# MONROE COUNTY, OHIO

General Purpose Financial Statements

Year Ended December 31, 1999

With

Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

# MONROE COUNTY, OHIO

General Purpose Financial Statements

Year Ended December 31, 1999

With

Independent Auditors' Report

## MONROE COUNTY, OHIO

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**STATE OF OHIO**
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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To the Board of Commissioners
Monroe County, Ohio

We have reviewed the independent auditor's report of Monroe County, prepared by Clark, Schaefer, Hackett & Co., Certified Public Accountants, for the audit period January 1, 1999 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Monroe County is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

July 10, 2000

Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Monroe County, Ohio:

We have audited the accompanying general purpose financial statements of Monroe County, Ohio 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 *Governmental 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 Monroe County, Ohio as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund type 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 May 19, 2000 on our consideration of Monroe County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of Monroe County, Ohio taken as a whole. The accompanying schedule of expenditures of federal awards 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.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
May 19, 2000

## MONROE COUNTY, OHIO

*COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS AND COMPONENT UNITS*

DECEMBER 31, 1999

| | | Governmental Fund Types | | | |
|---|---|---|---|---|---|
| | | General | Special Revenue | Debt Service | Capital Projects |
| ***Assets and Other Debits*** | | | | | |
| ***Assets:*** | | | | | |
| Equity in pooled cash and cash equivalents | $ | 362,416 | 2,596,547 | 160,844 | 94,029 |
| Cash and cash equivalents in segregated accounts | | - | - | - | - |
| Receivables (net of allowances for uncollectibles): | | | | | |
| Sales taxes | | 221,885 | - | - | - |
| Real and other taxes | | - | - | - | - |
| Accounts | | 23,645 | 11,829 | - | 2,171 |
| Special assessments | | - | - | - | - |
| Interfund receivable | | 17,400 | - | - | - |
| Due from other funds | | 771,491 | 519,735 | - | - |
| Due from other governments | | 92,642 | 345,228 | - | - |
| Prepayments | | 7,229 | 6,457 | - | - |
| Materials and supply inventory | | 4,000 | 30,000 | - | - |
| Loans receivable | | - | 32,303 | - | - |
| Fixed assets (net, where applicable, of accumulated depreciation) | | - | - | - | - |
| ***Other Debits:*** | | | | | |
| Amounts available in debt service fund | | - | - | - | - |
| Amount to be provided for retirement of general long-term obligations | | - | - | - | - |
| Total assets and other debits | $ | 1,500,708 | 3,542,099 | 160,844 | 96,200 |

| Proprietary Fund Type | Fiduciary Fund Type | Account Groups | | Total Primary Government (Memorandum Only) | Component Units | Total Reporting Entity (Memorandum Only) |
|---|---|---|---|---|---|---|
| Enterprise | Agency | General Fixed Assets | General Long-Term Obligations | | | |
| 576,667 | 571,930 | - | - | 4,362,433 | 90,669 | 4,453,102 |
| - | 211,764 | - | - | 211,764 | - | 211,764 |
| - | - | - | - | 221,885 | - | 221,885 |
| - | 10,653,230 | - | - | 10,653,230 | - | 10,653,230 |
| 19,890 | - | - | - | 57,535 | 8,900 | 66,435 |
| - | 24,609 | - | - | 24,609 | - | 24,609 |
| - | - | - | - | 17,400 | - | 17,400 |
| 500 | 173,901 | - | - | 1,465,627 | - | 1,465,627 |
| 99,210 | 85,781 | - | - | 622,861 | - | 622,861 |
| 380 | - | - | - | 14,066 | 736 | 14,802 |
| 10,000 | - | - | - | 44,000 | 23,459 | 67,459 |
| - | - | - | - | 32,303 | - | 32,303 |
| 534,824 | - | 6,909,308 | - | 7,444,132 | 2,274 | 7,446,406 |
| - | - | - | 160,844 | 160,844 | - | 160,844 |
| - | - | - | 893,336 | 893,336 | - | 893,336 |
| 1,241,471 | 11,721,215 | 6,909,308 | 1,054,180 | 26,226,025 | 126,038 | 26,352,063 |

(Continued)

**MONROE COUNTY, OHIO**

COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS AND COMPONENT UNITS
DECEMBER 31, 1999
(CONTINUED)

| | | Governmental Fund Types | | | |
|---|---|---|---|---|---|
| | | General | Special Revenue | Debt Service | Capital Projects |
| ***Liabilities, Fund Equity and Other Credits*** | | | | | |
| ***Liabilities:*** | | | | | |
| Accounts payable | $ | 43,407 | 125,159 | - | - |
| Accrued wages and benefits | | 70,835 | 111,966 | - | - |
| Compensated absences payable | | 9,769 | 9,807 | - | - |
| Pension obligation payable | | 31,053 | 40,073 | - | - |
| Interfund payable | | - | 17,400 | - | - |
| Due to other funds | | 1,130 | 8,212 | - | - |
| Due to other governments | | 38,498 | 51,811 | - | - |
| Deposits held and due to others | | - | - | - | - |
| Deferred revenue | | 852,771 | 580,904 | - | - |
| Undistributed money | | - | - | - | - |
| Notes payable | | 12,431 | 182,721 | - | - |
| Capital leases payable | | - | - | - | - |
| General obligation bonds payable | | - | - | - | - |
| Tax refund payable | | - | - | - | - |
| Total liabilities | | 1,059,894 | 1,128,053 | - | - |
| ***Fund Equity and Other Credits:*** | | | | | |
| Investments in general fixed assets | | - | - | - | - |
| Retained earnings: | | | | | |
| Unreserved | | - | - | - | - |
| Fund balances: | | | | | |
| Reserved for encumbrances | | 7,671 | 38,575 | - | - |
| Reserved for loans receivable | | - | 32,033 | - | - |
| Reserved for inventory | | 4,000 | 30,000 | - | - |
| Reserved for prepayments | | 7,229 | 6,457 | - | - |
| Reserved for debt service | | - | - | 160,844 | - |
| Unreserved | | 421,914 | 2,306,981 | - | 96,200 |
| Total fund equity and other credits | | 440,814 | 2,414,046 | 160,844 | 96,200 |
| Total liabilities, fund equity and other credits | $ | 1,500,708 | 3,542,099 | 160,844 | 96,200 |

The notes to the financial statements are an integral part of this statement.

| Proprietary Type | Fiduciary Fund Type | Account Groups | | Total Primary Government (Memorandum Only) | Component Units | Total Reporting Entity (Memorandum Only) |
|---|---|---|---|---|---|---|
| Enterprise | Agency | General Fixed Asset | General Long-Term Obligations | | | |
| 20,794 | - | - | - | 189,360 | 2,802 | 192,162 |
| 49,176 | - | - | - | 231,977 | 2,310 | 234,287 |
| 77,515 | - | - | 394,878 | 491,969 | - | 491,969 |
| 19,774 | - | - | - | 90,900 | - | 90,900 |
| - | - | - | - | 17,400 | - | 17,400 |
| - | 1,456,285 | - | - | 1,465,627 | - | 1,465,627 |
| 19,960 | 10,008,324 | - | - | 10,118,593 | - | 10,118,593 |
| - | 12,378 | - | - | 12,378 | - | 12,378 |
| - | - | - | - | 1,433,675 | - | 1,433,675 |
| - | 244,228 | - | - | 244,228 | - | 244,228 |
| - | - | - | - | 195,152 | 2,000 | 197,152 |
| - | - | - | 9,005 | 9,005 | - | 9,005 |
| 685,000 | - | - | 514,907 | 1,199,907 | - | 1,199,907 |
| - | - | - | 135,390 | 135,390 | - | 135,390 |
| 872,219 | 11,721,215 | - | 1,054,180 | 15,835,561 | 7,112 | 15,842,673 |
| - | - | 6,909,308 | - | 6,909,308 | - | 6,909,308 |
| 369,252 | - | - | - | 369,252 | 118,926 | 488,178 |
| - | - | - | - | 46,246 | - | 46,246 |
| - | - | - | - | 32,033 | - | 32,033 |
| - | - | - | - | 34,000 | - | 34,000 |
| - | - | - | - | 13,686 | - | 13,686 |
| - | - | - | - | 160,844 | - | 160,844 |
| - | - | - | - | 2,825,095 | - | 2,825,095 |
| 369,252 | - | 6,909,308 | - | 10,390,464 | 118,926 | 10,509,390 |
| 1,241,471 | 11,721,215 | 6,909,308 | 1,054,180 | 26,226,025 | 126,038 | 26,352,063 |

**MONROE COUNTY, OHIO**
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

| | | General | Special Revenue | Debt Service | Capital Projects | Total (Memorandum Only) |
|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | |
| Property taxes | $ | 854,127 | 706,181 | - | - | 1,560,308 |
| Sales taxes | | 1,207,193 | 1,430,777 | - | - | 2,637,970 |
| Intergovernmental | | 253,103 | 5,380,029 | - | 307,470 | 5,940,602 |
| Charges for services | | 369,376 | 163,499 | - | 18,470 | 551,345 |
| Fines and forfeitures | | 39,672 | 16,578 | - | 2,171 | 58,421 |
| Licenses and permits | | 2,247 | 42,653 | - | - | 44,900 |
| Investment income | | 272,530 | 4,260 | - | 1,788 | 278,578 |
| Rental income | | 9,333 | 20,385 | 56,953 | - | 86,671 |
| Other | | 445,174 | 551,337 | - | 13,211 | 1,009,722 |
| Total revenues | | 3,452,755 | 8,315,699 | 56,953 | 343,110 | 12,168,517 |
| **Expenditures:** | | | | | | |
| Current: | | | | | | |
| General government: | | | | | | |
| Legislative and executive | | 1,314,681 | 149,616 | - | - | 1,464,297 |
| Judicial | | 322,380 | 55,418 | - | - | 377,798 |
| Public safety | | 1,257,005 | 648,386 | - | - | 1,905,391 |
| Public works | | 96,274 | 2,482,166 | - | - | 2,578,440 |
| Health | | 191,102 | 1,890,272 | - | - | 2,081,374 |
| Human services | | 72,481 | 2,799,653 | - | - | 2,872,134 |
| Economic development | | - | 401,632 | - | - | 401,632 |
| Other | | 238,545 | - | - | - | 238,545 |
| Capital outlay | | 227,816 | 399,579 | - | 787,886 | 1,415,281 |
| Debt Service: | | | | | | |
| Principal retirement | | 1,298 | - | 58,093 | - | 59,391 |
| Interest and fiscal charges | | 1,462 | 4,897 | 35,190 | - | 41,549 |
| Total expenditures | | 3,723,044 | 8,831,619 | 93,283 | 787,886 | 13,435,832 |
| Excess of revenues over (under) expenditures | | (270,289) | (515,920) | (36,330) | (444,776) | (1,267,315) |
| **Other financing sources (uses):** | | | | | | |
| Operating transfers in | | 165,881 | 326,912 | 26,540 | 277,952 | 797,285 |
| Proceeds from capital lease transactions | | 8,838 | - | - | - | 8,838 |
| Operating tranfers out | | (197,540) | (442,323) | - | (102,871) | (742,734) |
| Total other financing sources (uses) | | (22,821) | (115,411) | 26,540 | 175,081 | 63,389 |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | | (293,110) | (631,331) | (9,790) | (269,695) | (1,203,926) |
| Fund balance at beginning of year | | 734,265 | 3,044,932 | 170,634 | 365,895 | 4,315,726 |
| Increase (decrease) in inventory reserve | | (341) | 445 | - | - | 104 |
| Fund balance at end of year | $ | 440,814 | 2,414,046 | 160,844 | 96,200 | 3,111,904 |

The notes to the financial statements are an integral part of this statement.

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

| | | General Fund | | | Special Revenue Funds | | |
|---|---|---|---|---|---|---|---|
| | | Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| **Revenues:** | | | | | | | |
| Property taxes | $ | 854,127 | 854,127 | - | 706,181 | 706,181 | - |
| Sales taxes | | 1,149,654 | 1,149,654 | - | 1,430,777 | 1,430,777 | - |
| Intergovernmental | | 274,987 | 274,987 | - | 166,837 | 166,837 | - |
| Charges for services | | 366,446 | 366,446 | - | 42,653 | 42,653 | - |
| Fines and forfeitures | | 41,580 | 41,580 | - | 15,008 | 17,513 | 2,505 |
| Licenses and permits | | 2,247 | 2,247 | - | 5,955,531 | 5,955,531 | - |
| Investment income | | 292,656 | 292,656 | - | 702 | 702 | - |
| Rental income | | 12,428 | 12,428 | - | 11,889 | 11,889 | - |
| Other | | 584,576 | 584,576 | - | 580,410 | 581,410 | 1,000 |
| Total revenues | | 3,578,701 | 3,578,701 | - | 8,909,988 | 8,913,493 | 3,505 |
| **Expenditures:** | | | | | | | |
| Current: | | | | | | | |
| General government: | | | | | | | |
| Legislative and executive | | 1,389,104 | 1,314,893 | 74,211 | 205,286 | 171,175 | 34,111 |
| Judicial | | 355,325 | 330,975 | 24,350 | 59,692 | 54,843 | 4,849 |
| Public safety | | 1,246,284 | 1,240,025 | 6,259 | 868,162 | 669,512 | 198,650 |
| Public works | | 100,991 | 96,399 | 4,592 | 2,803,840 | 2,738,331 | 65,509 |
| Health | | 201,219 | 191,261 | 9,958 | 1,917,363 | 1,882,156 | 35,207 |
| Human services | | 71,337 | 70,983 | 354 | 3,109,717 | 3,120,834 | (11,117) |
| Economic development | | - | - | - | 558,712 | 446,893 | 111,819 |
| Other | | 260,188 | 244,382 | 15,806 | - | - | - |
| Capital outlay | | 230,816 | 230,816 | - | 408,145 | 399,579 | 8,566 |
| Debt service: | | | | | | | |
| Principal retirement | | 16,910 | 16,910 | - | 164,942 | 164,942 | - |
| Interest and fiscal charges | | - | - | - | 8,063 | 8,063 | - |
| Total expenditures | | 3,872,174 | 3,736,644 | 135,530 | 10,103,922 | 9,656,328 | 447,594 |
| Excess of revenues over (under) expenditures | | (293,473) | (157,943) | 135,530 | (1,193,934) | (742,835) | 451,099 |
| **Other financing sources (uses):** | | | | | | | |
| Proceeds of notes | | - | - | - | 162,149 | 162,149 | - |
| Operating transfers in | | 109,550 | 109,550 | - | 934,775 | 934,775 | - |
| Operating transfers out | | (255,234) | (255,234) | - | (781,531) | (666,548) | (114,983) |
| Advances in | | 42,422 | 42,422 | - | 62,292 | 62,292 | - |
| Advances out | | (79,272) | (79,272) | - | (14,422) | (14,422) | - |
| Total other financing sources (uses) | | (182,534) | (182,534) | - | 363,263 | 478,246 | (114,983) |
| Excess of revenues and other sources over (under) expenditures and other (uses) | | (476,007) | (340,477) | 135,530 | (830,671) | (264,589) | 566,082 |
| Fund balance, beginning of year | | 624,591 | 624,591 | | 2,707,887 | 2,707,887 | |
| Prior year encumbrances appropriated | | 50,437 | 50,437 | | 78,169 | 78,169 | |
| Fund balance, end of year | $ | 199,021 | 334,551 | | 1,955,385 | 2,521,467 | |

The notes to the financial statements are an integral part of this statement.

| | Debt Service Fund | | | Capital Projects Funds | | |
|---|---|---|---|---|---|---|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| **Revenues:** | | | | | | |
| Property taxes | - | - | - | - | - | - |
| Sales taxes | - | - | - | - | - | - |
| Intergovernmental | - | - | - | 415,970 | 415,970 | - |
| Charges for services | - | - | - | 20,228 | 20,228 | - |
| Fines and forfeitures | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Investment income | - | - | - | 1,788 | 1,788 | - |
| Rental income | 56,953 | 56,953 | - | - | - | - |
| Other | - | - | - | 13,211 | 13,211 | - |
| Total revenues | 56,953 | 56,953 | - | 451,197 | 451,197 | - |
| **Expenditures:** | | | | | | |
| Current: | | | | | | |
| General government: | | | | | | |
| Legislative and executive | - | - | - | - | - | - |
| Judicial | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - |
| Public works | - | - | - | - | - | - |
| Health | - | - | - | - | - | - |
| Human services | - | - | - | - | - | - |
| Economic development | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Capital outlay | - | - | - | 816,700 | 800,858 | 15,842 |
| Debt service: | | | | | | |
| Principal retirement | 73,805 | 73,805 | - | - | - | - |
| Interest and fiscal charges | 36,388 | 36,388 | - | - | - | - |
| Total expenditures | 110,193 | 110,193 | - | 816,700 | 800,858 | 15,842 |
| Excess of revenues over (under) expenditures | (53,240) | (53,240) | - | (365,503) | (349,661) | 15,842 |
| **Other financing sources (uses):** | | | | | | |
| Proceeds of notes | - | - | - | - | - | - |
| Operating transfers in | 43,450 | 43,450 | - | 319,632 | 319,632 | - |
| Operating transfers out | - | - | - | (144,550) | (144,551) | 1 |
| Advances in | - | - | - | - | - | - |
| Advances out | - | - | - | - | - | - |
| Total other financing sources (uses) | 43,450 | 43,450 | - | 175,082 | 175,081 | 1 |
| Excess of revenues and other sources over (under) expenditures and other (uses) | (9,790) | (9,790) | - | (190,421) | (174,580) | 15,841 |
| Fund balance, beginning of year | 170,634 | 170,634 | | 175,322 | 175,322 | |
| Prior year encumbrances appropriated | - | - | | 93,287 | 93,287 | |
| Fund balance, end of year | 160,844 | 160,844 | | 78,188 | 94,029 | |

**MONROE COUNTY, OHIO**
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND EQUITY
PROPRIETARY FUND TYPE AND COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 1999

| | | Enterprise Fund | Component Units | Total (Memorandum Only) |
|---|---|---|---|---|
| **Operating revenues:** | | | | |
| Charges for services | $ | 2,122,494 | 131,729 | 2,254,223 |
| Other | | 143 | 13,913 | 14,056 |
| Total operating revenues | | 2,122,637 | 145,642 | 2,268,279 |
| **Operating expenses:** | | | | |
| Personnel services | | 1,300,638 | 63,486 | 1,364,124 |
| Contractual services | | 414,120 | 124,480 | 538,600 |
| Supplies and materials | | 201,997 | 42,681 | 244,678 |
| Other | | 31,936 | 9,328 | 41,264 |
| Depreciation | | 51,848 | 1,642 | 53,490 |
| Total operating expenses | | 2,000,539 | 241,617 | 2,242,156 |
| Operating income (loss) | | 122,098 | (95,975) | 26,123 |
| **Non-operating revenues (expenses):** | | | | |
| Intergovernmental grant | | - | 154,352 | 154,352 |
| Interest expense and fiscal charges | | (89,050) | (221) | (89,271) |
| Total non-operating revenues (expenses) | | (89,050) | 154,131 | 65,081 |
| Net income | | 33,048 | 58,156 | 91,204 |
| Retained earnings at beginning of year | | 336,204 | 60,770 | 396,974 |
| Retained earnings at end of year | $ | 369,252 | 118,926 | 488,178 |

The notes to the financial statements are an integral part of this statement.

**MONROE COUNTY, OHIO**
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 1999

| | | Enterprise Fund | Component Units | Total (Memorandum Only) |
|---|---|---|---|---|
| **Cash flows from operating activities:** | | | | |
| Cash received from customers | $ | 2,223,865 | 132,872 | 2,356,737 |
| Cash payments for employee services and benefits | | (1,326,116) | (64,952) | (1,391,068) |
| Cash payments to suppliers for goods and services | | (623,200) | (177,771) | (800,971) |
| Cash payments for other operating expenses | | (31,936) | - | (31,936) |
| Cash received from other operating revenue | | 143 | 2,220 | 2,363 |
| Net cash provided (used) by operating activities | | 242,756 | (107,631) | 135,125 |
| **Cash flows from capital and related financing activities:** | | | | |
| Acquisition of capital assets | | (6,104) | (1,769) | (7,873) |
| Intergovernmental grant | | - | 154,352 | 154,352 |
| Principal retirement | | (40,000) | (2,000) | (42,000) |
| Interest and fiscal charges | | (89,050) | (221) | (89,271) |
| Net cash provided (used) by capital and related financing activities | | (135,154) | 150,362 | 15,208 |
| Net increase in cash and cash equivalents | | 107,602 | 42,731 | 150,333 |
| Cash and cash equivalents beginning of year | | 469,065 | 47,938 | 517,003 |
| Cash and cash equivalents end of year | | 576,667 | 90,669 | 667,336 |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | | 122,098 | (95,975) | 26,123 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | |
| Depreciation | | 51,848 | 1,642 | 53,490 |
| Changes in assets and liabilities: | | | | |
| Accounts receivable | | (19,890) | (8,343) | (28,233) |
| Due from other governments | | 118,050 | - | 118,050 |
| Due from other funds | | 2,711 | - | 2,711 |
| Prepayments | | 499 | (67) | 432 |
| Materials and supplies | | (273) | (4,920) | (5,193) |
| Accounts payable | | (9,771) | 1,498 | (8,273) |
| Accrued wages and benefits | | 3,248 | (1,466) | 1,782 |
| Compensated absences payable | | 11,813 | - | 11,813 |
| Pension obligation payable | | 19,774 | - | 19,774 |
| Due to other governments | | (57,351) | - | (57,351) |
| Net cash provided (used) by operating activities | $ | 242,756 | (107,631) | 135,125 |

The notes to the financial statements are an integral part of this statement.

NOTE 1 – REPORTING ENTITY AND BASIS OF PRESENTATION

Monroe County, Ohio (the "County") was created in 1813. The County is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County who manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a County Municipal Court Judge and a Common Pleas-Juvenile-Probate Court Judge.

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

REPORTING ENTITY

The County's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity". The general purpose financial statements include all funds, account groups, agencies, boards, commissions, and component units for which the 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 units (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 the PCU's board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County.

Based on the foregoing criteria, the financial activities of the following PCUs have been reflected in the accompanying general purpose financial statements:

DISCRETELY PRESENTED COMPONENT UNITS

*Monroe Adult Crafts Organization, Inc. ("Workshop")* – The Workshop is a legally separate, nonprofit corporation, served by a self-appointing board of trustee. The Workshop, under a contractual agreement with the Monroe County Board of Mental Retardation and Developmental Disabilities (MRDD), provides sheltered employment for adults with mental retardation or developmental disabilities in the County. MRDD provides the Workshop staff, salaries, transportation, equipment (except that used directly in the production of goods or rendering of services), staff to administer and supervise training programs, and other funds as necessary for the operation of the Workshop. Based on the significant services and resources provided by the County to the Workshop and the Workshop's sole purpose of providing assistance to mentally retarded or developmentally disabled adults of the County, the Workshop is reflected as a component unit of the County. It is reported separately to emphasize that it is legally separate from the County. Separately issued financial statements can be obtained from the Monroe Adult Crafts Organization, Inc., Woodsfield, Ohio.

NOTE 1 – REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

*Monroe County Airport Authority ("Authority")* – The Authority is a legally separate entity from the County. The County Commissioners do not appoint a voting majority of the Authority's Board. However, the County Commissioners have the ability to modify or approve the Authority's budget and a financial benefit or burden relationship exists since the County is legally obligated to finance deficits of the Authority. The County is financially accountable for the Authority and, therefore, the Authority is shown as a discretely presented component unit in the County's financial statements.

JOINTLY GOVERNED ORGANIZATIONS

*Buckeye Hills-Hocking Valley Regional Development District ("District")* – The District serves as the Area Agency on Aging for Monroe, Athens, Hocking, Meigs, Morgan, Noble, Perry, and Washington Counties. The District was created to foster a cooperative effort in regional planning, programming, and implementing plans and programs. The District is governed by a fifteen-member Board of Directors. The Board is comprised of one County Commissioner from each county, one member from the City of Athens, one member from the City of Marietta, four at-large members appointed from the ten government members, and one member from the minority sector. The Board has total control over budgeting, personnel, and all other financial matters. The District administers County Community Development Block Grant and Issue II monies. The continued existence of the District is not dependent on the County's continued participation and no equity interest exists. The District has no outstanding debt.

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

The District is governed and operated through three groups. An eighteen member Board of Directors, comprised of three Commissioners from each county, is responsible for the District's financial matters. The District's sole revenue source is a waste disposal fee for in-District and out-of-District waste. Although the County contributed monies to the District at the time of its creation, no contributions were paid by the County in 1999 and no future contributions are anticipated. A thirty-one member Policy Committee, comprised of five members from each county and one at-large member appointed by the Policy Committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the Policy Committee. The continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

NOTE 1 – REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

*Guernsey-Monroe-Noble Community Action Corporation ("GMN")* – The GMN is a non-profit organization formed to plan, conduct, and coordinate programs designed to combat social and economic problems and to help eliminate conditions of poverty within Guernsey, Monroe, and Noble Counties. The Organization is governed by a fifteen-member Board of Directors which consists of three Commissioners from each county, three business owners from each county, and three low income individuals elected by each county. The three business owners are nominated by other local business owners and the three low income individuals are nominated by local town council meetings.

GMN receives federal and state funding which is applied for and received by, and in the name of, the Board of Directors. Continued existence of GMN is not dependent on the County's continued participation nor does the County have an equity interest in the Organization. GMN is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on the County.

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

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

*Belmont, Harrison, and Monroe Counties Cluster ("Cluster")* – The Cluster provides services to multi-need youth in Monroe, Belmont, and Harrison Counties. Members of the Cluster include the Belmont, Harrison, and Monroe Counties Alcohol, Drug Addiction, and Mental Health Services Board, the Children Services Board, the Belmont, Harrison, Monroe Drug and Alcohol Councils, Student Services, Belmont-Harrison Juvenile District, the Superintendent of Public Instruction, and the Directors of Youth Services, Human Services, and Mental Retardation and Developmental Disabilities.

The operation of the Cluster is controlled by an advisory Committee, which consists of a representative from each agency. The Cluster is not dependent upon the County for its continued existence, no debt exists, and the County does not have an equity interest in, or a financial responsibility for the Cluster.

NOTE 1 – REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

*Belmont-Harrison-Monroe Counties Alcohol Drug Addiction and Mental Health Services Board ("Board")* – The Board is responsible for delivery of comprehensive mental health and substance abuse services in Belmont, Harrison, and Monroe Counties. The Board provides no direct services but contracts for their delivery. The Board's function is to assess needs, and to plan, monitor, fund and evaluate the services. The Board is managed by eighteen members, six appointed by Commissioners of Belmont County, two each by Commissioners of Harrison and Monroe Counties and are proportionate to population, four by Ohio Department of Drug and Alcohol and four by the State Department of Mental Health. Each participating county's influence is limited to the number of members each appoints to the Board. The Board exercises total control of the budgeting, appropriation, contracting, and management. The Board is not dependent upon the County for its continued existence, no debt exists, and the County does not have an equity interest in, or a financial responsibility for the Board.

*South Eastern Narcotics Team ("SENT")* – SENT is a multi-jurisdictional drug task force with the primary goal of combating major narcotic traffickers in Monroe, Belmont, Carroll, Guernsey, Harrison, and Tuscarawas Counties. It is jointly governed among the participating counties and cities. A grant is received from the State of Ohio, which the participating entities must match at 25 percent. SENT is comprised of 32 members and each member's control over the operation of SENT is limited to its representation on the Board.

RELATED ORGANIZATIONS

*Monroe County District Public Library ("Library")* – The Library is statutorily created as a distinct political subdivision of the State of Ohio governed by a Board of Trustees consisting of seven members. The Monroe County Commissioners appoint four members, and the judges of the Monroe County Court of Common Pleas appoint three members. The County made no contributions to the Library during 1999. The Board of Trustees possesses its own contracting and budgeting authority, hires personnel and does not depend on the County for operational subsidies. Although the County does serve as the taxing authority of the Library, this is strictly a ministerial function. Once the Board of Trustees has determined that a levy is necessary, its amount, and its duration, the County must place the levy before the voters. The Library may issue debt or the County may provide facilities for the Library through the issuance of debt if the voters agree. The Library currently has no outstanding debt.

*Monroe County Community Improvement Corporation ("CIC")* – The CIC is a non-profit organization that was created under Ohio Revised Code Section 1724.04. Two-fifths of the governing board shall be mayors, county commissioners or appointed or elected public officials. The remaining three-fifths of the sixteen-member Board of Directors is comprised of volunteers. The CIC administers the County's Revolving Loan Fund (RLF), established with Community Development Block Grant Funds. The RLF is used to make loans to small businesses for the purchase of land, buildings, machinery, and equipment as well as working capital.

NOTE 1 – REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

POOLS

*Buckeye Joint-County Health Benefit Trust ("Trust")* – The Trust is an insurance purchasing pool created in August 1992 serving Monroe, Hocking, Perry, Pike and Washington Counties. The Trust was formed under Section 9.833 of the Ohio Revised Code for the purpose of establishing an insurance pool to fund health benefits for the County employees. Member counties provide operating resources to the Trust based on actuarially determined rates. Each participating county agrees to participate jointly in the coverage of losses and pay all contributions necessary for the specified insurance coverage provided by the Trust. A third party administers all claims payments. Monroe County does not have an ongoing financial interest or responsibility. The agreement between the County and the Trust indicates that a voluntary withdrawal or termination of the County shall constitute forfeiture of any pro rata share of the Trust's reserve fund. In the event of the termination of the Trust, current members shall be paid in an amount they have contributed to the Trust as of the last month of the Trust's existence.

The degree of control exercised by any participating government is limited to its representation on the Board. The Governing Board is composed of at least one County Commissioner from each of the participating counties. The Governing Board annually elects officers who include a Chairman and Vice-Chairman. The Governing Board must approve the expenses and investment of funds by the officers unless specific limits have been set by the Governing Board to permit otherwise.

*Buckeye Joint-County Self-Insurance ("Council")* – The Council is an insurance purchasing pool that serves Monroe, Athens, Hocking, Jackson, Lawrence, Meigs, Morgan, Noble, Perry, Pike, Vinton and Washington Counties and was formed as an Ohio not-for-profit corporation for the purpose of establishing an insurance pool to obtain general liability, law enforcement, professional, and fleet insurance. Member counties provide operating resources to the Trust based on actuarially determined rates. The degree of control exercised by any participating government is limited to its representation on the Board. The Governing Board is composed of at least one County Commissioner from each of the participating counties and annually elects officers who include a President, Vice President, Second Vice President, and two Governing Board members. The Governing Board must approve the expenses and investment of funds by the officers unless specific limits have been set by the Governing Board to permit otherwise.

In the event of losses, the first $250 to $1,000 of any valid claim, depending on type of loss, will be paid by the member. Payments, with a maximum pay out ranging from $100,000 to $2,000,000 per occurrence, will come from the self-insurance pool based on the member's percentage of contribution. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments. The County does not have an ongoing financial interest or responsibility and the agreement with the Council indicates that a voluntary withdrawal or termination by any county shall constitute forfeiture of any pro rata share of the Council's reserve fund.

NOTE 1 – REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

*County Commissioners Association of Ohio Workers' Compensation Group Plan ("Plan")* – The County is participating in a group-rating plan for Workers' Compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool. A Group Executive Committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant and performing any other acts and functions which may be delegated to it by the participating employers. The Group Executive Committee consists of seven members. Two members are the President and Treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at the meeting held in December each year. No participant can have more than one member of the Group Executive Committee in any year, and each elected member shall be a County Commissioner.

The degree of control exercised by any participating government is limited to its representation on the Board. The Governing Board is composed of at least one County Commissioner from each of the participating counties. The Governing Board annually elects officers who include a Chairman and Vice-Chairman. The Governing Board must approve the expenses and investment of funds by the officers unless specific limits have been set by the Governing Board to permit otherwise.

EXCLUDED POTENTIAL COMPONENT UNITS

As counties are structured in Ohio, the County Auditor and County Treasurer, respectively, serve as the fiscal officer and custodian of funds for various agencies, boards, and commissions. As a fiscal officer, the Auditor certifies the availability of cash and appropriations prior to the processing of payments and purchases. As the custodian of all public funds, the Treasurer invests public moneys 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 as defined by GASB Statement No. 14; therefore, the operations of the following PCUs have been excluded from the County's general purpose financial statements, but the funds held on behalf of these PCUs in the County Treasury are included in the agency funds.

*Monroe County General Health District ("District")* – The District is a separately elected governing body that is legally separate. The five-member Board of Directors which oversees the operation of the Health District is elected by a District Advisory Council comprised of township trustees, mayors of participating municipalities, and members of the Health District, and approves the District's budget; however, this oversight is ministerial. The County will report the District and its activity will be reported as an agency fund.

NOTE 1 – REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

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

The Monroe County Regional Planning Commission, Monroe County Family, Adult and Children First Council and the Monroe County Park District are presented as agency funds of the County because the County Auditor is the fiscal agent for these organizations.

Information in the notes to the general purpose financial statements is applicable to the primary government. When information is provided relative to the component units, it is specifically identified.

BASIS OF PRESENTATION – FUND ACCOUNTING

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

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

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

Governmental Fund Types

Governmental funds are those through which most governmental functions typically 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) are accounted for through governmental funds. The following are the County's governmental fund types:

General Fund - to account for all financial resources 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.

NOTE 1 – REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

Special Revenue Funds – limited by local, state and/or federal law for the financing of certain governmental functions (other than major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund - to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

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

Proprietary Fund Type

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

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

Fiduciary Fund Types

Fiduciary funds are used to account for assets the County holds in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and other funds. The only fiduciary funds of the County are agency 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 proprietary funds and those of general government funds, and between long-term liabilities related to proprietary funds and those of general government funds, the following account groups are used:

General Fixed Assets Account Group - to establish accounting control and accountability for all general fixed assets of the County not related to the proprietary funds.

General Long-Term Obligations Account Group - to account for all unmatured general long-term indebtedness of the County that is not a liability of the proprietary funds, including special assessment debt for which the County is obligated in some manner.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the County are prepared in conformity with generally accepted accounting principles (GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The significant accounting policies followed in the preparation of these financial statements are summarized below.

### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

All proprietary funds are accounted for 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 operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in 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.

All governmental fund types and agency funds are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the County is sixty days after year-end.

In applying the susceptible to the accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest earnings, delinquent real and property taxes; sales taxes; federal and state grants; and charges for services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Current property taxes measurable as of December 31, 1999, whose availability is indeterminable and which are not intended to finance current period obligations, have been recorded as a receivable and deferred revenue. Levied special assessments are measurable, and have been recorded as a receivable. Since all assessments are due outside the available period, the entire amount has been deferred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. The costs of accumulated unpaid vacation, compensatory time 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 employees earn them. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type and the Workshop. Revenues are recognized when they are earned, and expenses are recognized when incurred.

BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated.

The legal level of budgetary control (that is, the level at which transfers of budget amounts cannot be made without legislative approval) is established at the object level within each department. Budgetary modification may only be made by resolution of the County Commissioners. Budgetary information for the Workshop and certain other funds is not reported because it is not included in the entity for which the "appropriated budget" is adopted and separate budgetary financial records are not maintained.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Budget

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

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources that states the projected revenue of each fund. Prior to December 31, the County must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation ordinance. On or before January 31, the certificate of estimated resources is amended to include any unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the County Auditor determines that the revenue collected will be greater or less than the current estimates. The amounts reported in the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued for 1999.

Appropriations

The annual appropriation ordinance must be passed no later than April 1 of each year for the period January 1 to December 31. A temporary appropriation measure to control expenditures may be passed on or about January 1 of each year for the period from January 1 to March 31. The appropriation ordinance may be amended during the year, as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. During the year a number of supplemental appropriation measures were passed. The budget amounts that appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end are reported as a reservations of fund balances for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lapsing of Appropriations

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

CASH AND CASH EQUIVALENTS

Cash balances of the County's funds, are pooled and invested in short-term investments in order to provide improved cash management. Each fund's interest in the pool is reported as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet.

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

Governmental Accounting Standards Board Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", requires that investments be recorded at their fair value and that changes in the fair value be reported in the operating statement (Note 3).

Under existing Ohio statutes all investments earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment revenue credited to the general fund during 1999 amounted to $272,530, which includes approximately $230,000 assigned from other County funds.

The County has segregated bank accounts for monies held separate from the County's central treasury. These interest bearing accounts are presented on the combined balance sheet as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited in the County treasury.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, funds included within the County's cash management pool and investments with original maturities of three months or less are considered to be cash equivalents.

PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond December 31, 1999 are recorded as prepaid items using the allocation method by recording a current asset for the prepaid amount and amortizing their cost over the periods benefiting from the advance payment. At year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

INVENTORY OF SUPPLIES

Inventories of governmental funds are stated at cost using a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used. Reported supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

FIXED ASSETS AND DEPRECIATION

General fixed assets (fixed assets used in governmental fund type operations) are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund.

All fixed assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Assets valued at less than $500 are not capitalized.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

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

The County has elected not to record depreciation on assets in the general fixed assets account group. Depreciation for proprietary fund fixed assets is determined by allocating the cost of the fixed assets over the estimated useful lives of the assets on the straight-line basis. The estimated useful lives are as follows:

| | |
|---|---|
| Buildings | 40 years |
| Improvements | 20 years |
| Equipment | 10 years |
| Furniture | 10 years |

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COMPENSATED ABSENCES

The County follows the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Vacation and compensatory time 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 County will compensate the employees for the benefits through paid time off or some other means. Sick leave termination benefits are accrued using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those employees for whom it is probable that they will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using current expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

ACCRUED AND LONG-TERM LIABILITIES

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

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds. Long-term liabilities are being repaid from the following funds:

| Obligation | Fund |
|---|---|
| General obligation bonds | Debt Service Fund |
| Compensated absences | Will be paid from the fund(s) from which the employee's salary is paid. |
| Care Center improvement bonds | Care Center Enterprise Fund |
| Capital leases | Paid from the fund(s) which is utilizing the asset acquired. |

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INTERFUND ASSETS/LIABILITIES

Short-term interfund loans are classified as "interfund receivables/payables". Short-term interfund balances, related to charges for goods and services rendered are reflected as "due to/from other funds".

RESERVATION OF FUND BALANCES

Reservations of fund balances are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure, or the portion of fund balance that is legally segregated for specific future use. Fund balances have been reserved for encumbrances, advances, loans receivable, prepayments, and inventories of materials and supplies.

ACCOUNTING ESTIMATES

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

INTERGOVERNMENTAL REVENUES

In governmental funds, grants awarded on a non-reimbursement basis, shared revenues, and entitlements are recorded as intergovernmental receivables and revenues when measurable and available. Reimbursement grants are recorded as receivables and revenues when the related expenditures are incurred.

Grants received for proprietary fund operations are recognized as revenues when earned and measurable. Resources restricted for the construction of capital assets are recorded as contributed capital.

INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### TOTAL COLUMNS ON COMBINED FINANCIAL STATEMENTS

Total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

## NOTE 3 - BUDGET TO GAAP RECONCILIATION

### Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law requires accounting for certain transactions according to cash receipts, disbursements, appropriations, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual (Non-GAAP Budget Basis), All Governmental Fund Types, is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

3. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance.

4. Proceeds from and principal payments on debt obligations are reported on the operating statement (budget basis) rather than a balance sheet transaction (GAAP basis).

NOTE 3 - BUDGET TO GAAP RECONCILIATION (Continued)

The adjustments necessary to convert the results of operations for the year ended December 31, 1999, on the GAAP basis to the budget basis are as follows:

Excess of Revenues and Other Financing Sources Over (Under)
Expenditures and Other Financing Uses
Governmental Fund Types

| | | General Fund | Special Revenue Funds | Debt Service Fund | Capital Projects Funds |
|---|---|---|---|---|---|
| GAAP Basis | $ | (293,110) | (631,331) | (9,790) | (269,695) |
| Adjustments: | | | | | |
| Revenue accruals | | 125,946 | 597,794 | - | 108,087 |
| Expenditure accruals | | 14,265 | (753,365) | (16,910) | (12,972) |
| Encumbrances | | (27,865) | (71,344) | - | - |
| Other sources | | (45,688) | 210,019 | - | - |
| Transfers | | (114,025) | 383,638 | 16,910 | - |
| Budget Basis | $ | (340,477) | (264,589) | (9,790) | (174,580) |

NOTE 4 - DEPOSITS AND INVESTMENTS

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. The County may deposit or invest monies in the following securities:

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by the 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 for a period not to exceed thirty days in securities listed above that mature within five years from the date of purchase;

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit with eligible financial institutions or deposit or savings accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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

Cash on Hand
At year-end, the County had $23,221 in undeposited cash on hand which is included on the Balance Sheet as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits
At year-end, the carrying amount of the County's deposits was $106,957 and the bank balance was $531,752. Of the bank balance, $397,344 was covered by federal depository insurance. The remaining amounts are considered uninsured and uncollaterialized.

Investments
GASB Statement No. 3, "*Deposits with Financial Institutions, Investments and Reverse* Repurchase Agreements" requires that the County's investments be classified in categories of risk. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's name. STAR Ohio is unclassified since it is not evidenced by securities that exist in physical or book entry form.

| | Fair Value |
|---|---|
| Investment in STAR Ohio | 4,444,019 |

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

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

| | | Cash and Cash Equivalents | Investments |
|---|---|---|---|
| GASB Statement 9 | $ | 4,574,197 | - |
| Investments: | | | |
| Cash on hand | | (23,221) | |
| STAR Ohio | | (4,444,019) | 4,444,019 |
| GASB Statement 3 | $ | 106,957 | 4,444,019 |

Component Units

The County has two component units, the Airport Authority and the Workshop. At December 31, 1999, the carrying amount and bank balance of the Airport Authority's deposits was $30,711 and was fully insured by federal deposit insurance. Also, at December 31, 1999 the Workshop's carrying amount of cash was $59,958 and the bank balance was $60,653 all of which was insured by federal deposit insurance.

NOTE 5 – INTERFUND ASSETS/LIABILITIES

Advances To/From

| | | Receivables | Payables |
|---|---|---|---|
| General Fund | $ | 17,400 | - |
| Special Revenue Funds: | | | |
| Bus Fund | | - | 11,600 |
| Litter Fund | | - | 5,800 |
| Total | $ | 17,400 | 17,400 |

NOTE 5 – INTERFUND ASSETS/LIABILITIES (Continued)

In addition, the County has interfund assets/liabilities related to charges for goods and services and other transactions between funds which consist of the following due to/from other funds:

| | Due From | Due to |
|---|---|---|
| General Fund | $ 771,491 | 1,130 |
| Special Revenue Funds: | | |
| MCPT | 1,865 | - |
| Mental Retardation | 517,870 | - |
| Human Services | - | 1,235 |
| CSEA | - | 4,738 |
| JTPA | - | 2,239 |
| Total Special Revenue Funds | 519,735 | 8,212 |
| Enterprise Fund: | | |
| Care Center | 500 | - |
| Agency Funds: | | |
| District Board of Health | 85,607 | - |
| Park District | 88,294 | - |
| Undivided Property Tax | - | 1,456,285 |
| Total Agency Funds | 173,901 | 1,456,285 |
| Total | $ 1,465,627 | 1,465,627 |

Finally, the County made the following operating transfers between fund types in 1999:

| | Transfer Out | Transfer In |
|---|---|---|
| General Fund | $ 197,540 | 165,881 |
| Special Revenue Funds | 442,323 | 326,912 |
| Debt Service Fund | - | 26,540 |
| Capital Projects Funds | 102,871 | 277,952 |
| Agency Funds | 89,551 | 35,000 |
| Total | $ 832,285 | 832,285 |

## NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible (used in business) property. The full tax rate for all County operations for the year ended December 31, 1999, was $6.50 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 Assessed Valuation | $ | 137,723,530 |
| Public Utility Property Assessed Valuation | | 48,241,520 |
| Tangible Personal Property Assessed Valuation | | 78,333,887 |
| Total | $ | 264,298,937 |

Real property taxes are levied each October on the assessed values as of the preceding January 1, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A revaluation of real property is required to be completed no less than every six years, with a statistical update every third year. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value, which is in general, book value.

Tangible personal property is assessed at 25 percent of true value except for inventories, which are assessed at 25% of average value. The lien date is either December 31 or the end of their fiscal year.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 1. If paid semi-annually, the first payment is due January 1 with the remainder payable by June 20. Tangible personal property taxes for unincorporated and single county businesses are due semi-annually, with the first payment due April 30 and the remainder payable by September 20. Due dates are normally extended an additional 30 days. Amounts paid by multi-county taxpayers are due September 20. In 1999, each business was eligible to receive a $10,000 exemption in assessed value that was reimbursed by the state.

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies that are measurable as of December 31, 1999. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 1999 operations. The receivable is therefore offset by a credit to deferred revenue.

## NOTE 7 - RECEIVABLES

Receivables at December 31, 1999 consisted of taxes, accounts, intergovernmental receivables arising from grants, entitlement and shared revenues, special assessments, interest on investments, interfund activity, fines and forfeitures, and loans. All receivables are considered fully collectible except the following: Loans receivable represent low-interest loans for development projects granted to eligible businesses under the Community Development Block Grant (CDBG) program. The gross amount of CDBG loans outstanding as of December 31, 1999 is $113,841. The County has established an allowance of $81,538 for loans for which collection is doubtful.

A summary of intergovernmental receivables follows:

| | | |
|---|---|---|
| General Fund: | | |
| Tax collection fees | $ | 88,257 |
| Other | | 4,385 |
| | | 92,642 |
| Special Revenue Funds: | | |
| Tax collection fees | | 63,034 |
| MR/DD state funding | | 103,045 |
| Auto registration | | 44,957 |
| Gasoline tax | | 113,063 |
| Other | | 21,129 |
| | | 345,228 |
| Enterprise Fund: | | |
| Medicaid reimbursement | | 99,210 |
| Agency Funds: | | |
| Auto registration | | 12,164 |
| Gasoline tax | | 73,617 |
| | $ | 85,781 |

## NOTE 8 – FIXED ASSETS

Changes in general fixed assets during the year ended December 31, 1999 were as follows:

| Asset Category | Balance at 1/1/99 | Additions | Deletions | Balance at 12/31/99 |
|---|---|---|---|---|
| Land | $ 77,966 | - | - | 77,966 |
| Buildings | 3,275,568 | - | - | 3,275,568 |
| Improvements | 199,470 | 3,025 | - | 202,495 |
| Furniture & equipment | 1,056,704 | 213,036 | 10,000 | 1,259,740 |
| Vehicles | 1,771,099 | 405,575 | 83,135 | 2,093,539 |
| Total | $ 6,380,807 | 621,636 | 93,135 | 6,909,308 |

A summary of the proprietary funds' fixed assets at December 31, 1999 follows:

| | | Enterprise |
|---|---|---|
| Land | $ | 2,280 |
| Building | | 1,159,718 |
| Improvements | | 107,773 |
| Equipment and furniture | | 184,808 |
| Total | | 1,454,579 |
| Less: accumulated depreciation | | (919,755) |
| Net fixed assets | $ | 534,824 |

## NOTE 9 - DEFINED BENEFIT PENSION PLANS

### Public Employees Retirement System

The County contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report that may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

Plan members, other than law enforcement employees, are required to contribute 8.5% of their annual covered salary while law enforcement employees are required to contribute 9%. The County is required to contribute 13.55% of covered payroll for employees and 16.70% for employees engaged in law enforcement. The Ohio Revised Code provides statutory authority for employee and employer contributions. The County's required contributions to PERS for the years ended December 31, 1999, 1998, and 1997 were approximately $755,000, $743,000, and $650,000, respectively. The full amount has been contributed for 1998 and 1997. Approximately 93% has been contributed for 1999 with the remainder being reported as liabilities within the respective funds.

State Teachers Retirement System

The County contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board for certified teachers employed by the MR/DD Board. STRS provides basis retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issued a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the County is required to contribute 14 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The County's required contributions to STRS for the years ended December 31, 1999, 1998, and 1997 were approximately $55,000, $53,000, and $45,000, respectively; 93 percent has been contributed for 1999 and 100 percent for 1998 and 1997. The unpaid contribution for 1999 is recorded as a liability within the respective funds.

NOTE 10 - POSTEMPLOYMENT BENEFITS

Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 1999 employer contribution rate was 13.55% of covered payroll for employees not engaged in law enforcement; 4.2% was the portion that was used to fund health care for 1999. The non-officer law enforcement employer rate for 1999 was 16.70% and 4.2% was used to fund health care.

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. During 1999, OPEB expenditures made by PERS were $523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were $9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS was 118,062. The County's contributions for 1999 used to fund OPEB were approximately $234,000.

State Teachers Retirement System

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement Systems (STRS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Benefits are funded on a pay-as-you-go basis.

Most benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the year ended June 30, 1999, the Retirement Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the County, this amount equaled approximately $11,000 during 1999. For the year ended June 30, 1998, net health care costs paid by STRS were $219,224,000 and there were 91,999 eligible benefit recipients.

NOTE 11 – OTHER EMPLOYEE BENEFITS

Compensated Absences

County employees earn vacation and sick leave at varying rates based upon length of service and department policy. They may earn compensatory time at one and one-half times their regular rate of pay in lieu of overtime pay for all hours worked in excess of the 40 hour workweek. In the case of death or separation from employment, an employee (or their estate) is paid for any unused vacation or compensatory leave. The obligation for accrued unpaid vacation and compensatory time for the County as a whole amounted to $373,135 at December 31, 1999. Sick leave is cumulative without limit. In the event of death or separation, an employee (or their estate) is paid one-fourth of their accumulated sick leave. The obligation for accrued unpaid sick leave for the County as a whole amounted to $118,834 at December 31, 1999.

## NOTE 12 - RISK MANAGEMENT

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. During 1999, the County contracted with the Buckeye Joint County Self-Insurance Council (a risk sharing pool, see Note 1) for real property, building contents, vehicles, inland marine, crime, boiler and machinery and general liability coverage. Each member pays a premium for their coverage and the agreement provides that the Council will be self-sustaining through member premiums. The County also maintain crime insurance in the amount of $500,000 each on its food stamp program and on County monies and securities. Finally, the County pays all elected official bonds as required by state statute. Claim payments have not exceeded coverage in the past three years. There was no decline in the level of coverage from the prior year.

## NOTE 13 - CAPITALIZED LEASES

The County has entered into capitalized leases for copiers and other equipment. The assets under capital lease were capitalized in the general fixed asset account group at $48,353 which represented the present value of the future minimum lease payments at acquisition. A corresponding liability was recorded in the general long-term obligations account group. The capital lease payments are reflected in the respective fund as debt service expenditures. The following is a schedule of future minimum lease payments under the capital leases, with the net present value of the minimum lease payments as of December 31, 1999.

| Year Ending December 31 | | |
|---|---|---|
| 2000 | $ | 2,575 |
| 2001 | | 2,150 |
| 2002 | | 2,150 |
| 2003 | | 2,150 |
| 2004 | | 1,792 |
| Minimum lease payments | | 10,817 |
| Less: Amount representing interest | | 1,812 |
| Present value of minimum lease payments | $ | 9,005 |

## NOTE 14 - LONG-TERM OBLIGATIONS

Changes in long-term obligations during 1999 were as follows:

| General Long-Term Obligations | Interest Rate | | Balance at 12/31/98 | Increases | Decreases | Balance at 12/31/99 |
|---|---|---|---|---|---|---|
| General Obligation Bonds: | | | | | | |
| 1995 Public Assistance | 9.00% | $ | 185,000 | - | 35,000 | 150,000 |
| 1998 Senior Center | 4.75% | | 388,000 | - | 23,093 | 364,907 |
| Total | | | 573,000 | - | 58,093 | 514,907 |
| Tax refund | | | 223,058 | - | 87,668 | 135,390 |
| Early retirement incentive | | | 179,177 | - | 179,177 | - |
| Capital leases payable | | | 1,465 | 8,838 | 1,298 | 9,005 |
| Compensated absences payable | | | 366,939 | 27,939 | - | 394,878 |
| Total General Long-Term Obligations | | $ | 1,343,639 | 36,777 | 326,236 | 1,054,180 |

General obligation bonds are direct obligations of the County for which its full faith and credit are pledged for repayment and will be repaid from the Debt Service Fund. The final maturity dates of the 1995 Public Assistance Bonds and the Senior Center Bonds are December 1, 2003 and June 1, 2028, respectively.

The tax refund of $135,390 is a long-term obligation for repayment to Texas Eastern Transmission Corporation, a public utility company, for tax years 1991-1996. The repayment of taxes will be deducted over ten tax settlements ending with the second half of the 2001 tax year. Compensated absences will be paid from the fund from which the person is paid while the capital leases will be repaid from the fund utilizing the leased asset.

| Proprietary Fund Obligations | Interest Rate | | Balance at 12/31/98 | Increases | Decreases | Balance at 12/31/99 |
|---|---|---|---|---|---|---|
| **Enterprise Fund:** | | | | | | |
| Revenue Bonds: | | | | | | |
| 1995 Care Center Improvement | 5.95% | $ | 395,000 | - | 10,000 | 385,000 |
| 1989 Care Center Improvement | 6.3-7.88% | | 330,000 | - | 30,000 | 300,000 |
| Total Enterprise Fund Obligations | | $ | 725,000 | - | 40,000 | 685,000 |

The Care Center Improvement Bonds were issued to provide funding for various repairs and improvements to the Care Center. These bonds will be paid from revenues derived from the operation of the Care Center. The liability is reported in the Care Center Enterprise Fund.

NOTE 14 - LONG-TERM OBLIGATIONS (Continued)

As of December 31, 1999, the County's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was $4,745,197. Principal and interest requirements to retire the County's outstanding obligations at December 31, 1999 were:

| | | General Obligation Bonds | Revenue Bonds | Total |
|---|---|---|---|---|
| 2000 | $ | 84,700 | 91,086 | 175,786 |
| 2001 | | 75,701 | 87,832 | 163,533 |
| 2002 | | 77,552 | 84,576 | 162,128 |
| 2003 | | 68,934 | 81,321 | 150,255 |
| 2004 | | 30,847 | 82,918 | 113,765 |
| 2005-2009 | | 154,172 | 338,344 | 492,516 |
| 2010-2014 | | 154,109 | 191,445 | 345,554 |
| 2015-2019 | | 153,865 | 41,190 | 195,055 |
| 2020-2024 | | 153,794 | - | 153,794 |
| 2025-2028 | | 22,915 | - | 22,915 |
| Total | $ | 976,589 | 998,712 | 1,975,301 |

NOTE 15 – NOTES PAYABLE

A summary of the note transactions for the year ended December 31, 1999 follows:

| | | Balance at 12/31/98 | Issued | Retired | Balance at 12/31/99 |
|---|---|---|---|---|---|
| **General Fund:** | | | | | |
| Sheriff Cruisers Loan - 5.35% | $ | 28,143 | - | 15,712 | 12,431 |
| **Special Revenue Fund:** | | | | | |
| *MVGT Fund* | | | | | |
| Issue II Loan - 0% | | 88,567 | - | 12,653 | 75,914 |
| Engineer Loan - 5.30% | | 96,946 | - | 96,946 | - |
| Engineer Loan - 5.30% | | - | 162,149 | 55,342 | 106,807 |
| | | 185,513 | 162,149 | 164,941 | 182,721 |
| **Component Unit:** | | | | | |
| Airport Loan - 5.50% | | 4,000 | - | 2,000 | 2,000 |
| Total all funds | $ | 217,656 | 162,149 | 182,653 | 197,152 |

NOTE 15 – NOTES PAYABLE (Continued)

All of the notes are backed by the full faith and credit of the County. The Airport Loan and Sheriff Cruisers Loan will be fully retired in the year 2000. The Issue II loan will mature in the year 2006 and the Engineer Loan will mature in 2002.

NOTE 16 – DISCRETELY PRESENTED COMPONENT UNITS

**Condensed Balance Sheet**
**December 31, 199**

| | | MACO Workshop | Airport Authority | Total |
|---|---|---|---|---|
| Assets | | | | |
| Current assets | $ | 93,053 | 30,711 | 123,764 |
| Property, plant and equipment, net | | 2,274 | - | 2,274 |
| Total assets | | 95,327 | 30,711 | 126,038 |
| Liabilities | | | | |
| Current liabilities | | 5,112 | - | 5,112 |
| Notes payable | | - | 2,000 | 2,000 |
| | | 5,112 | 2,000 | 7,112 |
| Fund equity | | | | |
| Retained earnings | | 90,215 | 28,711 | 118,926 |
| Total liabilities and equity | $ | 95,327 | 30,711 | 126,038 |

**Condensed Statement of Revenue, Expenses and Changes in Fund Equity**
**Year Ended December 31, 1999**

| | | MACO Workshop | Airport Authority | Total |
|---|---|---|---|---|
| Operating revenues | $ | 143,422 | 2,220 | 145,642 |
| Operating expenses | | | | |
| Operating expenses and other | | 115,495 | 124,480 | 239,975 |
| Depreciation | | 1,642 | - | 1,642 |
| Operating income | | 26,285 | (122,260) | (95,975) |
| Nonoperating revenues | | - | 154,131 | 154,131 |
| Net income | | 26,285 | 31,871 | 58,156 |
| Retained earnings at beginning of year | | 63,930 | (3,160) | 60,770 |
| Retained earnings at end of year | $ | 90,215 | 28,711 | 118,926 |

## NOTE 17 – CONTINGENT LIABILITIES

### Federal and State Grants

The County received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The County believes all expenditures meet grant qualifications.

### Litigation

The County is of the opinion that ultimate disposition of claims and legal proceedings will not have a material effect on the financial condition of the County.

## NOTE 18 – FOOD STAMPS

The County's Department of Human Services (Welfare) distributes, through contracting issuance centers, federal food stamps to entitle recipients within Monroe County. The receipt and issuance of these stamps have the characteristics of a federal grant. 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.

**MONROE COUNTY, OHIO**

Schedule of Prior Audit Findings

For the Year Ended December 31, 1999

The prior audit disclosed no instances of noncompliance that were required to be reported in accordance with *Government Auditing Standards* or noncompliance with requirements of major federal programs. In addition, no reportable conditions or material weaknesses with respect to internal controls over financial reporting or internal controls over compliance were reported in the prior year.

## MONROE COUNTY, OHIO

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 1999

| Federal Grantor/Program Title | Federal CFDA Number | Pass-through Entity Number | Expenditures |
|---|---|---|---|
| *U.S. Department of Housing and Urban Development* | | | |
| Passed through Ohio Department of Development: | | | |
| Community Development Block Grants: | | | |
| Home Investment Partnership Program | 14.239 | B-C-99-052-2 | $ 239,486 |
| Small Cities Program | 14.228 | B-F-97-052-1 | 104,461 |
| Community Housing Improvement Program | 14.228 | B-C-97-052-1 | 54,293 |
| Community Housing Improvement Program | 14.228 | B-C-99-052-1 | 14,120 |
| | | | 172,874 |
| Total U.S. Department of Housing and Urban Development | | | 412,360 |
| U.S. Department of Transportation | | | |
| Passed through Ohio Department of Transportation: | | | |
| | | | 114,707 |
| Section 18 Operating Assistance Grant | 20.509 | 4056-016-97 | 38,896 |
| Total U.S. Department of Transportation | | | 153,603 |
| U.S. Department of Labor | | | |
| Passed through Ohio Bureau of Employment Services: | | | |
| JTPA Cluster: | | | |
| Job Training Partnership Act (EDWAA) | 17.246 | n/a | 190,695 |
| Job Training Partnership Act (5% & 8%) | 17.250 | n/a | 33,997 |
| Job Training Partnership Act (Title II-B&C) | 17.250 | n/a | 147,367 |
| Job Training Partnership Act - Flood Relief | 17.246 | n/a | 428,357 |
| Job Training Partnership Act (Title II-A) | 17.250 | n/a | 119,865 |
| Job Training Partnership Act (Clean Air) | 17.246 | n/a | 491,614 |
| Total JTPA Cluster and U.S. Department of Labor | | | 1,411,895 |
| U.S. Department of Health and Human Services | | | |
| Passed through the Buckeye-Hills Hocking Valley Regional Development District: | | | |
| Aging Cluster: | | | |
| Older Americans Act Title III B | 93.044 | none | 32,987 |
| Older Americans Act Title III C | 93.045 | none | 39,632 |
| Total Aging Cluster | | | 72,619 |
| Homemaker/Housekeeper | 93.046 | none | 11,649 |
| Home Energy Assistance Program | 93.568 | none | 1,485 |
| Passed through the Ohio Department of Health: | | | |
| Immunization Action Plan | 93.268 | n/a | 13,300 |
| Preventive Health | 93.991 | n/a | 3,307 |
| Passed through the Ohio Department of Mental Retardation and Developmental Disabilities: | | | |
| Social Services Block Grant - Title XX | 93.667 | n/a | 19,010 |
| Total U.S. Department of Health and Human Services | | | 121,370 |

(Continued)

**MONROE COUNTY, OHIO**

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 1999

| Federal Grantor/Program Title | Federal CFDA Number | Pass-through Entity Number | Expenditures |
|---|---|---|---|
| Federal Emergency Management Agency | | | |
| Passed through the Ohio Emergency Management Agency: | | | |
| Emergency Management Assistance Program | 83.534 | n/a | 11,580 |
| Emergency Management Assistance Program | 83.544 | DSR 1227 | 78,637 |
| Total Federal Emergency Management Agency | | | 90,217 |
| U.S. Department of Agriculture | | | |
| Passed through the Buckeye-Hills Hocking Valley Regional Development District: | | | |
| Food Distribution | 10.570 | none | 11,780 |
| Community Facility Grant | 10.766 | none | 108,500 |
| Passed through the Ohio Department of Health: | | | |
| Women, Infants and Children (WIC) | 10.557 | n/a | 86,700 |
| Total U.S. Department of Agriculture | | | 206,980 |
| U.S. Department of Justice | | | |
| Local Law Enforcement Block Grant | 16.592 | n/a | 11,150 |
| COPS | 16.710 | none | 55,777 |
| Passed through the Ohio Department of Health: | | | |
| Bryne Formula Grant (DARE) | 16.579 | | 8,453 |
| Total U.S. Department of Justice | | | 75,380 |
| **TOTAL FEDERAL FINANCIAL ASSISTANCE** | | | $ 2,471,805 |

***NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:***

**Note A - Significant Accounting Policies**

The schedule of expenditures of federal awards is a summary of the activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

**Note B - 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-to-moderate income households. The U.S 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 an expenditure on the accompanying 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 expenditures on the schedule.

These loans are collateralized by mortgages on real estate and liens on business equipment. At December 31, 1999, the gross amount of loans outstanding under this program was $113,841.

**Note C - 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.

Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

# REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Monroe County, Ohio:

We have audited the financial statements of Monroe County, Ohio as of and for the year ended December 31, 1999, and have issued our report thereon dated May 19, 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 Monroe County, Ohio's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated May 19, 2000.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered Monroe County Ohio's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management in a separate letter dated May 19, 2000.

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
May 19, 2000

Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

# REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners
Monroe County, Ohio:

Compliance
We have audited the compliance of Monroe County, Ohio 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. Monroe County, Ohio's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements 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, Monroe 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 control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

This report is intended for the information of management, the Board of 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.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
May 19, 2000

# MONROE COUNTY, OHIO

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 1999

## Section I - Summary of Auditors' Results

***Financial Statements***

| | |
|---|---|
| Type of report issued on financial statements: | unqualified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | no |
| Reportable condition(s) identified not considered to be material weaknesses? | no |
| Noncompliance material to financial statements noted? | no |

***Federal Awards***

| | |
|---|---|
| Internal Control over major programs: | |
| Material weakness(es) identified? | no |
| Reportable condition(s) identified not considered to be material weaknesses? | no |
| Type of auditors' report issued on compliance for major programs: | unqualified |
| Any audit findings that are required to be reported in accordance with Circular A-133, Section .510(a)? | no |
| Identification of major programs: *CFDA 17.246 & 17.250 JTPA Cluster* | |
| Dollar threshold to distinguish between Type A and Type B Programs: | $300,000 |
| Auditee qualified as low-risk auditee? | no |

## Section II - Financial Statement Findings

None.

## Section III - Federal Award Findings and Questioned Costs

None.

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

88 East Broad Street
P.O. Box 1140
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800-282-0370
Facsimile 614-466-4490

**MONROE COUNTY FINANCIAL CONDITION**

**MONROE 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.**

By: Susan Babbitt

Date: JUL 25 2000