



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

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**STATE OF OHIO**



CLINTON COUNTY

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## INDEPENDENT ACCOUNTANTS' REPORT

Board of County Commissioners  
Clinton County  
46 S. South Street  
Wilmington, Ohio 45177

We have audited the accompanying general-purpose financial statements of Clinton County, Ohio (the County) as of and for the year ended December 31, 2000, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 Clinton County, as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2001 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

**Jim Petro**  
Auditor of State

August 22, 2001

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**CLINTON COUNTY, OHIO**  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT  
 DECEMBER 31, 2000

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types
	General	Special Revenue	Debt Service	Capital Projects	Internal Service	Trust and Agency
<b>ASSETS AND OTHER DEBITS</b>						
<b>ASSETS:</b>						
Equity in pooled cash and cash equivalents . . . . .	\$1,760,860	\$5,276,520	\$612,290	\$2,197,731	\$183,206	\$3,595,813
Equity in pooled cash and cash equivalents - nonexpendable trust funds . . . . .						5,100
Cash with fiscal and escrow agents . . . . .						343,903
Receivables (net of allowances of uncollectibles):						
Sales taxes. . . . .	608,527	3,860				
Real and other taxes. . . . .	1,120,931	1,136,899	523,740	150,095		
Accounts. . . . .	30,443	66,752				3,541
Special assessments . . . . .		34,490				
Accrued interest. . . . .	132,942					
Interfund loans receivable . . . . .	48,104					
Due from other funds. . . . .	15,577	24,699				9,535
Due from other governments. . . . .	37,817	155,797				
Prepayments . . . . .	53,849	9,620				
Materials and supplies inventory. . . . .	50,917	30,279				
Property, plant and equipment (net of accumulated depreciation where applicable). . . . .						
<b>OTHER DEBITS:</b>						
Amount available in debt service fund . . . . .						
Amount to be provided from general government resources. . . . .						
Amount to be provided from component unit resources . . . . .						
Total assets and other debits . . . . .	<u>\$3,859,967</u>	<u>\$6,738,916</u>	<u>\$1,136,030</u>	<u>\$2,347,826</u>	<u>\$183,206</u>	<u>\$3,957,892</u>

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



Exhibit 1

Account Groups		Total Primary Government (Memorandum Only)	Component Unit  Board of MRDD	Total Reporting Entity (Memorandum Only)
General Fixed Assets	General Long-Term Obligations			
		\$13,626,420	\$2,271,319	\$15,897,739
		5,100		5,100
		343,903		343,903
		612,387		612,387
		2,931,665	1,794,768	4,726,433
		100,736	24,695	125,431
		34,490		34,490
		132,942		132,942
		48,104		48,104
		49,811		49,811
		193,614	88,832	282,446
		63,469	783	64,252
		81,196		81,196
\$20,032,428		20,032,428	1,486,168	21,518,596
	\$293,703	293,703		293,703
	6,282,328	6,282,328		6,282,328
			118,882	118,882
<u>\$20,032,428</u>	<u>\$6,576,031</u>	<u>\$44,832,296</u>	<u>\$5,785,447</u>	<u>\$50,617,743</u>

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**CLINTON COUNTY, OHIO**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT**  
**(CONTINUED)**  
**DECEMBER 31, 2000**

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Internal Service	Trust and Agency
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>						
<b>LIABILITIES:</b>						
Accounts payable . . . . .	\$96,094	\$268,648		\$7,098		
Contracts payable . . . . .				170,230		
Retainage payable . . . . .				190,275		
Accrued wages and benefits . . . . .	186,513	162,731			\$3,256	
Compensated absences payable . . . . .	22,923	35,252			3,538	
Accrued interest payable . . . . .			\$20,245	52,371		
Interfund loans payable . . . . .		48,104				
Due to other funds . . . . .	7,351	39,449				\$3,011
Due to other governments . . . . .	193,448	187,369			3,200	746,702
Deposits held and due to others . . . . .						2,984,550
Deferred revenue . . . . .	1,153,891	1,221,819	521,741	149,522		
Amount to be paid to claimants . . . . .						157,802
Claims payable . . . . .					16,014	
Bond anticipation notes payable . . . . .			300,000	1,600,000		
General obligation bonds payable . . . . .						
<b>Total liabilities . . . . .</b>	<u>1,660,220</u>	<u>1,963,372</u>	<u>841,986</u>	<u>2,169,496</u>	<u>26,008</u>	<u>3,892,065</u>
<b>EQUITY AND OTHER CREDITS:</b>						
Investment in general fixed assets . . . . .						
Retained earnings:						
Unreserved . . . . .					157,198	
Fund balances:						
Reserved for encumbrances . . . . .	206,058	144,368		739,070		
Reserved for materials and supplies inventory . . . . .	50,917	30,279				
Reserved for prepayments . . . . .	53,849	9,620				
Reserved for debt service . . . . .			294,044			
Reserved for principal endowment . . . . .						5,100
Unreserved, undesignated (deficit) . . . . .	1,888,923	4,591,277		(560,740)		60,727
<b>Total equity and other credits . . . . .</b>	<u>2,199,747</u>	<u>4,775,544</u>	<u>294,044</u>	<u>178,330</u>	<u>157,198</u>	<u>65,827</u>
<b>Total liabilities, equity and other credits . . . . .</b>	<u>\$3,859,967</u>	<u>\$6,738,916</u>	<u>\$1,136,030</u>	<u>\$2,347,826</u>	<u>\$183,206</u>	<u>\$3,957,892</u>

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

Exhibit 1  
(Continued)

Account Groups		Total Primary Government (Memorandum Only)	Component Unit  Board of MRDD	Total Reporting Entity (Memorandum Only)
General Fixed Assets	General Long-Term Obligations			
		\$371,840		\$434,316
		170,230	\$62,476	170,230
		190,275		190,275
		352,500	58,101	410,601
	\$511,031	572,744	124,309	697,053
		72,616		72,616
		48,104		48,104
		49,811		49,811
		1,130,719	42,254	1,172,973
		2,984,550		2,984,550
		3,046,973	1,787,920	4,834,893
		157,802		157,802
		16,014		16,014
		1,900,000		1,900,000
	6,065,000	6,065,000		6,065,000
	6,576,031	17,129,178	2,075,060	19,204,238
\$20,032,428		20,032,428	1,486,168	21,518,596
		157,198		157,198
		1,089,496		1,089,496
		81,196		81,196
		63,469	783	64,252
		294,044		294,044
		5,100		5,100
		5,980,187	2,223,436	8,203,623
20,032,428		27,703,118	3,710,387	31,413,505
<u>\$20,032,428</u>	<u>\$6,576,031</u>	<u>\$44,832,296</u>	<u>\$5,785,447</u>	<u>\$50,617,743</u>

**CLINTON COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUND AND DISCRETELY PRESENTED COMPONENT UNIT  
 FOR THE YEAR ENDED DECEMBER 31, 2000

	Governmental Fund Types				Fiduciary Fund Type	Total Primary Government (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
Property taxes . . . . .	\$1,201,554	\$1,323,783	\$552,079	\$158,640		\$3,236,056
Sales taxes . . . . .	3,732,795	61,275				3,794,070
Charges for services . . . . .	1,208,770	1,108,484				2,317,254
Licenses and permits . . . . .	5,715					5,715
Fines and forfeitures . . . . .	102,394	75,014				177,408
Intergovernmental . . . . .	1,317,747	9,250,642	56,080	1,971,345		12,595,814
Special assessments . . . . .		47,483				47,483
Investment income . . . . .	1,178,890	1,921	976	16,660	\$48,144	1,246,591
Rental income . . . . .	28,129					28,129
Other . . . . .	311,996	409,722	161,399		125	883,242
<b>Total revenue . . . . .</b>	<b>9,087,990</b>	<b>12,278,324</b>	<b>770,534</b>	<b>2,146,645</b>	<b>48,269</b>	<b>24,331,762</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>General government:</b>						
Legislative and executive . . . . .	4,268,159	233,265				4,501,424
Judicial . . . . .	1,796,696	365,158				2,161,854
Public safety . . . . .	2,669,034	187,609				2,856,643
Public works . . . . .	77,173	4,605,033				4,682,206
Health . . . . .	64,355	103,318				167,673
Human services . . . . .	177,701	6,250,600				6,428,301
Economic development and assistance . . . . .		420,004				420,004
Other . . . . .	846,397	1,141			35,338	882,876
Capital outlay . . . . .		40,510		6,341,263		6,381,773
<b>Debt service:</b>						
Principal retirement . . . . .			365,000			365,000
Interest and fiscal charges . . . . .			349,986	52,371		402,357
<b>Total expenditures . . . . .</b>	<b>9,899,515</b>	<b>12,206,638</b>	<b>714,986</b>	<b>6,393,634</b>	<b>35,338</b>	<b>29,250,111</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(811,525)	71,686	55,548	(4,246,989)	12,931	(4,918,349)
<b>Other financing sources (uses):</b>						
Proceeds from sale of fixed assets . . . . .	19,126					19,126
Operating transfers in . . . . .		185,512				185,512
Operating transfers out . . . . .	(185,512)					(185,512)
<b>Total other financing sources (uses) . . . . .</b>	<b>(166,386)</b>	<b>185,512</b>				<b>19,126</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses . . . . .	(977,911)	257,198	55,548	(4,246,989)	12,931	(4,899,223)
Net income from proprietary operations . . . . .						
Fund balances, January 1 . . . . .	3,158,255	4,513,194	238,496	4,425,319	47,796	12,383,060
Increase in reserve for inventory . . . . .	19,403	5,152				24,555
<b>Fund balances, December 31 . . . . .</b>	<b>\$2,199,747</b>	<b>\$4,775,544</b>	<b>\$294,044</b>	<b>\$178,330</b>	<b>\$60,727</b>	<b>\$7,508,392</b>

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

Exhibit 2

<u>Component Unit</u>	<u>Total Reporting Entity (Memorandum Only)</u>
\$1,625,510	\$4,861,566
185,395	3,794,070
	2,502,649
	5,715
	177,408
1,849,145	14,444,959
6,660	47,483
	1,253,251
	28,129
67,186	950,428
<u>3,733,896</u>	<u>28,065,658</u>
	4,501,424
	2,161,854
	2,856,643
	4,682,206
3,245,542	3,413,215
	6,428,301
	420,004
	882,876
	6,381,773
	365,000
	402,357
<u>3,245,542</u>	<u>32,495,653</u>
<u>488,354</u>	<u>(4,429,995)</u>
	19,126
	185,512
	(185,512)
	19,126
488,354	(4,410,869)
15,968	15,968
1,719,897	14,102,957
	24,555
<u>\$2,224,219</u>	<u>\$9,732,611</u>

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

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
Property taxes . . . . .	\$1,104,589	\$1,200,508	\$95,919	\$1,171,146	\$1,322,703	\$151,557
Sales taxes . . . . .	3,477,530	3,779,509	301,979	60,455	61,616	1,161
Charges for services . . . . .	1,102,340	1,198,064	95,724	1,004,170	1,056,217	52,047
Licenses and permits . . . . .	5,258	5,715	457			
Fines and forfeitures . . . . .	92,591	100,631	8,040	74,051	77,949	3,898
Intergovernmental . . . . .	1,208,084	1,312,991	104,907	9,279,180	9,294,788	15,608
Special assessments . . . . .				40,000	47,362	7,362
Investment income . . . . .	1,100,221	1,195,761	95,540	0	2,160	2,160
Rental income . . . . .	25,882	28,129	2,247			
Other . . . . .	287,066	311,996	24,930	410,421	411,221	800
<b>Total revenues . . . . .</b>	<b>8,403,561</b>	<b>9,133,304</b>	<b>729,743</b>	<b>12,039,423</b>	<b>12,274,016</b>	<b>234,593</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>General government:</b>						
Legislative and executive . . . . .	5,056,328	4,614,800	441,528	316,313	242,925	73,388
Judicial . . . . .	2,050,562	1,850,318	200,244	415,783	361,463	54,320
Public safety . . . . .	2,660,435	2,600,384	60,051	309,379	206,266	103,113
Public works . . . . .	80,817	78,381	2,436	5,356,795	4,817,843	538,952
Health . . . . .	59,116	58,040	1,076	109,678	103,461	6,217
Human services . . . . .	199,915	187,021	12,894	6,969,676	6,215,611	754,065
Economic development and assistance . . . . .				544,845	423,503	121,342
Other . . . . .	863,967	847,351	16,616	1,174	1,141	33
Capital outlay . . . . .				49,820	39,727	10,093
<b>Debt service:</b>						
Principal retirement . . . . .						
Interest and fiscal charges . . . . .						
<b>Total expenditures . . . . .</b>	<b>10,971,140</b>	<b>10,236,295</b>	<b>734,845</b>	<b>14,073,463</b>	<b>12,411,940</b>	<b>1,661,523</b>
<b>Excess (deficiency) of revenues over (under) expenditures . . . . .</b>	<b>(2,567,579)</b>	<b>(1,102,991)</b>	<b>1,464,588</b>	<b>(2,034,040)</b>	<b>(137,924)</b>	<b>1,896,116</b>
<b>Other financing sources (uses):</b>						
Proceeds from sale of bonds . . . . .						
Proceeds from sale of notes . . . . .						
Proceeds from sale of fixed assets . . . . .	17,598	19,126	1,528			
Advances in and not repaid . . . . .	340,639	370,217	29,578			
Advances out and not repaid . . . . .	(15,000)	(15,000)	0	(52,967)	(55,896)	(2,929)
Operating transfers in . . . . .				173,128	185,512	12,384
Operating transfers out . . . . .	(122,157)	(185,512)	(63,355)			
<b>Total other financing sources (uses) . . . . .</b>	<b>221,080</b>	<b>188,831</b>	<b>(32,249)</b>	<b>120,161</b>	<b>129,616</b>	<b>9,455</b>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses . . . . .</b>	<b>(2,346,499)</b>	<b>(914,160)</b>	<b>1,432,339</b>	<b>(1,913,879)</b>	<b>(8,308)</b>	<b>1,905,571</b>
Fund balances, January 1 . . . . .	1,861,716	1,861,716	0	4,226,833	4,226,833	0
Prior year encumbrances appropriated . . . . .	485,412	485,412	0	747,488	747,488	0
<b>Fund balances, December 31 . . . . .</b>	<b>\$629</b>	<b>\$1,432,968</b>	<b>\$1,432,339</b>	<b>\$3,060,442</b>	<b>\$4,966,013</b>	<b>\$1,905,571</b>

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

Debt Service			Capital Projects			Total (Memorandum Only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$460,210	\$551,578	\$91,368	\$144,440	\$158,500	\$14,060	\$2,880,385	\$3,233,289	\$352,904
						3,537,985	3,841,125	303,140
						2,106,510	2,254,281	147,771
						5,258	5,715	457
						166,642	178,580	11,938
46,790	56,080	9,290	2,253,132	1,971,345	(281,787)	12,787,186	12,635,204	(151,982)
						40,000	47,362	7,362
1,000	976	(24)	2,058	18,410	16,352	1,103,279	1,217,307	114,028
						25,882	28,129	2,247
162,690	161,399	(1,291)				860,177	884,616	24,439
670,690	770,033	99,343	2,399,630	2,148,255	(251,375)	23,513,304	24,325,608	812,304
						5,372,641	4,857,725	514,916
						2,466,345	2,211,781	254,564
						2,969,814	2,806,650	163,164
						5,437,612	4,896,224	541,388
						168,794	161,501	7,293
						7,169,591	6,402,632	766,959
						544,845	423,503	121,342
						865,141	848,492	16,649
			8,175,981	7,276,516	899,465	8,225,801	7,316,243	909,558
365,000	365,000	0				365,000	365,000	0
356,078	340,148	15,930				356,078	340,148	15,930
721,078	705,148	15,930	8,175,981	7,276,516	899,465	33,941,662	30,629,899	3,311,763
(50,388)	64,885	115,273	(5,776,351)	(5,128,261)	648,090	(10,428,358)	(6,304,291)	4,124,067
99,169	0	(99,169)				99,169	0	(99,169)
307,445	300,000	(7,445)	2,180,000	1,600,000	(580,000)	2,487,445	1,900,000	(587,445)
						17,598	19,126	1,528
						340,639	370,217	29,578
			(299,321)	(299,321)	0	(367,288)	(370,217)	(2,929)
						173,128	185,512	12,384
						(122,157)	(185,512)	(63,355)
406,614	300,000	(106,614)	1,880,679	1,300,679	(580,000)	2,628,534	1,919,126	(709,408)
356,226	364,885	8,659	(3,895,672)	(3,827,582)	68,090	(7,799,824)	(4,385,165)	3,414,659
247,405	247,405	0	2,008,795	2,008,795	0	8,344,749	8,344,749	0
0	0	0	3,122,813	3,122,813	0	4,355,713	4,355,713	0
\$603,631	\$612,290	\$8,659	\$1,235,936	\$1,304,026	\$68,090	\$4,900,638	\$8,315,297	\$3,414,659

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**CLINTON COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN RETAINED EARNINGS/FUND BALANCE  
 PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2000

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Internal Service	Nonexpendable Trust	
Operating revenues:			
Charges for services . . . . .	\$1,719,531		\$1,719,531
 Total operating revenues . . . . .	<u>1,719,531</u>		<u>1,719,531</u>
Operating expenses:			
Personal services . . . . .	74,422		74,422
Insurance costs . . . . .	1,662,815		1,662,815
Administrative costs . . . . .	10,079		10,079
Other expenses . . . . .		\$1,995	1,995
 Total operating expenses . . . . .	<u>1,747,316</u>	<u>1,995</u>	<u>1,749,311</u>
Operating loss . . . . .	<u>(27,785)</u>	<u>(1,995)</u>	<u>(29,780)</u>
Nonoperating revenues:			
Interest income . . . . .	13,973		13,973
 Total nonoperating revenues . . . . .	<u>13,973</u>		<u>13,973</u>
Net loss . . . . .	(13,812)	(1,995)	(15,807)
Retained earnings/fund balance, January 1 . . . .	<u>171,010</u>	<u>7,095</u>	<u>178,105</u>
Retained earnings/fund balance, December 31 . .	<u>\$157,198</u>	<u>\$5,100</u>	<u>\$162,298</u>

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

**CLINTON COUNTY, OHIO**  
**COMBINED STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Internal Service	Nonexpendable Trust	
Cash flows from operating activities:			
Cash received from customers . . . . .	\$1,719,531		\$1,719,531
Cash payments for personal services . . . . .	(71,548)		(71,548)
Cash payments for insurance costs . . . . .	(1,654,507)		(1,654,507)
Cash payments for administrative costs . . . . .	(10,079)		(10,079)
Cash payments for other expenses . . . . .		(\$1,995)	(1,995)
Net cash used in operating activities . . . . .	<u>(16,603)</u>	<u>(1,995)</u>	<u>(18,598)</u>
Cash flows from noncapital financing activities:			
Cash received from interfund loans . . . . .	15,000		15,000
Cash used in repayment of interfund loans . . . . .	<u>(15,000)</u>		<u>(15,000)</u>
Net cash provided by (used in) noncapital financing activities . . . . .	<u>0</u>		<u>0</u>
Cash flows from investing activities:			
Interest received . . . . .	<u>15,341</u>		<u>15,341</u>
Net cash provided by investing activities . . . . .	<u>15,341</u>		<u>15,341</u>
Net decrease in cash and cash equivalents . . . . .	(1,262)	(1,995)	(3,257)
Cash and cash equivalents, January 1 . . . . .	184,468	7,095	191,563
Cash and cash equivalents, December 31 . . . . .	<u>\$183,206</u>	<u>\$5,100</u>	<u>\$188,306</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss . . . . .	(\$27,785)	(\$1,995)	(\$29,780)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Changes in assets and liabilities:			
Increase in accrued wages and benefits . . . . .	502		502
Increase in compensated absences payable . . . . .	1,067		1,067
Increase in due to other governments . . . . .	1,305		1,305
Increase in claims payable . . . . .	<u>8,308</u>		<u>8,308</u>
Net cash used in operating activities . . . . .	<u><u>(\$16,603)</u></u>	<u><u>(\$1,995)</u></u>	<u><u>(\$18,598)</u></u>

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

## CLINTON COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### NOTE 1 - DESCRIPTION OF THE COUNTY

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

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

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

##### A. Reporting Entity

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

## CLINTON COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

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

##### ***BLENDDED COMPONENT UNITS***

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

##### ***Local Emergency Planning Commission (LEPC)***

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

##### ***Clinton County Solid Waste District (District)***

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

##### ***DISCRETELY PRESENTED COMPONENT UNIT***

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

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

## CLINTON COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

##### ORION Rehabilitation Center, Inc.

The ORION Rehabilitation Center, Inc. (the "Workshop") is a legally separate, nonprofit corporation, served by a self-appointing board of trustees. The Workshop, under a contractual agreement with the Clinton County Board of Retardation and Developmental Disabilities, provides sheltered employment for adults with mental retardation or developmental disabilities in Clinton County. The Clinton County Board of MRDD provides the Workshop staff, salaries, transportation, equipment (except that used directly in the production of goods or rendering of services), staff to administer and supervise training programs, and other funds as necessary for the operation of the Workshop. Based on the significant services and resources provided by the County to the Workshop and the Workshop's sole purpose of providing assistance to mentally retarded or developmentally disabled adults of Clinton County, the Workshop is reflected as a component unit of the County. It is reported separately to emphasize that it is legally separate from the County. The financial activity of the Workshop has been included with that of the Board of MRDD in the GPFS. The Workshop is presented as a governmental fund type.

##### **RELATED ORGANIZATIONS**

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

##### Clinton County Regional Planning Commission

The Board of County Commissioners appoints 11 of the 20 board members.

##### Clinton County Memorial Hospital

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

##### Clinton County Regional Airport Authority

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

## CLINTON COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

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

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

*Clinton County Emergency Management*  
*Clinton County Soil and Water Conservation District*  
*Clinton County Board of Health*  
*Clinton County Regional Planning Commission*  
*Clinton County Law Library*

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

##### ***JOINT VENTURE WITHOUT EQUITY INTEREST***

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

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

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

## CLINTON COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

##### ***RISK POOL***

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

CORSA is jointly governed by 41 counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees. This program is more fully described in Note 13.

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

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

##### **GOVERNMENTAL FUNDS**

###### General Fund

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

## CLINTON COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

##### Special Revenue Funds

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

##### Debt Service Funds

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

##### Capital Projects Funds

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

#### PROPRIETARY FUNDS

##### Internal Service Funds

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

#### FIDUCIARY FUNDS

##### Trust and Agency Funds

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



## CLINTON COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

##### ACCOUNT GROUPS

###### General Fixed Assets Account Group

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

###### General Long-Term Obligations Account Group

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

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

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

Deferred revenues, as reported on the Combined Balance Sheet, arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Special assessments due at December 31, to the extent that they were not collected within the available period, are recorded as deferred revenue because they do not meet the availability criteria. Property taxes are measurable as of December 31, 2000, but are intended to finance 2001 operations and delinquent property taxes, whose availability is indeterminable, have been recorded as deferred revenue to the extent that the delinquent taxes at December 31 were not collected during the available period.

## CLINTON COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

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

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

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

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

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

#### **D. Budgetary Data**

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 Appropriation Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

## CLINTON COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

All funds, other than agency and trust funds, are required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the County Commissioners.

Budgetary information for the Workshop and the MRDD Board are not reported because they are not included in the entity for which the “appropriated budget” is adopted and separate budgetary financials records are not maintained.

Outlined below are the normal budgetary procedures followed by the County to establish the annual operating budget and the budgetary data reported in the budgetary statements:

1. A budget of estimated cash receipts and disbursements 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. The expressed purpose of the Tax Budget is to reflect the need for existing (or increased) tax rates.
2. The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews revenue estimated. The Commission certifies its actions to the County by September 1. As part of the certification, the County receive the official Certificate of Estimated Resources, which states the projected revenue of each fund.

On or about January 1, the Certificate of Estimated Resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if the County Auditor determines that revenue to be collected will be greater than or less than the prior estimated, and the Budget Commission finds the revised estimated to be reasonable. The amounts set forth as revised budgeted revenues and other financing sources in the budgetary statements represent estimates from the final amended certificate issued during 2000.

3. Shortly after the beginning of the fiscal year, the County Commissioners pass a temporary Appropriation Resolution, for a period of not more than 90 days, which legally authorizes the expenditure of funds. Prior to the expiration of the temporary Appropriation Resolution the County Commissioners will approve an official Appropriation Resolution. The County is accorded discretion in its method of appropriating federal funds. Appropriations are provided in the amounts of approved grants by the Board of County Commissioners.

## CLINTON COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

4. The amount set forth as revised budgeted expenditures and other financing uses in the budgetary statement include the prior year appropriations carried over for payment of prior year encumbrances, and all amendments to the original Appropriation Resolution. Supplemental appropriations are made when needed, subject to approval by at least two Commissioners. Supplemental appropriations were made during 2000.
5. Unencumbered appropriations lapse at year-end. Contracts and purchase type encumbrances outstanding at year-end carry their appropriations with them into the new year.
6. Contract and purchase type encumbrances outstanding at year-end are recorded as expenditures on the budgetary statements.

#### **E. Encumbrances**

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

#### **F. Cash and Investments**

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

During fiscal year 2000, investments were limited to federal agency securities, U.S. government money market mutual funds, repurchase agreements and non-negotiable certificates of deposit.

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

**CLINTON COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The following funds were credited with more interest revenue than would have been received based upon their share of the County's cash fund balance during 2000:

	<u>Interest Actually Received</u>	<u>Interest Based upon Share of Cash Fund Balance</u>	<u>Interest Assigned by Other Funds</u>
General Fund	\$1,178,890	\$146,330	\$1,032,560
<u>Special Revenue Funds</u>			
Treasurer's Prepay Interest	1,921	599	1,322
<u>Capital Projects Funds</u>			
Federal Road and Bridge	168	120	48

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

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

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

**G. COBRA**

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

## CLINTON COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

##### H. Inventories of Materials and Supplies

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

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

###### *General Fixed Assets Account Group*

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

##### J. Compensated Absences

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

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

## CLINTON COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

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

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

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

#### **K. Intergovernmental Revenues**

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

#### **L. Interfund Transactions**

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

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.

## CLINTON COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Short-term interfund balances, related to charges for goods and services rendered, are reflected as "due to/from other funds".
4. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as "interfund loans receivable/payable".

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

#### **M. Fund Balance Reserves**

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

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

#### **N. Long-Term Obligations**

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

#### **O. Estimates**

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



**CLINTON COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

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

**P. Prepayments**

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

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

Total columns on the GPFS are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with GAAP. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

**NOTE 3 - COMPLIANCE AND ACCOUNTABILITY**

**A. Fund Deficits**

The following funds had deficit fund balances as of December 31, 2000:

	<u>Deficit Fund Balances</u>
<u>Special Revenue Funds</u>	
Dog and Kennel	\$ 18,139
Clinton County Park Board	11,326
Sick/Vacation Payout	11,718
<u>Capital Projects Funds</u>	
Public Services Office Construction	866,131

## CLINTON COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end.

The deficit fund balances in the Dog and Kennel and Clinton County Park Board special revenue funds are primarily due to the recognition of short-term interfund loans as a fund liability rather than as an "other financing source". These deficits will be eliminated as resources become available to repay these interfund loans.

The deficit fund balance in the Sick/Vacation Payout special revenue fund is due to the application of GAAP in the reporting of a liability for compensated absences due at December 31. This deficit balance will be eliminated by anticipated future revenues or other subsidies not recognized and recorded at December 31.

The deficit fund balance in the Public Services Office Construction capital projects fund is primarily due to the reporting of a bond anticipation note and related accrued interest payable as a liability in the fund which received the proceeds. This deficit fund balance will be alleviated as resources become available to pay off the bond anticipation note.

#### B. Agency Funds

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

##### ASSETS

Special assessments receivable	\$ 126,339
Real and other taxes receivable	26,990,272
Due from other governments	<u>424,002</u>
Total	<u>\$27,540,613</u>

##### LIABILITIES

Accrued wages and benefits payable	\$ 158
Deposits held and due to others	27,402,309
Due to other governments	<u>138,146</u>
Total	<u>\$27,540,613</u>

## CLINTON COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

##### A. Primary Government

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

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

Moneys held by the County, which are not considered active, are classified as inactive. Inactive moneys may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;

## CLINTON COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper for a period not to exceed 180 days and in an amount not to exceed 25% of the County's total average portfolio; and
10. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the County's total average portfolio.

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

*Cash on Hand:* At year-end, the County had \$5,477 in undeposited cash on hand, which is included on the Combined Balance Sheet of the County as part of "Equity in Pooled Cash and Cash Equivalents."

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

**CLINTON COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000

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

*Deposits:* At year-end, the carrying amount of the County's deposits, including non-negotiable certificates of deposit and cash with fiscal and escrow agents, was \$8,167,581 and the bank balance, including non-negotiable certificates of deposit and cash with fiscal and escrow agents, was \$8,008,308. Of the bank balance:

1. \$739,203 was covered by federal depository insurance; and
2. \$7,269,105 was uninsured and uncollateralized as defined by GASB, even though it was covered by collateral held by third party trustees, pursuant to Ohio Revised Code Section 135.181, in single institution collateral pools securing all public funds on deposits with specific depository institutions. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

*Investments:* The County's investments are required to be categorized to give an indication of the level of risk assumed by the County at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the County's name. U.S. government money market mutual funds are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Federal Agency Securities	\$1,402,109	\$1,402,109	\$1,402,109
Repurchase Agreements	<u>2,537,368</u>	2,537,368	2,537,368
	<u>\$3,939,477</u>		
U. S. Government			
Money Market Mutual Funds		<u>1,862,888</u>	<u>1,862,888</u>
Total Investments		<u>\$5,802,365</u>	<u>\$5,802,365</u>

## CLINTON COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

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

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

A summary of deposits, investments and cash on hand as of December 31, 2000 follows:

Deposits	\$ 8,167,581
Investments	5,802,365
Cash on Hand	<u>5,477</u>
Total	<u>\$13,975,423</u>

The above amounts are classified in the Combined Balance Sheet as follows:

Equity in Pooled Cash and Cash Equivalents	\$13,631,520
Cash with Fiscal and Escrow Agents	<u>343,903</u>
Total	<u>\$13,975,423</u>

#### B. Component Unit

At December 31, 2000, the carrying amount of the component unit's demand deposits, including nonnegotiable certificates of deposit, was \$2,228,444 and the bank balance, including nonnegotiable certificates of deposit, was \$2,297,950. Of the bank balance, \$100,419 was insured by the FDIC, and \$2,197,531 was covered by collateral held by a third party trustee, pursuant to Ohio Revised Code Section 135.181, in collateralized pools securing on public funds on deposit with specific depository institutions. The component unit had \$100 of cash on hand at December 31, 2000, which is included in "Equity in Pooled Cash and Cash Equivalents". At December 31, 2000, the component unit had an investment in the amount of \$42,875 in a money market mutual fund. Money market mutual funds are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

**CLINTON COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund balances, related to items other than charges for goods and services rendered, at December 31, 2000, consist of the following individual fund receivables and payables:

	<u>Interfund Loans Receivable</u>	<u>Interfund Loans Payable</u>
General Fund	\$48,104	\$ ---
<u>Special Revenue Funds</u>		
Dog and Kennel	---	20,000
Clinton County Park Board	<u>---</u>	<u>28,104</u>
Total	<u>\$48,104</u>	<u>\$48,104</u>

- B. Interfund balances, related to charges for goods and services rendered, at December 31, 2000, consist of the following amounts due to and due from other funds:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$15,577	\$ 7,351
<u>Special Revenue Funds</u>		
Motor Vehicle & Gas Tax	3,876	---
Indigent Driver Alcohol Treatment	299	---
Children Services	19,711	6,953
Job and Family Services	---	16,700
Child Support Enforcement Agency	813	15,577
Dog and Kennel	---	219
<u>Agency Funds</u>		
Law Library	2,582	---
Children and Family First	<u>6,953</u>	<u>3,011</u>
Total	<u>\$49,811</u>	<u>\$49,811</u>

## CLINTON COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ ---	\$185,512
<u>Special Revenue Funds</u>		
Motor Vehicle & Gas Tax	67,694	---
Child Support Enforcement Agency	69,452	---
Sick/Vacation Payout	16,000	---
County Recorder Equipment	23,000	---
Courthouse Security Grant	<u>9,366</u>	<u>---</u>
Total	<u>\$185,512</u>	<u>\$185,512</u>

#### NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the County. Real property taxes and public utility taxes are levied on April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35% of appraised market value. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 50% of cost). Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are currently 25% of true value. The assessed value upon which taxes were collected in 2000 was \$661,624,660. The full tax rate for all County operations applied to real property for fiscal year ended December 31, 2000, was \$9.30 per \$1,000 of assessed valuation.

Real property taxes for tax year 2000, are payable annually or semi-annually. If paid annually, payment is due December 31. If paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established.

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



## CLINTON COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

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

"Real and Other Taxes" receivable represents delinquent real and tangible personal property and public utility taxes outstanding as of the last settlement (net of allowances for estimated uncollectibles) and real and public utility taxes, which were measurable as of the year-end. Since the current levy is not intended to finance 2000 operations, the receivable is offset by a credit to "Deferred Revenue". The delinquent real, public utility and tangible personal property taxes that will become available to the County within the first 60 days of 2001 are shown as 2000 revenue; the remainder are shown as "Deferred Revenue".

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

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

In 1977, the County Commissioners by resolution imposed a 0.5% tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. In 1988, the County Commissioners added an additional 0.5% tax to the existing tax. Vendor collections of the tax are paid to the State Treasurer by the 23<sup>rd</sup> day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within 45 days after the end of the month following collection. The State Auditor then has five days in which to draw the warrant payable to the County.

Proceeds of the tax are credited entirely to the general fund and special revenue funds. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue to the extent that they are intended to finance fiscal 2000 operations. Sales and use tax revenue for 2000 amounted to \$3,794,070.

## CLINTON COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### NOTE 8 - RECEIVABLES

Receivables at December 31, 2000, consisted of taxes, interest, accounts (billings for user charged services), special assessments, short-term interfund loans, interfund transactions related to charges for goods and services rendered and intergovernmental receivables arising from grants, entitlements and shared revenue. All intergovernmental receivables have been classified as "Due From Other Governments" on the Combined Balance Sheet and all interfund transactions related to charges for goods and services rendered have been classified as "Due From Other Funds" on the Combined Balance Sheet. Receivables have been recorded to the extent that they are measurable at December 31, 2000.

A summary of the principal items of receivables follows:

<u>Fund/Description</u>	<u>Amount</u>
<u>General Fund</u>	
Sales taxes	\$ 608,527
Real and other taxes	1,120,931
Accounts	30,443
Accrued interest	132,942
Interfund loans	48,104
Due from other funds	15,577
Intergovernmental	37,817
<u>Special Revenue Funds</u>	
Sales taxes	3,860
Real and other taxes	1,136,899
Accounts	66,752
Special assessments	34,490
Due from other funds	24,699
Intergovernmental	155,797
<u>Debt Service Funds</u>	
Real and other taxes	523,740
<u>Capital Projects Funds</u>	
Real and other taxes	150,095

**CLINTON COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000

**NOTE 8 - RECEIVABLES - (Continued)**

Fund/Description	Amount
<u>Expendable Trust Funds</u>	
Accounts	\$3,541
<u>Agency Funds</u>	
Due from other funds	9,535

**NOTE 9 - FIXED ASSETS**

**A. General Fixed Assets Account Group**

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

	Balance 1/1/00	Additions	Disposals	Balance 12/31/00
Land and Improvements	\$ 260,170	\$ 50,000	\$ - - -	\$ 310,170
Buildings and Improvements	8,022,444	1,219,670	- - -	9,242,114
Furniture, Fixtures and Equipment	3,090,613	125,503	(89,899)	3,126,217
Vehicles	1,637,901	250,086	(61,434)	1,826,553
Construction in Process	1,110,133	4,801,791	(384,550)	5,527,374
Total	\$14,121,261	\$6,447,050	\$(535,883)	\$20,032,428

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

**CLINTON COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000

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

**B. Component Unit Fixed Assets**

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

	<u>Balance</u> <u>1/1/00</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/00</u>
Furniture, Fixtures and Equipment	\$ 858,806	\$124,725	\$(10,755)	\$ 972,776
Vehicles	<u>513,392</u>	<u>---</u>	<u>---</u>	<u>513,392</u>
Total	<u>\$1,372,198</u>	<u>\$124,725</u>	<u>\$(10,755)</u>	<u>\$1,486,168</u>

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

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

Upon termination of County service, an employee is entitled to all accumulated vacation. Retiring employees are also entitled to 25% of their accumulated sick leave up to a maximum of 30 days for employees with 10 to 20 years of service and 45 days for employees with greater than 20 years of service. At December 31, 2000, vested benefits for vacation leave for governmental fund type employees, excluding component units, totaled \$349,014 and vested benefits for sick leave totaled \$42,120. In accordance with GASB Statement No. 16, a liability of \$119,897 was also accrued to record termination (severance) payments for employees expected to become eligible to retire in the future. These amounts represent the non-current portion of vested benefits and are reported in the general long-term obligations account group.

**CLINTON COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000

**NOTE 11 - LONG TERM OBLIGATIONS**

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

<u>Classification</u>	<u>Balance</u> <u>1/1/00</u>	<u>2000</u> <u>Additions</u>	<u>2000</u> <u>Principal</u> <u>Retirement</u>	<u>Balance</u> <u>12/31/00</u>
General Obligation Bonds	\$6,430,000	\$ - - -	\$(365,000)	\$6,065,000
Compensated Absences	<u>512,408</u>	<u>- - -</u>	<u>(1,377)</u>	<u>511,031</u>
Total General Long-Term Obligations	<u>\$6,942,408</u>	<u>\$ 0</u>	<u>\$(366,377)</u>	<u>\$6,576,031</u>

*General Obligation Bonds:* General obligation bonds are direct obligations of the County for which its full faith and credit are pledged for repayment. Principal and interest payments on the general obligation bonds are made from the debt service funds.

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

**B. General Obligation Bonds**

The following is a description of the County's general obligation bonds that were outstanding as of December 31, 2000:

<u>Description</u>	<u>Issue</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Outstanding</u> <u>1/1/00</u>	<u>2000</u> <u>Issues</u>	<u>2000</u> <u>Principal</u> <u>Retirement</u>	<u>Balance</u> <u>Outstanding</u> <u>12/31/00</u>
Dept. of Human Services Bond	10/15/89	04/15/10	7.20%	\$ 335,000	\$ - - -	\$ (30,000)	\$ 305,000
Court House Improvement Bond	12/1/91	12/01/00	5.625%	100,000	- - -	(100,000)	0
County Buildings Improvement Bond	7/14/93	06/01/08	5.42%	795,000	- - -	(45,000)	750,000
Highway Maintenance Facility Bond	5/16/94	12/01/01	4.68%	200,000	- - -	(100,000)	100,000
Bypass/Jail Construction Bond	12/01/99	12/01/19	4.00-5.75%	<u>5,000,000</u>	<u>- - -</u>	<u>(90,000)</u>	<u>4,910,000</u>
				<u>\$6,430,000</u>	<u>\$ 0</u>	<u>\$(365,000)</u>	<u>\$6,065,000</u>

## CLINTON COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

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

<u>Year Ending December 31</u>	<u>Principal on Bonds</u>	<u>Interest on Bonds</u>	<u>Total</u>
2001	\$ 365,000	\$ 318,148	\$ 683,148
2002	310,000	299,909	609,909
2003	315,000	284,567	599,567
2004	345,000	268,608	613,608
2005	355,000	251,136	606,136
2006 - 2010	1,755,000	974,248	2,729,248
2011 - 2015	1,295,000	594,435	1,889,435
2016 - 2019	<u>1,325,000</u>	<u>193,884</u>	<u>1,518,884</u>
Total	<u>\$6,065,000</u>	<u>\$3,184,935</u>	<u>\$9,249,935</u>

#### C. Legal Debt Margin

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 1% of the total assessed valuation of the County.

The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to 3% of the first \$100,000,000, of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000 plus 2-1/2% of such valuation in excess of \$300,000,000. Based on this calculation, the County's legal debt margin was \$9,269,320 as of December 31, 2000.

**CLINTON COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000

**NOTE 12 - BOND ANTICIPATION NOTES**

During fiscal year 2000, the County issued \$1,900,000 in bond anticipation notes. Proceeds of \$1,600,000 are reported in the Public Services Office Construction capital projects fund. These proceeds will be used to finance the acquisition and renovation of a facility for use by various County departments. The Human Services Bond Retirement debt service fund received proceeds of \$300,000, which will be used to finance the refunding of bonds previously issued to construct the human services building. Bond anticipation notes are reported as liabilities of the capital projects and debt service funds, the funds which received the proceeds. The following is a summary of the bond anticipation note activity during fiscal year 2000:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance Outstanding 1/1/00</u>	<u>2000 Issues</u>	<u>2000 Principal Retirement</u>	<u>Balance Outstanding 12/31/00</u>
<u>Human Services Bond Retirement Fund</u>						
Human Services Building Refunding - 5.25%	5/17/00	5/17/01	\$ 0	\$ 300,000	\$ ---	\$ 300,000
<u>Public Services Office Construction Fund</u>						
Property Acquisition and Renovation - 5.24%	5/17/00	5/17/01	<u>0</u>	<u>1,600,000</u>	<u>---</u>	<u>1,600,000</u>
Total			<u>\$ 0</u>	<u>\$1,900,000</u>	<u>\$ 0</u>	<u>\$1,900,000</u>

**NOTE 13 - RISK MANAGEMENT**

**A. General Insurance**

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

The County is a member of County Risk Sharing Authority, Inc. (CORSA), which is a shared risk pool of 41 counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

**CLINTON COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

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

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any one time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

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

**B. Health and Vision Insurance**

The County provides comprehensive health and vision insurance coverage to its employees through a traditionally funded plan. The County purchases commercial health insurance coverage through Anthem Blue Cross/Blue Shield and through Community Health Plan. The County pays 90% of the monthly premium while the employee pays 10%. The entire risk of loss transfers to the commercial insurance carrier. The County's monthly premium requirement under each plan is as follows:

	<u>Family Coverage</u>	<u>Single Coverage</u>
Anthem Blue Cross/Blue Shield	\$496.96	\$175.32
Community Health Plan	\$388.76	\$153.06

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



**CLINTON COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000

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

**C. Dental Self-Insurance**

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

All funds of the County participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and dental conversion and administrative fees and services). The third party administrator (Employer Group Health) reviews, and the County pays, all claims. The liability for unpaid claims of \$16,014 reported in the Risk Management Fund at December 31, 2000, is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by FASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in the balances of the self insurance claims liabilities during the past two fiscal (calendar) years are as follows:

	<u>Liability at Beginning of Year</u>	<u>Incurred Claims</u>	<u>Claim Payments</u>	<u>Liability at End of Year</u>
2000	\$ 7,706	\$1,662,815	\$(1,654,507)	\$16,014
1999	\$228,869	\$1,258,655	\$(1,479,818)	\$7,706

## CLINTON COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### **NOTE 14 - DEFINED BENEFIT PENSION PLANS**

##### **A. Public Employees Retirement System**

All County full-time employees, other than teachers, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system created by the State of Ohio. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 2000, was 8.5% for employees other than law enforcement. Law enforcement employees contribute 9.0% of covered salary. The PERS Retirement Board instituted a temporary employer rate rollback for calendar year 2000. The rate rollback was 20% for local government subdivisions and 6% for law enforcement divisions. The employer contribution rate for employees other than law enforcement was 10.84% of covered payroll; 6.54% was the portion used to fund pension obligations for 2000. The employer contribution rate for law enforcement employees was 15.70% of covered payroll; 11.40% was the portion used to fund pension obligations for 2000. The County's contributions for pension obligations to the PERS for the years ended December 31, 2000, 1999, and 1998 were \$696,784, \$792,220, and \$807,457, respectively; 79% has been contributed for 2000 and 100% for 1999 and 1998. \$153,088, representing the unpaid contribution for 2000, is recorded as a liability within the respective funds.

##### **B. State Teachers Retirement System**

Certified teachers employed by the school for the Mental Retarded/Developmentally Disabled participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS Ohio provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code.

## CLINTON COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

STRS Ohio issues a publicly available financial report that includes financial statements and required supplementary information for STRS Ohio. That report may be obtained by writing to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3% of their annual covered salary and the County is required to contribute 14%; 6% was the portion used to fund pension obligations. Contribution rates are established by STRS Ohio Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The County's contributions for pension obligations to STRS Ohio for the years ended December 31, 2000, 1999, and 1998 were \$15,410, \$13,851, and \$11,744, respectively; 89% has been contributed for 2000 and 100% for the years 1999 and 1998. \$1,728, representing the unpaid contributions for 2000, is recorded as a liability within the respective funds.

#### **NOTE 15 - POSTEMPLOYMENT BENEFITS**

##### **A. Public Employees Retirement System**

PERS provides post-retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The employer contribution rate was rolled back for the year 2000. The 2000 employer contribution rate for local government employers was 10.84% of covered payroll; 4.30% was the portion that was used to fund health care. The law enforcement employer rate for 2000 was 15.70% of covered payroll; 4.30% was the portion used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. The County's contribution actually made to fund post employment benefits was \$411,068.

## CLINTON COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

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

As of December 31, 1999 (the latest information available), the unaudited estimated net assets available for future OPEB payments were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively, at December 31, 1999 (the latest information available). The number of benefit recipients eligible for OPEB at December 31, 1999 (the latest information available) was 401,339.

During 2000, the PERS Retirement Board enacted a temporary employer contribution rate rollback for calendar year 2000. The decision to rollback rates on the December 31, 1998 actuarial study, which indicated that actuarial assets exceeded actuarial liabilities. The temporary rate rollback was 20% for both the state and local government divisions and 6% for law enforcement divisions. The Board reallocated employer contributions from 4.20% to 4.30% at the beginning of the year to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for those reasons.

Additional information on the PERS, including historical trend information showing the progress in accumulating sufficient assets to pay benefits when due is available in the PERS December 31, 2000, Comprehensive Annual Financial Report.

#### **B. State Teachers Retirement System**

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

**CLINTON COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000

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

All benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium. Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to the Health Care Reserve Fund equal to 8% of covered payroll for the fiscal year ended June 30, 2000. For the County this amount equaled \$5,137 during 2000. As of June 30, 2000, the balance in the Health Care Reserve Fund was \$3.419 billion and eligible benefit recipients statewide totaled 90,011 for STRS Ohio as a whole. Net health care costs paid by STRS Ohio statewide were \$283.137 million.

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

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

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

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$ (914,160)	\$ (8,308)	\$ 364,885	\$ (3,827,582)
Net adjustment for revenue accruals	(45,314)	4,308	501	(1,610)
Net adjustment for expenditure accruals	21,153	(107,478)	(9,838)	(10,823)
Net adjustment for other financing sources (uses) accruals	(355,217)	55,896	(300,000)	(1,300,679)
Encumbrances (budget basis)	<u>315,627</u>	<u>312,780</u>	<u>---</u>	<u>893,705</u>
GAAP basis	<u>\$ (977,911)</u>	<u>\$ 257,198</u>	<u>\$ 55,548</u>	<u>\$(4,246,989)</u>

## CLINTON COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### NOTE 17 - CONTINGENCIES

##### A. Grants

The County receives significant financial assistance from numerous federal and state agencies in the forms of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the County at December 31, 2000.

##### B. Litigation

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

#### NOTE 18 - CONDUIT DEBT OBLIGATIONS

The County has served as the issuer of \$14,298,685 in industrial revenue bonds. The proceeds were used by private corporations and community organizations to fund various endeavors. The industrial revenue bonds do not constitute a general obligation, debt or bonded indebtedness of the County. Neither is the full faith and credit to taxing power of the County pledged to make repayment. As of December 31, 2000, \$14,070,611 was still outstanding.

To provide for the financing of certain expenditures at Clinton Memorial Hospital, the Hospital has issued special facility revenue bonds. These consist of \$3,800,000 in 1992 Clinton County, Ohio, Variable Rate Demand Hospital Improvement Revenue Bonds, with final maturity in February, 2002. These bonds do not constitute a debt or pledge of the faith and credit of the County and have not been reported in the accompanying financial statements. As of December 31, 2000, \$2,900,000 was still outstanding.

#### NOTE 19 - SIGNIFICANT SUBSEQUENT EVENTS

On May 17, 2001, the County issued \$2,900,000 in bond anticipation notes. These notes bear an interest rate of 3.51% and mature on May 17, 2002. A portion of these proceeds were used to retire previously issued bond anticipation notes (See Note 12).

## CLINTON COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### **NOTE 19 - SIGNIFICANT SUBSEQUENT EVENTS - (Continued)**

Effective January 1, 2001, the County switched from being traditionally insured to self-insured for health and vision insurance. The County has established a risk management program whereby the third party administrator (Humana Insurance Company) reviews, and the County pays, all health and vision insurance claims. The County has established a Self-Insurance internal service fund to account for this activity.

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**CLINTON COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed Through Ohio Department of Education:</i>			
Special Education Cluster			
Educational Handicapped Act, Title VI B	N/A	84.027	\$10,062
Early Childhood Development	N/A	84.173	<u>3,571</u>
Total Special Education Cluster			\$13,633
Innovative Education	N/A	84.298	<u>59</u>
Total U.S. Department of Education			<u><b>13,692</b></u>
<b><u>U.S. DEPARTMENT OF HUMAN SERVICES</u></b>			
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>			
Title XX- Social Sciences	N/A	93.667	22,059
<i>Passed Through Ohio Department of Mental Health</i>			
Medical Assistance Program (Title XIX)			
Community Alternative Funding System (CAFS)	N/A	93.778	269,368
Residential Facility Waiver	N/A	93.778	<u>652,256</u>
Total XIX - Medical Assistance Program			<u>921,624</u>
Total U.S. Department of Human Services			<u><b>943,683</b></u>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
<i>Passed Through Ohio Department of Public Safety</i>			
No Passing Zone Study	N/A	20.205	<u>12,000</u>
Total U.S. Department of Transportation			<u><b>12,000</b></u>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<i>Passed Through Ohio Department of Development</i>			
Community Development Block Grant	N/A	14.228	152,764
Home Investment Partnership	N/A	14.239	<u>168,397</u>
Total U.S. Department of Housing and Urban Development			<u><b>321,161</b></u>
<b>Total</b>			<u><u><b>\$1,290,536</b></u></u>

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

**CLINTON COUNTY  
FOR THE YEAR ENDED DECEMBER 31, 2000**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Board of County Commissioners  
Clinton County  
46 S. South Street  
Wilmington, Ohio 45177

We have audited the general purpose financial statements of Clinton County, Ohio (the County), as of and for the year ended December 31, 2000, and have issued our report thereon dated August 22, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed several instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2000-60414-001 through 2000-60414-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the County in a separate letter dated August 22, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control structure over financial reporting that do not require inclusion in this report that we have reported to management of the County in a separate letter dated August 22, 2001.

Board of County Commissioners  
Clinton County  
Report on Compliance and on Internal Control Required by  
*Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

August 22, 2001



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

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

Board of County Commissioners  
Clinton County  
46 S. South Street  
Wilmington, Ohio 45177

**Compliance**

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

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

In our opinion, Clinton County complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2000.

**Internal Control Over Compliance**

The management of Clinton County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Clinton 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.

Clinton County  
Report on Compliance With Requirements Applicable to Each Major  
Federal Program and Internal Control Over Compliance  
In Accordance With OMB Circular A-133  
Page 2

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

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

**Jim Petro**  
Auditor of State

August 22, 2001

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505**

**FINANCIAL CONDITION  
CLINTON COUNTY  
DECEMBER 31, 2000**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
--

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

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

**FINDING NUMBER 2000-60414-001**

Ohio Rev. Code, Section 325.10, states that each county commissioner shall be classified, for salary purposes, according to the population of the county. All county commissioners shall receive annual compensation in accordance with the schedule and in accordance with section 325.10. The County Commissioners were entitled to an annual salary of \$30,932 during fiscal year 2000. An error was made in the calculation of the County Commissioners' salaries. As a result, County Commissioner, Darleen Myers, received a total salary of \$31,065, an overpayment of \$133.

The Finding for Recovery against County Commissioner, Darleen Myers, was repaid on August 29, 2001 in the amount of one hundred and thirty-three dollars (\$133).

**FINDING NUMBER 2000-60414-002**

Ohio Rev. Code, Section 325.10, states that each county commissioner shall be classified, for salary purposes, according to the population of the county. All county commissioners shall receive annual compensation in accordance with the schedule and in accordance with section 325.10. The County Commissioners were entitled to an annual salary of \$30,932 during fiscal year 2000. An error was made in the calculation of the County Commissioners' salaries. As a result, County Commissioner, Roderick Stanforth, received a total salary of \$31,065, an overpayment of \$133.

The Finding for Recovery against County Commissioner, Roderick Stanforth, was repaid on August 27, 2001 in the amount of one hundred and thirty- three dollars (\$133).

**FINDING NUMBER 2000-60414-003**

Ohio Rev. Code, Section 325.10, states that each county commissioner shall be classified, for salary purposes, according to the population of the county. All county commissioners shall receive annual compensation in accordance with the schedule and in accordance with section 325.10. The County Commissioners were entitled to an annual salary of \$30,932 during fiscal year 2000. An error was made in the calculation of the County Commissioners' salaries. As a result, former County Commissioner, Lawrence David Merritt, received a total salary of \$31,065, an overpayment of \$133.

In accordance with the foregoing fact, and pursuant to Ohio Rev. Code, Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against County Commissioner, Lawrence David Merritt, and The Ohio Casualty Insurance Company, his bonding company, jointly and severally, in the amount of one hundred and thirty- three dollars (\$133) and in favor of the County's General Fund.

**3. FINDINGS FOR FEDERAL AWARDS**

NONE





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

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## CLINTON COUNTY FINANCIAL CONDITION

### CLINTON COUNTY

#### CLERK'S CERTIFICATION

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
SEPTEMBER 13, 2001