6,935)	(6,935)	0
Total Other Financing Sources (Uses)	<u>(105,889)</u>	<u>869</u>	<u>106,758</u>	<u>1,570,581</u>	<u>1,823,074</u>	<u>252,493</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(1,670,335)</u>	<u>(915,309)</u>	<u>755,026</u>	<u>(2,145,193)</u>	<u>4,477</u>	<u>2,149,670</u>
Fund Balance at Beginning of Year	1,122,133	1,122,133		5,927,669	5,927,669	
Prior Year Encumbrances Appropriated	285,311	285,311		955,460	955,460	
Fund Balance at End of Year	<u>(\$262,891)</u>	<u>\$492,135</u>	<u>\$755,026</u>	<u>\$4,737,936</u>	<u>\$6,887,606</u>	<u>\$2,149,670</u>

See accompanying notes to the general purpose financial statements.

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

	Debt Service Fund			Capital Projects Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Charges for Services	0	0	0	0	0	0
Licenses and Permits	0	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0	0
Intergovernmental	0	0	0	274,307	548,943	274,636
Interest	0	0	0	0	0	0
Other	0	0	0	1,500	400	(1,100)
Total Revenues	0	0	0	275,807	549,343	273,536
<u>Expenditures:</u>						
General Government:						
Legislative and Executive	0	0	0	0	0	0
Judicial	0	0	0	0	0	0
Public Safety	0	0	0	0	0	0
Public Works	0	0	0	0	0	0
Health	0	0	0	0	0	0
Human Services	0	0	0	0	0	0
Conservation and Recreation	0	0	0	0	0	0
Economic Development	0	0	0	0	0	0
Transportation	0	0	0	0	0	0
Miscellaneous	3,200	3,005	195	0	0	0
Capital Outlay	0	0	0	4,558,907	4,158,324	400,583
Debt Service:						
Principal Retirement	245,000	245,000	0	0	0	0
Interest and Fiscal Charges	276,834	262,253	14,581	0	0	0
Total Expenditures	525,034	510,258	14,776	4,558,907	4,158,324	400,583
Excess of Revenues Over/ (Under) Expenditures	(525,034)	(510,258)	14,776	(4,283,100)	(3,608,981)	674,119
<u>Other Financing Sources (Uses):</u>						
Proceeds from the Sale of Fixed Assets	0	0	0	0	0	0
Proceeds from notes	3,000	3,000	0	1,012,000	1,512,000	500,000
Proceeds from bonds	127,870	68,337	(59,533)	2,817,330	2,817,330	0
Advances In	0	59,334	59,334	0	122,870	122,870
Advances Out	0	0	0	0	(137,262)	(137,262)
Operating Transfers In	57,500	89,163	31,663	92,000	199,500	107,500
Operating Transfers Out	0	0	0	0	(106,000)	(106,000)
Other sources	298,138	298,138	0	0	0	0
Other Uses	0	0	0	0	0	0
Total Other Financing Sources (Uses)	486,508	517,972	31,464	3,921,330	4,408,438	487,108
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(38,526)	7,714	46,240	(361,770)	799,457	1,161,227
Fund Balance at Beginning of Year	95,847	95,847		51,598	51,598	
Prior Year Encumbrances Appropriated				127,574	127,574	
Fund Balance at End of Year	\$57,321	\$103,561	\$46,240	(\$182,598)	\$978,629	\$1,161,227

See accompanying notes to the general purpose financial statements.

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

	Expendable Trust Fund			Total		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$0	\$0	\$0	\$8,889,726	\$9,708,308	\$818,582
Charges for Services	0	0	0	3,178,169	3,506,530	328,361
Licenses and Permits	0	0	0	73,600	69,606	(3,994)
Fines and Forfeitures	0	0	0	292,038	266,066	(25,972)
Intergovernmental	0	0	0	23,605,068	24,369,851	764,783
Interest	4,000	4,186	186	2,542,000	669,411	(1,872,589)
Other	3,000	614	(2,386)	731,229	283,634	(447,595)
<b>Total Revenues</b>	<b>7,000</b>	<b>4,800</b>	<b>(2,200)</b>	<b>39,311,830</b>	<b>38,873,406</b>	<b>(438,424)</b>
<b>Expenditures:</b>						
<b>General Government:</b>						
Legislative and Executive	0	0	0	4,570,362	4,781,694	(211,332)
Judicial	0	0	0	2,226,874	1,854,398	372,476
Public Safety	0	0	0	4,313,471	3,944,050	369,421
Public Works	0	0	0	6,270,401	6,083,808	186,593
Health	0	0	0	328,545	319,487	9,058
Human Services	0	0	0	22,731,832	20,870,006	1,861,826
Conservation and Recreation	0	0	0	87,724	81,352	6,372
Economic Development	0	0	0	2,250,214	1,613,100	637,114
Transportation	0	0	0	0	0	0
Miscellaneous	10,500	6,181	4,319	1,374,911	1,346,814	28,097
Capital Outlay	39,000	26,450	12,550	4,597,907	4,184,774	413,133
<b>Debt Service:</b>						
Principal Retirement	0	0	0	374,000	374,000	0
Interest and Fiscal Charges	0	0	0	316,443	301,768	14,675
<b>Total Expenditures</b>	<b>49,500</b>	<b>32,631</b>	<b>16,869</b>	<b>49,442,684</b>	<b>45,755,251</b>	<b>3,687,433</b>
<b>Excess of Revenues Over/ (Under) Expenditures</b>	<b>(42,500)</b>	<b>(27,831)</b>	<b>14,669</b>	<b>(10,130,854)</b>	<b>(6,881,845)</b>	<b>3,249,009</b>
<b>Other Financing Sources (Uses):</b>						
Proceeds from sale of fixed assets	0	0	0	0	0	0
Proceeds from notes	0	0	0	1,015,000	1,515,000	500,000
Proceeds from bonds	0	0	0	2,945,200	2,885,667	(59,533)
Advances In	0	0	0	0	492,959	492,959
Advances Out	0	0	0	0	(492,960)	(492,960)
Operating Transfers In	0	0	0	938,487	1,931,612	993,125
Operating Transfers Out	0	0	0	(1,761,457)	(1,949,611)	(188,154)
Other sources	20,000	10,123	(9,877)	2,948,797	2,568,006	(380,791)
Other Uses	0	0	0	(193,497)	(190,197)	3,300
<b>Total Other Financing Sources (Uses)</b>	<b>20,000</b>	<b>10,123</b>	<b>(9,877)</b>	<b>5,892,530</b>	<b>6,760,476</b>	<b>867,946</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(22,500)</b>	<b>(17,708)</b>	<b>4,792</b>	<b>(4,238,324)</b>	<b>(121,369)</b>	<b>4,116,955</b>
Fund Balance at Beginning of Year	110,898	110,898		7,308,145	7,308,145	
Prior Year Encumbrances Appropriated	1,000	1,000		1,369,345	1,369,345	
<b>Fund Balance at End of Year</b>	<b>\$89,398</b>	<b>\$94,190</b>	<b>\$4,792</b>	<b>\$4,439,166</b>	<b>\$8,556,121</b>	<b>\$4,116,955</b>

See accompanying notes to the general purpose financial statements.

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

	<u>Proprietary Fund Types</u>		<u>Total Primary Government (Memorandum Only)</u>	<u>Star Inc.</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise Funds</u>	<u>Internal Service</u>			
Operating revenue:					
Charges for services	\$ 1,294,229	\$ 281,782	\$ 1,576,011	\$ 343,092	\$ 1,919,103
Other operating revenue	<u>14,473</u>	<u>-</u>	<u>14,473</u>	<u>3,014</u>	<u>17,487</u>
Total operating revenues	<u>1,308,702</u>	<u>281,782</u>	<u>1,590,484</u>	<u>346,106</u>	<u>1,936,590</u>
Operating expenses:					
Personal services	559,934	321,134	881,068	336,049	1,217,117
Contract services	353,517	-	353,517	19,032	372,549
Materials and supplies	78,409	-	78,409	3,917	82,326
Depreciation	275,564	-	275,564	9,535	285,099
Other operating expenses	<u>248,407</u>	<u>51,794</u>	<u>300,201</u>	<u>14,694</u>	<u>314,895</u>
Total operating expenses	<u>1,515,831</u>	<u>372,928</u>	<u>1,888,759</u>	<u>383,227</u>	<u>2,271,986</u>
Operating income (loss)	(207,129)	(91,146)	(298,275)	(37,121)	(335,396)
Non-operating income/(expense):					
Interest revenue	45,628	-	45,628	-	45,628
Intergovernmental revenue	72,113	11,398	83,511	-	83,511
Operating grants	43,335	19,055	62,390	51,016	113,406
Advances In	-	-	-	-	-
Advances Out	-	-	-	-	-
Accrued Interest Received	9,605	-	9,605	-	9,605
Interest & fiscal charges	(156,238)	-	(156,238)	-	(156,238)
Transfer Out	(395,957)	-	(395,957)	-	(395,957)
Transfer In	<u>395,956</u>	<u>18,000</u>	<u>413,956</u>	<u>-</u>	<u>413,956</u>
Total non-operating income(loss)	<u>14,442</u>	<u>48,453</u>	<u>62,895</u>	<u>51,016</u>	<u>113,911</u>
Net income (loss)	(192,687)	(42,693)	(235,380)	13,895	(221,485)
Depreciation on contributed fixed assets	65,539	-	65,539	-	65,539
Retained earnings/fund balance at January 1	<u>2,077,916</u>	<u>85,246</u>	<u>2,163,162</u>	<u>176,219</u>	<u>2,339,381</u>
Retained earnings/fund balance at December 31	<u>1,950,768</u>	<u>42,553</u>	<u>1,993,321</u>	<u>190,114</u>	<u>2,183,435</u>
Contributed capital at January 1	3,896,415	-	3,896,415	-	3,896,415
Contributions/donated fixed assets	-	-	-	-	-
Depreciation on fixed assets acquired by contributed capital	<u>(65,539)</u>	<u>-</u>	<u>(65,539)</u>	<u>-</u>	<u>(65,539)</u>
Contributed capital at December 31	<u>3,830,876</u>	<u>-</u>	<u>3,830,876</u>	<u>-</u>	<u>3,830,876</u>
Total fund equity at December 31	<u>\$ 5,781,644</u>	<u>\$ 42,553</u>	<u>\$ 5,824,197</u>	<u>\$ 190,114</u>	<u>\$ 6,014,311</u>

*See accompanying notes to the general purpose financial statements.*



**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

	Enterprise Fund Type		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for services	\$1,772,411	\$1,793,845	\$21,434
Intergovernmental	110,818	115,448	4,630
Investment income	44,833	44,671	(162)
Other	<u>-</u>	<u>14,473</u>	<u>14,473</u>
Total revenues	<u>1,928,062</u>	<u>1,968,437</u>	<u>40,375</u>
Expenses:			
Personnel	568,835	567,847	988
Contracted services	1,007,760	877,582	130,178
Material and supplies	103,006	94,144	8,862
Other expense	251,750	243,127	8,623
Debt Service:			
Principal Retirement	990,550	982,858	7,692
Interest and Fiscal Charges	<u>313,051</u>	<u>356,905</u>	<u>(43,854)</u>
Total expenses	<u>3,234,952</u>	<u>3,122,463</u>	<u>112,489</u>
Excess of revenues over (under) expenses	(1,306,890)	(1,154,026)	152,864
Other Financing Sources(Uses):			
Proceeds from notes	64,000	-	(64,000)
Proceeds from bonds	63,648	3,705,000	3,641,352
Accrued Interest Received	-	9,605	9,605
Payment to refunded bond escrow agent	-	(2,761,245)	(2,761,245)
Operating transfers in	1,863,484	395,956	(1,467,528)
Operating transfers out	<u>(396,118)</u>	<u>(395,957)</u>	<u>161</u>
Total Other Financing Sources(Uses)	<u>1,595,014</u>	<u>953,359</u>	<u>(641,655)</u>
Excess of income over/under other non-operating income and expenses	<u>288,124</u>	<u>(200,667)</u>	<u>(488,791)</u>
Fund equity at beginning of year	507,264	507,264	-
Prior year encumbrances	<u>43,959</u>	<u>43,959</u>	<u>-</u>
Fund equity at end of year	\$ <u><u>839,347</u></u>	\$ <u><u>350,556</u></u>	\$ <u><u>(488,791)</u></u>

*See accompanying notes to the general purpose financial statements.*

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

	Internal Service Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for services	\$354,166	\$281,782	\$(72,384)
Intergovernmental	18,548	19,055	507
Investment income	-	-	-
Other	-	-	-
	<u>372,714</u>	<u>300,837</u>	<u>(71,877)</u>
Total revenues			
Expenses:			
Personnel	339,605	326,289	13,316
Contracted services	-	-	-
Material and supplies	165	-	165
Other expense	71,838	69,955	1,883
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
	<u>411,608</u>	<u>396,244</u>	<u>15,364</u>
Total expenses			
Excess of revenues over (under) expenses	(38,894)	(95,407)	(56,513)
Other Financing Sources(Uses):			
Proceeds from Notes	-	-	-
Proceeds from Bonds	-	-	-
Accrued Interest Received	-	-	-
Payment to refunded bond escrow agent	-	-	-
Operating transfers in	18,000	18,000	-
Operating transfers out	-	-	-
	<u>18000</u>	<u>18,000</u>	<u>-</u>
Total Other Financing Sources(Uses)			
Excess of income over/under other non-operating income and expenses	(20,894)	(77,407)	(56,513)
Fund equity at beginning of year	101,520	101,520	-
Prior year encumbrances	1,606	1,606	-
Fund equity at end of year	\$ <u>82,232</u>	\$ <u>25,719</u>	\$ <u>(56,513)</u>

See accompanying notes to the general purpose financial statements.

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

	Totals		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for services	\$2,126,577	\$2,075,627	\$(50,950)
Intergovernmental	129,366	134,503	5,137
Investment income	44,833	44,671	(162)
Other	-	14,473	14,473
Total revenues	2,300,776	2,269,274	(31,502)
Expenses:			
Personnel	908,440	894,136	14,304
Contracted services	1,007,760	877,582	130,178
Material and supplies	103,171	94,144	9,027
Other expense	323,588	313,082	10,506
Debt Service:			
Principal Retirement	990,550	982,858	7,692
Interest and Fiscal Charges	313,051	356,905	(43,854)
Total expenses	3,646,560	3,518,707	127,853
Excess of revenues over (under) expenses	(1,345,784)	(1,249,433)	96,351
Other Financing Sources(Uses):			
Proceeds from notes	64,000	-	(64,000)
Proceeds from bonds	63,648	3,705,000	3,641,352
Accrued Interest Received	-	9,605	9,605
Payment to refunded bond escrow agent	-	(2,761,245)	(2,761,245)
Operating transfers in	1,881,484	413,956	(1,467,528)
Operating transfers out	(396,118)	(395,957)	161
Total other financing sources(uses)	1,613,014	971,359	(641,655)
Excess of income over/under other non-operating income and expenses	267,230	(278,074)	(545,304)
Fund equity at beginning of year	608,784	608,784	-
Prior year encumbrances	45,565	45,565	-
Fund equity at end of year	\$ 921,579	\$ 376,275	\$ (545,304)

**FINANCIAL CONDITION  
SCIOTO COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED  
COMPONENT UNIT  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Proprietary Fund Types		Total Primary Government (Memorandum Only)	Star Inc	Total (Memorandum Only)
	Enterprise Funds	Internal Service			
<b>Operating Activities:</b>					
Cash received from customers	\$ 1,770,342	\$ 281,782	\$ 2,052,124	\$ 336,164	\$ 2,388,288
Cash received from other sources	14,473	-	14,473	3,014	17,487
Cash paid to suppliers for goods	(952,913)	(51,794)	(1,004,707)	(35,142)	(1,039,849)
Cash paid to employees for services	<u>(559,779)</u>	<u>(337,145)</u>	<u>(896,924)</u>	<u>(337,403)</u>	<u>(1,234,327)</u>
Net cash provided by operating (Used In) activities	<u>272,123</u>	<u>(107,157)</u>	<u>164,966</u>	<u>(33,367)</u>	<u>131,599</u>
<b>Noncapital Financing Activities</b>					
Operating transfers – In	395,956	18,000	413,956	-	413,956
Operating grants received	115,448	19,055	134,503	46,669	181,172
Operating transfers - Out	<u>(395,957)</u>	<u>-</u>	<u>(395,957)</u>	<u>-</u>	<u>(395,957)</u>
Net cash provided by noncapital financing activities	<u>115,447</u>	<u>37,055</u>	<u>152,502</u>	<u>46,669</u>	<u>199,171</u>
<b>Capital and related financing activities</b>					
Payment of capital acquisitions	(180,531)	-	(180,531)	(2,377)	(182,908)
Principal issued	3,705,000	-	3,705,000	-	3,705,000
Accrued interest received	9,605	-	9,605	-	9,605
Refunding bond issuance costs	(101,343)	-	(101,343)	-	(101,343)
Payment to refunded bond escrow agent		(2,761,245)	-	(2,761,245)	-
Principal payments	(970,988)	-	(970,988)	(9,328)	
(980,316)					
Interest payments	<u>(263,106)</u>	<u>-</u>	<u>(263,106)</u>	<u>-</u>	<u>(263,106)</u>
Net cash (used in) capital and related financing activities	<u>(562,608)</u>	<u>-</u>	<u>(562,608)</u>	<u>(11,705)</u>	<u>(574,313)</u>
<b>Investing Activities</b>					
Interest income	<u>45,628</u>	<u>-</u>	<u>45,628</u>	<u>-</u>	<u>45,628</u>
Net cash provided by (used in) investing activities	<u>45,628</u>	<u>-</u>	<u>45,628</u>	<u>-</u>	<u>45,628</u>

Continued on next page

See accompanying notes to the general purpose financial statements.

**FINANCIAL CONDITION  
SCIOTO COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED  
COMPONENT UNIT -  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(CONTINUED)**

	<u>Proprietary Fund Types</u>		Total Primary Government (Memorandum Only)	Star Inc	Total Memorandum Only)
	<u>Enterprise Funds</u>	<u>Internal Service</u>			
Increase (decrease) in cash and cash equivalents	\$(129,410)	\$(70,102)	\$(199,512)	\$1,597	\$(197,915)
Cash and cash equivalents at beginning of year	<u>790,885</u>	<u>103,127</u>	<u>894,012</u>	<u>129,834</u>	<u>1,023,846</u>
Cash and cash equivalents at end of year	\$ <u>661,475</u>	\$ <u>33,025</u>	\$ <u>694,500</u>	\$ <u>131,431</u>	\$ <u>825,931</u>

**Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:**

	<u>Proprietary Fund Types</u>		Total Primary Government (Memorandum Only)	Star Inc	Total (Memorandum Only)
	<u>Enterprise Funds</u>	<u>Internal Service</u>			
Operating income (loss)	\$ (207,129)	\$ (91,146)	\$ (298,275)	\$ (37,121)	(335,396)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation	275,564	-	275,564	12,803	288,367
Changes in assets and liabilities:					
Special assessments receivable	(19,160)	-	(19,160)	-	(19,160)
Accounts receivable	479,841	-	479,841	(6,928)	472,913
Prepayments	6,685	-	6,685	-	6,685
Contracts Payable	(180,153)	-	(180,153)	-	(180,153)
Supplies Inventory	-	-	-	(102)	(102)
Accounts payable	(13,851)	-	(13,851)	(664)	(14,515)
Accrued wages and benefits	(16,053)	(12,713)	(28,766)	(1,355)	(30,121)
Compensated absences payable	22,733	-	22,733	-	22,733
Retainage payable	(85,261)	-	(85,261)	-	(85,261)
Due to other governments	(6,525)	(3,298)	(9,823)	-	(9,823)
Deferred revenue	<u>15,432</u>	<u>-</u>	<u>15,432</u>	<u>-</u>	<u>15,432</u>
Net cash provided by (used in) operating activities	\$ <u>272,123</u>	\$ <u>(107,157)</u>	\$ <u>164,966</u>	\$ <u>(33,367)</u>	\$ <u>131,599</u>

*See accompanying notes to the general purpose financial statements.*

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

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**NOTE 1: DESCRIPTION OF THE ENTITY**

Scioto County, Ohio (The County), is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, a Probate/Juvenile and Domestic Relations Court Judge, and a Municipal County Court Judge.

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

**REPORTING ENTITY**

The County's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, effective for financial statements for periods beginning after December 15, 1992. The general purpose financial statements (GPFS) include all funds, account groups, agencies, boards, commissions, and other component units for which Scioto 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.

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:

Scioto County Planning Commission - The Commission receives funding from the County, the city of Portsmouth, and the village of New Boston. The employees are included on the County payroll and receive County benefits. The Commission is reported as a Special Revenue Fund.

Scioto County Litter Control and Recycling - The litter control program is funded by a state grant and various gifts. The employees are included on the County payroll and receive County benefits. The litter control program is reported as a Special Revenue Fund.

Airport Authority - The Airport Authority consists of an eight member Board appointed by the Commissioners. Substantially all funds to operate the Airport Authority come from the County. The fees collected do not cover the costs of operation. The Airport Authority is reported in the General Fund.

Sheriff's Rotary Fund - This fund is self-sustaining, whereby the Sheriff charges local subdivisions for patrol services. The County allocates no money to the fund. The Sheriff's Rotary Fund is reported as an Internal Service Fund.

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

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**NOTE 1: DESCRIPTION OF THE ENTITY (Continued)**

**DISCRETELY PRESENTED COMPONENT UNITS**

Based on the foregoing criteria the financial activity of the following organization has been excluded from the activities of the County and have been included in the County's GPFS as a discretely presented component unit:

*STAR, Inc.*

STAR, Inc. is a non-profit organization which is supported by the Scioto County Board of Mental Retardation and Developmental Disabilities. The operations of this organization are reported in the GPFS component unit column.

**POTENTIAL COMPONENT UNITS REPORTED AS AGENCY FUNDS**

As counties are structured in Ohio, the County Auditor and County Treasurer, respectively, serve as fiscal officer and custodian of funds for various agencies, boards, and commissions. As fiscal officer, the Auditor certifies the availability of cash and appropriation prior to the processing of payments and purchases. As the custodian of all public funds, the Treasurer invests public monies held on deposit in the County Treasury.

In the case of the separate agencies, boards, and commissions listed below the County serves as fiscal agent and custodian, but is not accountable; accordingly the following have been excluded from the activities of the County and have been included in the GPFS as agency funds:

Scioto County Board of Health - The six member Board of Health is appointed by the District Advisory Council, which is comprised of Township Trustee Chairmen, Clerks and Mayors of participating municipalities. The Board adopts its own budget and operates autonomously for the County.

Soil and Water Conservation District - The five members of the District are independently elected officials. They adopt their own budget and control their separate operations.

Ohio Valley Regional Development Commission - This thirteen county commission controls its own budget and operations. The County's influence is limited to its representation on the Commission.

**JOINT VENTURE**

The County is involved with the following organization which is defined as a joint venture.

Scioto-Lawrence Counties Joint Solid Waste District

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

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**NOTE 1: DESCRIPTION OF THE ENTITY (Continued)**

**JOINTLY GOVERNED ORGANIZATION**

The County is involved with the following organizations which are defined as jointly governed organizations. Information related to the jointly governed organizations is presented in Note 16.

Adams, Lawrence, Scioto Alcohol, Drug Addiction, and Mental Health Service Board  
Ohio Valley Resource Conservation and Development Area, Inc.  
Job Training Partnership consortium  
Private Industrial Council

**RELATED ORGANIZATIONS**

The County is involved with the following organizations which are defined as related organizations.

Southern Ohio Port Authority

The Southern Ohio Port Authority is statutorily created as a separate and distinct political subdivision of the State. The authority is governed by a nine member Board of Trustees appointed by the Scioto County Commissioners. The Trustees adopt their own appropriations, hire and fire their own staff, authorize the Authority's expenditures, and do not rely on the County to finance deficits.

The Southern Ohio Port Authority and the Scioto County Commissioners have entered into an agreement to assist the Authority in developing industrial areas in the County. As of the fiscal year end, the County had remitted \$500,000 to the Authority to purchase a commercial building for development. In addition, the Authority received a grant from the Southern Ohio Development Initiative in the amount of \$1.7 million to complete this project.

Southern Ohio Development Initiative

Southern Ohio Development Initiative was created with assistance from the U.S. Department of Energy to assist in the development of industrial areas to offset the potential downsizing and privatization of the Uranium Enrichment Plant in Piketon, Ohio. It is a legally separate, not for profit corporation with representatives from each of the counties impacted by the events at the Piketon Plant. The Counties involved in this initiative are Pike, Ross, Scioto and Jackson Counties. The County has no ability to impose its will on the organization nor is a burden/benefit relationship in existence. The initiative received no contributions from the County during 1999.

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

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles for local government units as prescribed by the Government Accounting Standards Board and other recognized authoritative sources.



**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

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

**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 FUND TYPES:**

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

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

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

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

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

**PROPRIETARY FUND TYPES:**

Proprietary funds are used to account for the County's ongoing activities which are financed and operated in a manner similar to private sector enterprises. The following are the proprietary fund types utilized by the County:

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

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

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

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

**FIDUCIARY FUND TYPES:**

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

**Trust and Agency Funds** - These funds are used to account for assets held by a governmental unit in trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are purely custodial (assets equal liabilities) and thus, do not involve measurement of results of operations.

**ACCOUNT GROUPS:**

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

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

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

**COMPONENT UNIT:**

**Component Unit** - A component unit is either a legally separate organization for which the elected officials of the County are financially accountable, or legally separate organizations for which the nature and significance of its relationship with the County is such that exclusion would cause the County's financial statement to be misleading or incomplete.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

***Primary Government***

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

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

(i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for 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.

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

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which the County has defined as "reasonable" period of time after year end, or sixty (60) days.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: earnings on investments, sales tax, federal and state grants and entitlements, charges for current services, and fines and forfeitures. Major revenue sources not susceptible to accrual include licenses and permits which are not considered measurable until received.

The County reports deferred revenues on its combined balance sheet. Deferred revenues arise when 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 (principal and interest) are recorded as deferred revenue because they do not meet the availability criteria.

Property taxes measurable as of December 31, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance 2000 operations, have also been recorded as deferred revenue.

The measurement focus of governmental fund accounting is based on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. Principal and interest on general and special assessment long-term debt are recorded as fund liabilities when due, and costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

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

The proprietary funds are reported using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. Unbilled service charges receivable are recognized as revenue at year end.

**BUDGETARY DATA**

Outlined below are the procedures followed by the County to establish the expenditure budget data reported in the combined financial statements:

1. Following submission of requests by various offices and departments, the Board of County Commissioners holds budget hearings during the Fall with respective officeholders and department heads.
2. Shortly after the beginning of the fiscal year, the County Commissioners pass an Appropriation Resolution which legally authorizes the expenditure of funds for respective officeholders and department heads. The County does not budget or appropriate for Advances In/Out.
3. 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.
4. The revised budget figures reflected in the combined financial statements include the prior year appropriations carried over for liquidations against prior year encumbrances, and any amendments to the original Appropriation Resolution.
5. The Commissioners appropriate at the major account level within division and fund. The appropriation level accounts for the County include personal services, fringe benefits, county share of the Public Employees Retirement System, unemployment compensation, materials and supplies, services and charges, grants, capital outlays, debt service, interfund transfers, and other expenses. For funds which are directly appropriated by the Commissioners, transfers of appropriations at the major account level or between appropriation level require a resolution signed by at least two Commissioners.
6. Supplemental appropriations are made when needed, subject to approval by at least two Commissioners. Supplemental appropriations were made in 1999.
7. Unencumbered appropriations lapse at year end. Contracts and purchase type encumbrances outstanding at year-end carry their appropriations with them into the next year.
8. The budgetary procedures described herein apply to all funds except the trust and agency funds.

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

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

**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 for subsequent year expenditures on the modified accrual basis of accounting. Encumbrances outstanding at year end are reported as expenditures on the budget basis of accounting.

**CASH AND INVESTMENTS**

For reporting purposes the County considers "Equity with County Treasurer" to be cash on hand, demand deposits, and all investments held by the County Treasurer; and cash with Fiscal and Escrow Agents to be all cash, deposits, and investments not held by the County Treasurer or in the County's investment pool. The County Treasurer, by statute, invests all short-term cash surpluses. The residual investments are reported on the combined balance sheet as "Equity with County Treasurer". The following funds: Motor Vehicle & Gasoline Tax, Revolving Loan, Wheelersburg Sewer, Wheelersburg Bond/Scioto County, Lucasville Phase II Notes, Wheelersburg Sewer Improvements and West Portsmouth Sewer Improvements receive the interest earned on their respective invested funds; all other interest earned on investments held by the Treasurer is credited to the County General Fund. Interest income earned by the General Fund in 1999 totaled \$529,312. Investments are reported using an adjusted cost basis as the carrying value. All coupon bearing instruments include the cost of accrued interest paid until such time as the first coupon comes due. Premiums paid for coupon bearing investments are amortized using the straight-line method; discounts are not amortized.

**HEALTH CARE**

The Comprehensive Omnibus Budget Reconciliation Act (COBRA) of 1986 required 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. In 1999, the County incurred expenditures in providing these services, and recognized revenues for premiums received from the previous employees.

**INVENTORIES OF MATERIALS AND SUPPLIES**

Inventories are valued at cost using the first in/first out method. The costs of inventory items are recognized as expenditures in governmental funds when purchased and as expenses in the proprietary funds when used. The total of inventories at year end is reported as a reservation of fund balance in the governmental funds because it does not represent available, spendable resources.

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

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

**PROPERTY, PLANT, EQUIPMENT, AND DEPRECIATION**

1. *General Fixed Assets Account Group*

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements 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 the policy of not capitalizing infrastructure, which is defined as assets that are immovable and of value only to the County (i.e. roads, bridges, etc.); ornamental artifacts; and assets with a cost of less than \$5,000. No depreciation is recognized for assets in the account group. Interest on debt issued to construct general fixed assets is not capitalized in the account group.

2. *Enterprise Fund*

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

<u>Description</u>	<u>Estimated Life</u>
Autos and trucks	3-5
Machinery, equipment, furniture and fixtures	5-15
Sewer and water treatment plants and buildings	40
Other buildings	25-50
Sewer and water mains	70

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

3. *Component Unit*

Property, plant, and equipment reflected for component units is stated at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Depreciation has been provided on a straight-line basis over estimated useful lives ranging from three to ten years.

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

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

**COMPENSATED ABSENCES**

In 1995, the County implemented the provisions of GASB Statement 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. The liability includes the employees who are currently eligible to receive termination benefits and by those employees for whom it is probable will become eligible to receive payment in the future based upon historical trends in termination of employees. The amount is based on accumulated sick leave and employee's wage rates at year end, taking into consideration any limits specified in the County's termination policy.

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

**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.

**INTERFUND TRANSACTIONS**

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

1. Transfers of resources from one fund to another fund through which resources are to be expended and recorded as operating transfers, with the exception of agency fund, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and as reductions in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans, accrued interfund reimbursements and accrued operating transfers are reflected as due to and from other funds.
4. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheets for those fund groups that report advances to other funds as assets because they are not spendable, available resources.

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

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

**FUND BALANCE RESERVES**

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

Scioto County reports amounts representing materials and supplies inventories, prepaid items, long-term interfund advances, loans receivable and encumbrances outstanding as reservations of fund balance in the governmental funds.

**STATEMENT OF CASH FLOWS**

For purposes of the statement of cash flows, the County considers cash and cash equivalents to include Equity with County Treasurer, Cash with Fiscal and Escrow Agents, Restricted Assets: Cash and Cash Equivalents and Restricted Assets: Cash with Fiscal and Escrow Agents.

**RECEIVABLES AND PAYABLES**

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

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

**LONG-TERM DEBT**

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term debt, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term obligations account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

**TOTAL COLUMNS ON FINANCIAL STATEMENTS**

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



**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

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**NOTE 3: DEPOSITS AND INVESTMENTS**

**PRIMARY GOVERNMENT**

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

**Legal Requirements** - Statutes require the classification of monies held by the County into three categories. The first classification consists of "active" monies, those monies required to be kept in "cash" or "near-cash" status for current demands upon the County treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

The second classification consists of monies held by the County which are not considered active are classified as inactive.

Legislation, effective September 27, 1996, now permits inactive monies to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes debentures, or any other obligation 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. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit, or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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);

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

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**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

8. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio; and
9. Bankers acceptances for 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 specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.

Protection of the County's cash and investments is provided by the Federal Deposit Insurance Corporation (FDIC), federal government backed securities (United States Treasury), and qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 110 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

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

At year-end, the County had \$ 159,483 in undeposited cash on hand which is included on the balance sheet of the County as part of "Equity with County Treasurer and Cash with Fiscal and Escrow Agents". This amount is uninsured and uncollateralized.

**Deposits** - At year-end, the carrying amount of the County's deposits was \$ 11,621,358 and the bank balance was \$12,092,262. Of the bank balance, \$300,000 was covered by federal depository insurance; and \$11,792,262 was uninsured and uncollateralized as defined by the Governmental Accounting Standards Board because the collateral pledged by the financial institution or their trust departments or agents was not in the County's name.

The pledging bank has an investment and securities pool used to collateralize all public deposits. This pool had market value at December 31, 1999, in excess of 110 percent of the public funds on deposit. Statutory provisions require that collateral pledged for deposits be held in trust by an institution other than the pledging bank or in collateral pools pledged to cover government deposits held by an institution.

**Investments** - Statutory provisions require that the County Treasurer hold all securities acquired by the County or deposit them with a qualified trustee pursuant to Section 135.37 of the Ohio Revised Code.

GASB Statement 3, *Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements* requires that governments disclose the carrying amounts and market value of investments classified by risk.

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

Category 1 includes investments that are insured or registered and the securities are held by the County. Category 2 includes uninsured and unregistered investments for which the securities are held in the counter party's trust department or agent in the County's name. Category 3 includes uncollateralized investments (this includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name). STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	<b>Market/ Carrying Value</b>	<b>Category 1</b>	<b>Category 2</b>	<b>Category 3</b>
Repurchase Agreements	\$ 3,492,810	\$ 0	\$ 0	\$3,492,810
Total	\$ 3,492,810	\$ 0	\$ 0	\$3,492,810

The classification of cash and cash equivalents and investments on the general purpose financial statements is based on criteria set forth in GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Cash and cash equivalents are defined to include investments with original maturities of three months or less and funds included within the County's cash management pool.

A reconciliation between the classifications of pooled cash and cash equivalents and investments on the combined Balance Sheet and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<b>Cash and Cash Equivalents/Deposits</b>	<b>Investments</b>
GASB Statement No. 9	\$ 15,744,555	\$ -0-
Repurchase Agreements	(3,492,810)	3,492,810
GASB Statement No. 3	\$ 12,251,745	\$ 3,492,810

Scioto County has adopted GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and For External Investment Pools."

**NOTE 4: PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Taxes collected on real property (other than public utility property) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Tax Commissioner at 35 percent of appraised market value. All property is required to be revalued every six years. The last general reappraisal was completed in tax year 1998 (collection year 1999). Real property taxes are payable annually or semiannually. The first payment is due January 20, with the remainder payable by June 20th.

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

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**NOTE 4: PROPERTY TAXES (Continued)**

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year.

Tangible personal property used in business (except for public utilities) is currently assessed for advalorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due October 20. Single-county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by October 20.

Public utility real, and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at one hundred percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to itself its share of the taxes collected. The County records receipt of these taxes in various funds.

Accrued property taxes receivable represent delinquent taxes outstanding and real, tangible, personal, and public utility taxes which were measurable and unpaid as of December 31, 1999. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 1999 operations. The receivable and the portion of the tax levies prepaid by year end into the undivided general tax agency fund are therefore offset by a credit to deferred revenue.

The full tax rate for all County operations for the year ended December 31, 1999, was \$7.98 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 1999 property tax receipts were based are as follows:

Real Property:

Agricultural/Residential	\$ 418,414,570
Commercial/Industrial/Mineral	107,423,780
Public Utility Real	9,068,460

Tangible Personal Property:

General	78,250,420
Public Utility	<u>82,532,060</u>

Total Assessed Value \$ 695,689,290

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

**NOTE 5: PERMISSIVE SALES AND USE TAX**

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

Proceeds of the permissive sales tax are to be entirely credited to the General Fund. Amounts that have been collected by the State and are to be received in the available period have been accrued as revenue. This sales and use tax revenue for 1999 amounted to \$6,205,784.

**NOTE 6: INTERFUND TRANSACTIONS**

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

<b><u>OPERATING TRANSFERS</u></b>		
<b><u>Fund</u></b>	<b><u>Transfer In</u></b>	<b><u>Transfer Out</u></b>
General Fund	\$450,000	\$1,200,610
Special Revenue Funds:		
Motor Vehicle and Gas Tax	\$263,000	
Dog and Kennel	89,440	
Recorder's Special Equipment		\$50,000
Coordinated Transportation Project	162,834	
EMA	21,900	
Drug Enforcement Prosecutor	25,000	
Drug Enforcement Sheriff		15,000
Juvenile Account	2,447	
Certificate of Admin. Title		400,000
Victims of Crime	3,741	
CHIP	2,160	
Human Services	364,749	
Board of MR/DD		30,000
REACH	30,000	
Intensive Supervision Probation	75,000	
GIS Mapping	4,677	
Total Special Revenue	\$1,044,948	\$495,000

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

Debt Service Funds:

Airport Hangar Bond	\$34,374
Land Acquisition Bond	54,789
Total Debt Service Funds	<u>\$89,163</u>

Capital Project Funds:

Airport Hangar	\$93,500
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Enterprise Fund:

Wheelersburg Sewer District	\$163,428	\$395,957
Scioto Co/Wheelersburg	491	
Wheelersburg Revenue Bond	32,757	
Lucasville Sewer Phase II	34,707	
Lucasville Phase III Notes	45,784	
Lucasville Sewer Phase IV	20,000	
West Portsmouth Improvement Notes	48,065	
Rigish-Camp Bennett	2,000	
Franklin Furn. Phase II Sewer Notes	45,974	
Pleasant Ave. Sewer	2,750	
Total Enterprise Funds	<u>\$395,956</u>	<u>\$395,957</u>

Internal Service:

Sheriff Marine Patrol	\$18,000	0
Total	<u>\$2,091,567</u>	<u>\$2,091,567</u>

Advances receivable and payable at December 31, 1999, consisted of the following:

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund	\$433,487	
Special Revenue Funds:		
Highway Safety Fund		\$ 41,500
Mediation Grant Fund		8,580
Law Enforcement Prosecutor Fund		10,000
HUD Disaster Recovery Fund		16,955
Recycling & Litter Prevention Fund		6,798
Southern Ohio Response Team Fund		<u>23,600</u>
Total Special Revenue Funds		<u>\$ 107,433</u>

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

**NOTE 6: INTERFUND TRANSACTIONS (continued)**

Capital Project Funds:		
Star Community Construction Fund		\$106,000
Star Community Planning Fund		16,870
Burke's Point Project Fund		194,234
Judicial Corrections Board/SCOCCF Fund		<u>8,950</u>
Total Capital Projects Funds		<u>\$326,054</u>
Total Advances To/From Other Funds	<u>\$433,487</u>	<u>\$433,487</u>

The County does not budget or appropriate for Advances In/Out. However, the actual activity has been recorded in the budget versus actual statements.

**NOTE 7: FIXED ASSETS**

A summary of changes in general fixed assets follows:

	Balance January 1, 1999	Additions	Reductions	Balance December 31, 1999
Land and Improvements	\$1,313,431	\$1,340,924	\$0	\$2,654,355
Buildings	12,833,787	221,654	0	13,055,441
Equipment-Leased	88,807	0	0	88,807
Equipment	2,810,304	448,759	0	3,259,063
Vehicles-Purchased	2,466,354	211,780	0	2,678,134
Vehicles-Leased	714,854	327,033	0	1,041,887
Construction in Process	351,165	4,217,313	351,165	4,217,313
<b>Total</b>	<u>\$20,578,702</u>	<u>\$6,767,463</u>	<u>\$351,165</u>	<u>\$26,995,000</u>

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

**NOTE 7: FIXED ASSETS (Continued)**

A summary of the proprietary fund property, plant, and equipment at December 31, 1999 follows:

**NOTE 8: LOANS RECEIVABLE**

	Balance January 1, 1999	Additions	Reductions	Balance December 31, 1999
Land	\$79,722	\$0	\$0	\$79,722
Buildings	\$2,302,378	\$0	\$0	\$2,302,378
Vehicles	\$136,717	\$30,646	\$0	\$167,363
Equipment S/E	\$937,149	\$0	\$0	\$937,149
Equipment	\$797,585	\$23,650	\$0	\$821,235
Sewer Lines	\$8,416,727	\$135,577	\$0	\$8,552,304
Construction in Process	\$2,092,290	\$126,235	\$135,577	\$2,082,948
<b>Total</b>	<b>\$14,762,568</b>	<b>\$316,108</b>	<b>\$135,577</b>	<b>\$14,943,099</b>
Accumulated Depreciation:				
Buildings	\$911,121	\$58,037	\$0	\$969,158
Vehicles	\$136,718	\$3,064	\$0	\$139,782
Equipment S/E	\$864,297	\$13,250	\$0	\$877,547
Equipment	\$425,744	\$80,941	\$0	\$506,685
Sewer Lines	\$621,890	\$120,272	\$0	\$742,162
<b>Total</b>	<b>\$2,959,770</b>	<b>\$275,564</b>	<b>\$0</b>	<b>\$3,235,334</b>
<b>Net Book Value</b>	<b>\$11,802,798</b>			<b>\$11,707,765</b>

The County maintains a revolving loan program for local businesses to encourage business development in the County. The loans receivable balance at December 31, 1999 of \$1,127,146 is net of an allowance for doubtful accounts of \$50,337.



**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

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**NOTE 9: RISK MANAGEMENT**

**TRANSFERENCE OF RISK: LIABILITY, PROPERTY, CRIME**

The County is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The County participates with CORSA which is a public entity risk pool, for general liability, automobile liability, public officials liability and property and crime insurance. This joint venture is a cost-sharing pool. The program has a \$0 to \$2,500 deductible per occurrence.

Coverage's provided by the program are as follows:

General Liability	\$300,000
Public Officials Including Law Enforcement	2,000,000
Inland Marine	10 Percent of Loss
Automobile	300,000
Faithful Performance and Employee Bond	100,000

In addition, the County maintains separate replacement cost insurance on buildings and contents in the amount of \$44,976,636, other property insurance including \$5,000 for extra expenses and \$100,000 for valuable papers and records, and aviation insurance.

Health insurance was provided by a private carrier, United HealthCare for the year.

The County's Food Stamps are insured through Lloyd's of London, with the following coverage against fire and theft; \$1,500,000 for food stamps kept at the bank, \$500,000 for food stamps kept in the County's Vault, and \$25,000 for food stamps kept outside the vault. This policy carries a \$2,500 deductible.

Workers compensation benefits are provided through the State Bureau of Workers Compensation. The County pays all elected officials bonds by statute.

The County has not incurred significant reductions in insurance coverage from coverage in the prior year by major category of risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**NOTE 10: RETIREMENT PLANS**

**PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS):**

All Scioto County full time employees, who are not certified teachers, participate in the Public Employees Retirement System of Ohio ("PERS"), a cost-sharing multiple-employer defined benefit pension plan operated by the State. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

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**NOTE 10: RETIREMENT PLANS (Continued)**

by statute per Ohio Rev. Code Chapter 145. PERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4462 or by calling (614) 466-2085.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates effective for 1999 were 8.5% for regular employees and 9.0% for law enforcement employees.

The 1999 employer contribution rate relating to regular employees was 13.55% of covered payroll; 9.35% was the portion used to fund pension obligations, while the employer contribution rate for law enforcement employees was 16.7%; 12.5% was the portion used to fund pension obligations. County agencies have the option of paying part or all of the employees share, if they wish to do so.

The County's required contributions to PERS to fund pension obligations for the years ended December 31, 1999, 1998, and 1997 totaled \$2,169,777, \$1,970,603 and \$1,842,411, respectively.

**STATE TEACHERS RETIREMENT SYSTEM (STRS)**

The County contributes to the State Teachers Retirement System of Ohio (STRS), a state operated, cost sharing, multiple employer public employee retirement system administered by the State Teachers Retirement Board. Full-time certified teachers employed by the Board of Mentally Retarded and Developmentally Disabled belong to STRS. Teachers who are retained on personal service contracts do not participate. STRS provides basic retirement benefits, disability, and survivor benefits based on eligibility 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% of their annual covered salary and the County is required to contribute 14%. The portion used to fund pension obligations was 10.5% through June 30, 1998, beginning July 1, 1998 this amount was decreased to 6 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The County's required contributions to STRS to fund pension obligations for the years ended December 31, 1999, 1998 and 1997 totaled \$108,624, \$108,479, and \$111,605, respectively. 86 percent of the obligation has been contributed for 1999 with the remainder being reported as a fund liability. The full amount has been contributed for 1998 and 1997.

**NOTE 11: POST EMPLOYMENT BENEFITS**

**PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**

Public Employees Retirement System of Ohio provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients and primary survivor recipients is available.

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

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**NOTE 11: POSTEMPLOYMENT BENEFITS (Continued)**

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions.

The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062. The 1999 employer contribution rate for local government employers was 13.55% of covered payroll, while the rate for law enforcement employers was 16.7%; 4.2% was the portion that was used to fund health care for the year for regular employees, while 4.2% was used to fund health care for the year for law enforcement employees.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. OPEB are financed through employer contributions and investment earnings there on. The contributions allocated to retirees 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 \$523,599,346. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641.

**STATE TEACHERS RETIREMENT SYSTEM (STRS)**

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. No premiums are currently paid by retirees or primary benefit recipients, however, monthly payments are required for covered spouses and other dependents. Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to the System equal to two percent of covered payroll. For the County this amount equaled \$16,265 during 1999. As of July 1, 1998 eligible benefit recipients totaled 91,999 for the STRS as a whole. For fiscal year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000.

**NOTE 12: OTHER EMPLOYER BENEFITS**

**DEFERRED COMPENSATION PLANS**

Scioto County employees and elected officials may participate in one of two state-wide deferred compensation plans created in accordance with Internal Revenue Code Section 457, one offered by the State of Ohio and one by the County Commissioners Association of Ohio. Participation is on a voluntary payroll deduction basis. Each plan permits deferral of compensation until future years. According to the plans, the deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

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**NOTE 12: OTHER EMPLOYER BENEFITS (Continued)**

**COMPENSATED ABSENCES**

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service with the County. Accumulated, unused sick leave is paid, up to a maximum of 60 days, depending on length of service to employees who retire. As of December 31, 1999, the liability for compensated absences was \$1,676,820 for the reporting entity.

For governmental funds, the current portion of unpaid compensated absences is that amount expected to be paid using available expendable resources, and is reported as an accrued liability in the fund from which the individuals who have accumulated the unpaid compensated absences are paid. Unpaid compensated absences of \$11,097 and \$4,513 were reported as an accrued liability in the general and special revenue funds, respectively. The balance of the liability for governmental funds is reported in the general long-term obligations account group in the amount of \$1,599,153. The accrual for unpaid compensated absences of \$62,057 is reported in the Enterprise Funds.

**NOTE 13: LEASES - LESSEE DISCLOSURE**

The County has entered into capitalized leases for the acquisition of equipment and a copier. During previous years, the County has entered into capitalized leases for the acquisition of vehicles, telephone system, recording system, and copiers. The terms of the agreement provide options to purchase the equipment. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service payments in the General Purpose Financial Statements.

The Governmental fund capital leases were recorded as assets in the GFAAG and liability in the GLTDAG.

The following is a schedule of the future minimum lease payments required under the capital leases, and the present value of the minimum lease payments as of December 31, 1999.

Total Minimum Lease Payments Year Ending December 31, 1999	
2000	\$223,022
2001	124,326
2002	7,323
2003	1,422
Total Minimum Lease Payments	\$356,093
Less: Amount Representing Interest	<u>(\$30,196)</u>
Present Value of Minimum Lease Payments	<u>\$325,897</u>

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

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**NOTE 14: DEBT OBLIGATIONS**

**LONG TERM DEBT**

The County's long-term debt at year end consisted of general obligation bonds, revenue bonds, and FHA bonds that represent fund liabilities in enterprise funds.

A. The County's long term debt transactions for the year ended December 31, 1999, are summarized below:

Debt principal outstanding 1-1-99	\$2,975,000	\$3,388,096	\$335,000	\$2,244,662	\$8,942,758
Debt principal issued in 1999	\$ 2,870,000	\$3,501,299			\$6,371,299
Debt principal retired in 1999	\$220,000	\$2,663,260	\$20,000	\$23,891	\$2,927,151
Debt principal outstanding 12-31-99	\$5,625,000	\$4,226,135	\$315,000	\$2,220,771	\$12,386,906

There were two separate issues of General Obligation Bonds supported by Enterprise Revenues during 1999 totaling \$3,705,000. One issue, in the amount of \$2,880,000 was issued to advance refund outstanding debt. The advance refunding resulted in an accounting loss (difference between the book value of the old debt and the reacquisition amount) of \$211,245. The unamortized amount of the loss at December 31, 1999 was \$203,701 and is reported as a reduction in the liability. Therefore, the amount report as "Debt Principal issued in 1999" for General Obligation Bonds supported by Enterprise Revenues above has been reduced by \$203,701.

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

**NOTE 14: DEBT OBLIGATIONS (Continued)**

B. The following is a description of the bonds that were outstanding as of December 31, 1999:

Description	Issue Date	Interest Rate %	Original Amount	Current Outstanding Amount	Maturity Date
General Long-Term Obligations Account Group:					
General Obligation Bonds: Human Services	1/1/94	4.95	\$3,610,000	\$2,705,000	August, 2011
Land Acquisition	4/1/95	6.3	\$250,000	\$50,000	April, 2000
Shelton Industries	8/1/99	8.05	\$ 2,870,000	\$ 2,870,000	December, 2025
Total General Obligation Bonds				\$5,625,000	
Enterprise Bonds:					
Combined Sewer Project	10/1/92	6.33	\$2,930,000	\$0	December, 2017
Franklin Furnace	6/12/97	4.5	\$846,000	\$829,836	June, 2031
Sewer System Refunding Bonds	4/1/99	4.5	\$ 2,880,000	\$ 2,571,299	December, 2017
West Portsmouth Sewer	7/1/99	4.5	\$ 825,000	\$ 825,000	
Total Enterprise Obligation Bonds				\$4,226,135	
Mortgage Revenue Bonds Sewer	5/1/70	5.375	\$615,000	\$315,000	May, 2010

Enterprise Fund Long-Term Debt

General Obligation Bonds:

HHA Bonds	7/22/93	5.00	\$825,000	\$778,600	July, 2033
HHA Bonds	4/1/95	4.50	\$650,000	\$624,030	April, 2035
HHA Bonds	4/21/96	3.86	\$842,500	\$818,141	April, 2036
Total HHA Bonds				\$2,220,771	

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

**NOTE 14: DEBT OBLIGATIONS (Continued)**

C. The following is a summary of the County's future annual debt service requirements for long term debt:

The County utilized a trustee to service the mortgage revenue bonds. Payments to the trustee are recorded as disbursements in the year deposited with the trustee. Payments to the trustee are recorded as disbursements in the year deposited with the trustee.

	General Obligation Bonds Supported by Governmental Purposes	General Obligation Bonds Supported by Enterprise Revenues	Revenue Bonds Supported By Enterprise Revenues	FHA Bonds Supported By Enterprise Revenues	Totals
2000	\$622,068	\$333,623	\$36,394	\$129,371	\$1,121,456
2001	563,790	328,954	40,184	129,316	1,062,244
2002	568,190	329,066	38,840	129,355	1,065,451
2003	566,410	328,883	37,497	129,324	1,062,114
2004-2008	2,831,065	1,629,963	190,043	646,648	5,297,719
2009-2013	2,229,500	1,603,842	73,763	646,761	4,553,866
2014-2018	1,304,980	1,356,632		646,457	3,308,069
2019-2023	1,314,800	420,008		646,595	2,381,403
2024-2028	527,200	396,804		646,707	1,570,711
2029-2033		373,601		646,438	1,020,039
2034-2039		325,746		206,275	532,021
<b>TOTALS</b>	<b>\$10,528,003</b>	<b>\$7,427,122</b>	<b>\$416,721</b>	<b>\$4,603,247</b>	<b>\$22,975,093</b>
Less Amount Representing Interest	\$4,903,003	\$2,997,286	\$101,721	\$2,382,476	\$10,384,486
	<b>\$5,625,000</b>	<b>\$4,429,836</b>	<b>\$315,000</b>	<b>\$2,220,771</b>	<b>\$12,590,607</b>

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

**NOTE 14: DEBT OBLIGATIONS (Continued)**

D. All outstanding notes at December 31, 1999 had been issued for one year and were of the bond anticipation type. The proceeds from the note issues were used for road and bridge repair, airport improvements, sewer improvements, and to retire existing notes. The County issued \$1,515,000 of new note debt during calendar year 1999.

The County had the following general obligation bond anticipation notes outstanding at December 31, 1999:

Description	Issue Date	Interest Rate	Principal Amount
General Fund: Commercial Building Bond Anticipation Notes	5/29/97	3.50%	<u>\$442,000</u>
General Fund: Airport Facilities Bond Anticipation Notes	8/21/97	4.75%	<u>\$68,000</u>
Special Revenue Fund: Road and Bridge Bond Anticipation Notes	7/17/97	4.06%	<u>\$199,000</u>
Capital Project Fund: Juvenile Center	7/15/99	4.06%	<u>\$1,515,000</u>
Capital Project Fund: Airport Hanger Bond Anticipation Notes	11/25/97	4.46%	<u>\$225,000</u>
Total Bond Anticipation Notes			<u><u>\$2,449,000</u></u>

E. 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 will never exceed one percent of the total assessed valuation of the County.

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors should not exceed one percent of the total assessed valuation of the County. The Code further provides that the total voted and unvoted net debt of the County less the same exempt debt should not exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000.



**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

**NOTE 14: DEBT OBLIGATIONS (Continued)**

F. On April 29, 1999, the County issued \$2,880,000 in General Obligation bonds with an average interest rate of 4.2 percent. These bonds were used to advance refund \$2,550,000 in General Obligation Combined Sewer Project 1992 bonds. The County entered into an Escrow Trust Agreement with FIRSTAR BANK, N.A. The agreement provides that the County deposit \$2,761,245 (the net proceeds after underwriting fees, insurance and other issuance costs) from the refunding bond proceeds into an irrevocable trust with the bank for the future debt service payments on the 1992 Combined Sewer Project Bonds. The funds deposited with the escrow agent were used to purchase noncallable direct obligations of the United States of America. The funds deposited, together with the interest thereon, are sufficient to pay annual bond principal and semiannual interest payments, thus providing an in-substance defeasance.

The advance refunding resulted in a difference between the acquisition price and the net carrying amount of the debt of \$211,245. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2017 using the straight-line method. The County completed the advance refunding to reduce its total debt service payments over the next 19 years by \$151,063. The transaction resulted in an economic loss (the difference between the present value of the old and new debt service payments) of \$222,115.

Additionally, there was total of \$101,343 in issuance costs reported in the accompanying general purpose financial statements as a deferred charge. The issuance costs are amortized and shown as a non-operating expense through the year 2017 using the straight-line method. at December 31, 1999, the unamortized issuance costs amounted to \$97,724.

The General Obligation Bonds Payable in the Wheelersburg Bond Fund is made up of the following components.

Outstanding Balance of General Obligation Bonds	\$2,775,000
Unamortized Accounting Loss	(203,701)
Net General Obligation Bonds Payable	\$2,571,299

**NOTE 15: PUBLIC ENTITY RISK POOLS**

The County is a member of CORSA, which is a joint venture among forty-nine counties in Ohio. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage's provided by CORSA. These coverage's include comprehensive general liability, automobile liability, certain property insurance and public official errors and omissions liability insurance.

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

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**NOTE 15: PUBLIC ENTITY RISK POOLS (continued)**

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

CORSA has issued certificates of participation, in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The total amount of certificates issued by CORSA for the forty-nine participating counties at December 31, 1999, was \$10,395,000. Of this amount, \$304,218 or 2.93 percent was issued on behalf of Scioto County.

**NOTE 16: JOINTLY GOVERNED ORGANIZATIONS**

**Adams, Lawrence, Scioto Alcohol, Drug Addiction, and Mental Health Services Board**

Scioto County is a member of the three county Alcohol, Drug Addiction and Mental Health services board (ADAMHS Board), which is a joint venture between Adams, Lawrence, and Scioto Counties. The purpose of the ADAMHS is to provide aid, support and education for alcohol and drug dependent citizens as well as those who are mentally handicapped.

The three county ADAMHS Board is governed by a board consisting of 18 members. The breakdown is as follows: 4 members are appointed by the Ohio Director of Alcohol and Drug Addiction Services, 4 are appointed by the Ohio Director of Mental Health service, 4 each are appointed by Scioto and Lawrence Counties and 2 are appointed by Adams County. The main sources of revenue for this board are grants from the two state departments and property tax levy in each of the three counties. Outside agencies are contracted by the Board to provide service for the Board. Financial records are maintained by the Scioto County Auditor and Treasurer. As of December 31, 1998, each county has participation percent based upon the number of Board Members appointed. Scioto County appoints four members, which represents 40% of the total members appointed by the three counties.

**Ohio Valley Resource Conservation and Development Area, Inc.**

The Ohio Valley Resource Conservation and Development Area, Inc. is a jointly governed organization that is operated as a non-profit corporation. The Ohio Valley Resource Conservation and Development Area, Inc. was created to aid regional planning to participating counties. Pike County, along with Ross, Vinton, Highland, Brown, Adams, Scioto, Jackson, Gallia, and Lawrence Counties each appoint three members to the thirty member Council. The Council selects an administrator to oversee operations.

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

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**NOTE 16: JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**Job Training Partnership Consortium**

The Governor has designated Pike, Scioto, Adams, Jackson, Highland and Brown Counties as a Service Delivery Area. A Job Training Partnership Agreement between Pike, Scioto, Adams, Jackson, Highland, and Brown Counties Consortium and the Private Industry Council (PIC) was entered into pursuant to the provisions for the Job Training Partnership Act of 1982 (the Act) Public Law 97-300. The objective of the JTPA is to provide job training and related assistance to economically disadvantaged individuals and others who face significant employment barriers. Funds of the operations of the JTPA are received through revenue from the State of Ohio. Scioto County has been designated by the PIC, pursuant to Section 103 (b) (1) (B) of the Act, to serve as the grant recipient of all JTPA funds and any other federal, state or private funds which it is legally empowered to accept on behalf of the PIC.

Each Board of County Commissioners must choose a Chief Elected Official (CEO) to represent the County in the JTPA. The CEO is responsible for approving job training plans, grants, policies and appointment/termination of the Director of the Job Training Partnership Office. Pike County does not have any financial interest or responsibility.

**Private Industry Council**

The Private Industry Council (PIC) is a jointly governed organization corporation consisting of representatives from the private and public sectors of Pike, Scioto, Adams, Jackson, and Brown Counties appointed by the County Commissioners from each county. The Board of Trustees is the governing board of the PIC. The Board of Trustees elects a President, Vice President, Secretary, Treasurer, and an Executive Director.

The President may execute, without limitation, contracts, bonds, notes, debentures, deeds, mortgages and other obligations in the name of the PIC. The County does not have any financial interest or responsibility. The Private Industry council received no contributions from the County during 1999.

**NOTE 17: JOINT VENTURE**

**A. Joint Solid Waste District**

The County participates in a Joint Solid Waste District with Lawrence County. The purpose of the district is to make disposal of waste in the two-county area more comprehensive in terms of recycling, incinerating, and land filling. Each of the governments supports the District and shares in an equal percentage of equity. The degree of control exercised by each participating County is limited to its representation on the Board. The Board of Directors consists of nine members, including one County Commissioner from each County. Maintenance of the financial records pertaining to the operation of the Solid Waste District rotates between the two counties every third year. Lawrence County maintained the records in 1999.

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

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**NOTE 17: JOINT VENTURE (Continued)**

The County has an investment that is explicit and measurable in that the joint venture agreement stipulates that the participants have a future claim to the net resources of the Solid Waste District upon its dissolution. The agreement also sets forth the method to determine each members proportionate share. The Solid Waste District is accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit or burden on the members in the future.

The County's investment interest in the Solid Waste District was \$ 18,705 as of December 31, 1999. Complete financial statements can be obtained from the Solid Waste district located at Veterans Square, 3rd Floor, Ironton, OH 45638.

**NOTE 18: SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The County maintains an Enterprise Fund to account for the operations of the Wheelersburg - Scioto County Sewer District. This fund is used to account for Wheelersburg Bond/Scioto County 1989, West Portsmouth Improvement Notes 1992, Wheelersburg Revenue Bond Retirement, Lucasville Phase II Notes, Lucasville Phase III Notes, Franklin Furnace Phase II Sewer Notes, Scioto County/Wheelersburg Sewer Improvement, West Portsmouth Sewer Phase VII, Lucasville Sewer Phase III, Franklin Furnace Sewer Phase II, Lucasville Phase III S. S. CO-81 5, Franklin Furnace S.S. CO-911, and the Lucasville Phase III S.S. CO-816 Funds. Segment information for the year ended December 31, 1999 follows:

	<u>Wheelersburg- Scioto County Sewer District</u>
Operating Revenue	\$1,308,702
Depreciation Expense	\$275,564
Operating Income/(Loss)	(\$207,129)
Operating Grants	\$115,448
Transfers - In	\$395,956
Transfers - Out	(\$395,957)
Net Income/(Loss)	(\$192,687)
Net Working Capital	\$835,785
Total Assets	\$12,628,239
Fixed Assets Additions	\$316,108
Fixed Assets Deletions	\$135,577
General Obligation Payables:	\$4,226,135
Revenue Bonds Payable	\$315,000
FHA Loans Payable	\$2,220,771
Total Equity	<u>\$5,781,644</u>

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

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**NOTE 19: DISCRETELY PRESENTED COMPONENT UNIT**

As indicated in Note 1 to the General Purpose Financial Statements, the following disclosures are made on behalf of the Star, Inc.:

**Basis of Accounting:** The Star, Inc. uses full accrual basis of accounting similar to the enterprise funds of the County.

**Deposits:** At year end, the carrying amount of the Star, Inc deposits was \$ 131,430 and the bank balance was \$131,430. \$100,000 of the bank balance was covered by federal depository insurance. \$31,430 was uncollateralized. Star, Inc. did not have any investments at year end. There are no statutory guidelines regarding the deposit and investment of funds by the not-for-profit Corporation.

**Accounts Receivable:** Accounts receivable represents charges for services from companies and are considered fully collectable.

**Restatement of Retained Earnings:** During 1999, Star, Inc. changed its basis of accounting for staff payroll from full accrual to the cash basis. This change resulted in a decrease in accrued payroll (a liability) and subsequent increase in the retained earnings in the amount of \$7,745.

**Fixed Assets:** A summary of Star, Inc. fixed assets at December 31, 1999 follows:

Machinery and Equipment	<u>\$132,987</u>
Total	\$132,987
Less: Accumulated Depreciation	<u>\$120,320</u>
Total Fixed Assets (net of accumulated depreciation)	<u><u>\$12,667</u></u>

Fixed assets are depreciated on a straight-line basis using an estimated useful life of 3 to 10 years for Star's various equipment.

**NOTE 20: CONTINGENT LIABILITIES**

The County is a defendant in a number of claims and lawsuits which may be classified as routine litigation in which minimal non-material damages are being sought. In the opinion of the County Prosecutor, no material liability is anticipated.

**Contingencies Under Grant Programs**

The County participates in certain federal and state assisted grants and programs that are subject to financial and compliance audits by the grantor agencies or their representatives. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The County believes that disallowed claims, if any, will not have a material adverse effect on the County's financial position.

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

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**NOTE 21: CONTRIBUTED CAPITAL**

Contributed capital represents resources from other funds, other governments, and private sector sources provided to enterprise funds that is not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end except for depreciation on assets acquired through grants, which is expensed and closed to contributed capital at year end.

Contributed capital activity for the enterprise funds for the year ended December 31, 1999 is as follows:

Contributed Capital December 31, 1998	\$3,896,415
Depreciation on contributed assets	<u>(65,539)</u>
Contributed Capital December 31, 1999	<u>\$3,830,876</u>

**NOTE 22: BUDGETARY BASIS OF ACCOUNTING**

The County's budgetary process is based upon accounting for transactions on the cash (budget) basis. The difference between the cash (budget) basis and the modified accrual (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 Financing Uses  
Governmental Fund Types

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$(352,392)	\$1,463,672	\$7,714	\$(910,517)
Adjustments:				
Revenue Accrual	(356,757)	1,037,724	-	1,740,870
Expenditure Accrual	94,929	(1,249,721)	-	(4,066)
Encumbrances	<u>(301,089)</u>	<u>(1,247,198)</u>	-	<u>(26,830)</u>
Budget Basis	<u>\$ (915,309)</u>	<u>\$ 4,477</u>	<u>\$ 7,714</u>	<u>\$ 799,457</u>

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

**NOTE 23: FEDERAL FOOD STAMP PROGRAM**

The Scioto County Department of Human Services distributes federal food stamps through contracting issuance centers to entitled recipients within Scioto County. The receipt and issuance of these stamps have the characteristics of federal grants. However, the Department of Human Services merely acts in an intermediary capacity. Therefore, the inventory value of these stamps is not reflected in the accompanying financial statements as the only economic interest related to these stamps rests with the ultimate recipient. The Scioto County Department of Human Services had on hand for distribution approximately \$26,805 of federal food stamps at December 31, 1999.

**NOTE 24: CONSTRUCTION COMMITMENTS**

As of December 31, 1999 the County had contractual purchase commitments for nine projects in the West Portsmouth Sanitary Sewer Project, Juvenile Detention Center, Lucasville Sewer Project, Wheelersburg Sewer Project, Rigish-Camp Bennett Sewer Project, Pleasant Avenue Sewer Project, Airport Hangar Construction Project, GIS Mapping Project, and Grace Street Building Renovation Project Fund. The amounts for these projects are as follows:

<u>Project</u>	<u>Purchase Commitments</u>	<u>Payments Made</u>	<u>Amount remaining on Contract</u>
West Portsmouth Sewer Project – Boone Coleman	\$ 2,044,993	\$ 2,026,198	\$ 18,795
Juvenile Detention Center Construction	\$ 2,680,467	\$ 756,188	\$ 1,924,279
Lucasville Sewer Project	\$ 88,600	\$ 46,330	\$ 42,270
Wheelersburg Sewer Project	\$ 5,000	\$ 1,600	\$ 3,400
Rigish-Camp Bennett Sewer	\$ 14,700	\$ 3,570	\$ 11,130
Pleasant Avenue Sewer Project	\$ 5,500	\$ 2,750	\$ 2,750
Airport Construction Project	\$ 232,269	\$ 230,308	\$ 1,961
GIS Mapping Project	\$ 458,169	\$ 379,677	\$ 78,492
Grace Street Building Renovation	\$ 1,929,923	\$ 937,502	\$ 992,421

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

**NOTE 25: FUND BALANCE RESTATEMENT**

- A. Due to a three fund reclassifications from the Special Revenue Fund to the Capital Projects Fund, the January 1, 1998 fund balances have been restated as follows:

	Special Revenue Fund Type	Capital Projects Fund Type
Fund cash balances originally stated, December 31, 1998	\$7,960,065	\$(248,498)
Prior period adjustment	<u>(50,001)</u>	<u>50,001</u>
Restated fund cash balances, January 1, 1999	<u>\$7,910,064</u>	<u>\$(198,497)</u>

- B. Due to errors in prior periods, the January 1, 1999 Budget Basis Fund Balances were restated as follows:

	General Fund	Special Revenue Fund Type	Debt Service Fund Type	Capital Projects Fund Type	Expendable Trust Fund Type	Enterprise Fund Type	Internal Service Fund Type
Budget Basis Fund Balance Originally Stated, 12/31/98	486,450	5,796,085	95,847	2,169	109,900	449,240	100,672
Prior Period Adjustment	<u>635,683</u>	<u>131,588</u>	<u>-</u>	<u>49,429</u>	<u>998</u>	<u>58,024</u>	<u>848</u>
Restated Budget Basis Fund Balances, 1/1/99	<u>1,122,133</u>	<u>5,927,673</u>	<u>95,847</u>	<u>51,598</u>	<u>110,898</u>	<u>507,264</u>	<u>101,520</u>



**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

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**NOTE 26: COMPLIANCE AND ACCOUNTABILITY**

**FUND DEFICITS**

The following had a deficit fund balance as of December 31, 1999:

Capital Projects Funds:

Airport Hanger Fund	\$(224,543)
Star Construction Fund	\$(151,000)
Star Planning Fund	\$(34,030)
Juvenile Detention Center Construction Fund	\$(839,159)
Burke's Point Fund	\$(116,305)

These fund deficits were caused by the application of generally accepted accounting principles.

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<i>Passed through State Department of Development:</i>			
Community Development Block Grant - State's Program	BC96-068-1 BC97-068-1 BF97-068-1 BF98-068-1 BW95-068-1	14.228	\$33,340 260,197 96,073 82,889 43,344 <u>515,843</u>
Home Improvement Partnership Program	N/A	14.239	<u>242,681</u>
Total U.S. Department of Housing and Urban Development			<b><u>758,524</u></b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed through State Department of Mental Retardation</i>			
Special Education Cluster: Grants to States - Title VI-B Preschool Grant Total Special Education Cluster	6B-SF-00P PG-S1 2000	84.027 84.173	45,736 11,692 <u>57,428</u>
Innovative Education Program Strategies - Title VI	C2-S1 00	84.298	<u>1,720</u>
Total U.S. Department of Education			<b><u>59,148</u></b>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<i>Passed through State Department of Mental Retardation and Development Disabilities</i>			
Social Services Block Grant - Title XX	N/A	93.667	125,998
Medical Assistance Program - Title XIX	N/A	93.778	<u>745,296</u> 871,294
<i>Passed through State Department of Health</i>			
Early Intervention - County Comprehensive Service System Program	N/A	84.181	<u>147,993</u>
Total U.S. Department of Health and Humand Services			<b><u>1,019,287</u></b>
<b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u></b>			
<i>Passed through State Emergency Management Agency</i>			
Disaster Assistance (Public Assistance)	N/A	83.544	<u>134,007</u>
Total Federal Emergency Management Agency			<b><u>134,007</u></b>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<i>Passed through State Department of Criminal Justice Services</i>			
Juvenile Justice and Delinquency Prevention Allocation	N/A	16.540	98,632
Crime Victims Assistance	N/A	16.575	<u>35,567</u>
Total U.S. Department of Justice			<b><u>134,199</u></b>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
<i>Passed through State Department of Transportation</i>			
Public Transportation for Nonurbanized Areas	N/A	20.509	<u>100,000</u>
Total U.S. Department of Transportation			<b><u>100,000</u></b>
<b><u>U.S. DEPARTMENT OF COMMERCE</u></b>			
<i>Direct from Federal Government</i>			
Economic Adjustment Assistance	N/A	11.307	<u>146,847</u>
Total U.S. Department of Commerce			<b><u>146,847</u></b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Direct from Federal Government</i>			
Waste Water Disposal Systems for Rural Communities	N/A	10.760	<u>255,359</u>
Total U.S. Department of Agriculture			<b><u>255,359</u></b>
Total Federal Awards Expenditures			<b><u>\$2,607,371</u></b>

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

**FINANCIAL CONDITION  
SCIOTO COUNTY**

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

**NOTE A--SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B-- SUBRECIPIENTS**

The County passes-through certain Federal assistance received from the State Department of Development and the State Department of Mental Retardation to other governments or not-for-profit agencies (subrecipients). As described in Note A, the County records expenditures of Federal awards to subrecipients when paid in cash.

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

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

The County has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons and to rehabilitate homes.

The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property. At December 31, 1999, the gross amount of loans outstanding under this program were \$1,329,610; consisting of \$1,039,241 from EDA monies (CFDA #11.307), \$121,658 from UDAG monies, and \$168,711 from HUD monies. Delinquent amounts due are \$52,894. None of this amount has been determined to be uncollectible.

**NOTE D -- MATCHING REQUIREMENTS**

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

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

Board of County Commissioners  
Scioto County  
Scioto County Courthouse  
602 Seventh Street  
Portsmouth, Ohio 45662

We have audited the accompanying general purpose financial statements of Scioto County, Ohio (the County), as of and for the year ended December 31, 1999, and have issued our report thereon dated October 31, 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 general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the County in a separate letter dated October 31, 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 general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as items 1999-60773-001 and 1999-60773-002.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider item 1999-60773-001 to be material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the County in a separate letter dated October 31, 2000.

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

**Jim Petro**  
Auditor of State

October 31, 2000



**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**

Board of County Commissioners  
Scioto County  
Scioto County Courthouse  
602 Seventh Street  
Portsmouth, Ohio 45662

**Compliance**

We have audited the compliance of Scioto County, Ohio (the County), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 1999. The County's major federal programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, Scioto County, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999.

**Internal Control Over Compliance**

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

Scioto County  
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  
Page 2

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 other matters over federal compliance that do not require inclusion in this report, that we have reported to management on the County in a separate letter dated October 31, 2000.

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

**Jim Petro**  
Auditor of State

October 31, 2000



**FINANCIAL CONDITION  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133, SECTION .505  
FOR THE YEAR ENDED DECEMBER 31, 1999**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at financial statement level (GAGAS)?	Yes
(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 noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under Section .510?	No
(d)(1)(vii)	Major Programs (list):	Community Development Program CFDA# 14.228  Medical Assistance Program (Medicaid) CFDA# 93.778
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**FINANCIAL CONDITION  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133, SECTION .505  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

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

**FINDING NUMBER 1999-60773-001**

**Noncompliance Citation**

The Child Support Enforcement Agency did not perform monthly bank reconciliations agreeing the bank accounts to the book balances. Without this reconciliation process, accounts may not be accurately reported in the computer files and ultimately on the County's financial statements.

We recommend the Child Support Enforcement Agency perform and maintain monthly bank reconciliations on a timely basis. In addition, the monthly reconciliations should be reviewed and approved by authorized personnel.

**FINDING NUMBER 1999-60773-002**

**Reportable Condition**

Statement on Auditing Standards No. 61 requires auditors to inform management and the audit committee (i.e., the Fiscal Report Review Committee) of material adjustments posted during the audit. In a separate communication, we informed them of nearly 100 adjustments we required to issue an unqualified opinion on the County's financial statements. This is an unreasonably high number of adjustments, indicating a breakdown in the process the County uses to compile its financial statements under generally accepted accounting principles (GAAP). We estimate that determining these adjustments and assuring that correcting entries were properly posted added approximately \$7,767 to the cost of the audit.

While the County has engaged an accounting services firm to compile the GAAP statements, the County is still ultimately responsible for the fair presentation of the statements. The County Auditor's Office should monitor the compilation. The Auditor's Office should review draft financial statements and footnotes. The Auditor's Office should monitor the progress of the compilation against agreed upon schedules, and assure the firm receives the proper information to prepare adjustments. The County Auditor should approve adjusting entries before the accounting firm posts them.

**FINANCIAL CONDITION  
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1998-60773-001	The County should continue to monitor Manatron's progress in addressing the Year 2000 issue for the ATEK system used for financial accounting, tax collection and tax distribution.	Yes	No Longer Valid. Year 2000 remediation efforts were effective, systems were Year 2000 compliant.
1998-60773-002	Child Support Enforcement Agency should perform monthly bank reconciliations agreeing the bank accounts to the book balances	No	Department has hired a private consultant to balance department records.
1998-60773-003	Child Support Enforcement Agency should maintain an aggregate listing of all arrearages.	No	Department is currently monitoring the situation.
1998-60773-004	County Board of Mental Retardation and Development Disabilities should monitor subrecipients who receive federal awards.	Not Applicable	The State Department of Mental Retardation and Development Disabilities has clarified that they do not deem subrecipient monitoring applicable to County Board service providers.

**FINANCIAL CONDITION  
SCIOTO COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A-133 § .315 (c)  
FOR THE YEAR ENDED DECEMBER 31, 1999**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
1999-60773-001	Department is currently trying to reconcile all accounts. An outside CPA is attempting to correct the problem by reconciling the records.	12/31/00	Sharon Mundhenk Director, Department of Human Services
1999-60773-002	County Auditor will monitor financial statement and footnote preparation more closely for next County audit.	06/30/01	David Green, County Auditor



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
Facsimile 614-466-4490

## SCIOTO COUNTY FINANCIAL CONDITION

### SCIOTO 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  
DECEMBER 14, 2000