



JACKSON COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

JACKSON COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Jackson County
226 Main Street
Jackson, Ohio 45640

To the Board of County Commissioners:

We have audited the accompanying general-purpose financial statements of Jackson 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 financial statements based on our audit. We did not audit the financial statements of J-VAC Industries, Inc. the County's discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the general-purpose financial statements, insofar as it relates to the amounts included for J-VAC Industries, Inc., is based upon the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Jackson County, as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund type and discretely presented component unit 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 27, 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.

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

Jim Petro
Auditor of State

August 27, 2001

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JACKSON COUNTY, OHIO
Combined Balance Sheet
All Fund Types, Account Groups and Discretely Presented Component Unit
December 31, 2000

	GOVERNMENTAL FUND TYPES			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Assets:				
Cash and Cash Equivalents	\$878,270	\$3,795,751	\$185	\$213,400
Cash and Cash Equivalents in Segregated Accounts	0	5,158	0	0
Receivables:				
Taxes	0	0	0	0
Accounts	0	0	0	0
Due from Other Funds	33,091	8,012	0	0
Due from Other Funds - Taxes	1,126,204	1,351,722	0	0
Due from Other Governments	300,542	706,988	290,000	0
Materials and Supplies Inventory	11,980	312,187	0	0
Notes Receivable	0	27,764	0	0
Prepaid Items	1,953	2,384	0	0
Fixed Assets, (Net where applicable of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Debt Service for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	<u>\$2,352,040</u>	<u>\$6,209,966</u>	<u>\$290,185</u>	<u>\$213,400</u>

See accompanying notes to the general-purpose financial statements.

<i>PROPRIETARY FUND TYPE</i>	<i>FIDUCIARY FUND TYPES</i>	<i>ACCOUNT GROUPS</i>		Totals (Memorandum Only)	<i>COMPONENT UNIT</i>	Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	Primary Government		J-Vac Industries, Inc.
Enterprise	Trust and Agency					
\$31,851	\$3,103,279	\$0	\$0	\$8,022,736	\$0	\$8,022,736
0	479,227	0	0	484,385	20,568	504,953
0	14,268,749	0	0	14,268,749	0	14,268,749
2,678	0	0	0	2,678	6,960	9,638
0	0	0	0	41,103	0	41,103
0	0	0	0	2,477,926	0	2,477,926
0	655,610	0	0	1,953,140	0	1,953,140
0	0	0	0	324,167	5,734	329,901
0	0	0	0	27,764	0	27,764
0	0	0	0	4,337	0	4,337
19,091	0	13,396,551	0	13,415,642	4,288	13,419,930
0	0	0	185	185	0	185
0	0	0	1,481,548	1,481,548	0	1,481,548
<u>\$53,620</u>	<u>\$18,506,865</u>	<u>\$13,396,551</u>	<u>\$1,481,733</u>	<u>\$42,504,360</u>	<u>\$37,550</u>	<u>\$42,541,910</u>

(Continued)

JACKSON COUNTY, OHIO
Combined Balance Sheet
All Fund Types, Account Groups and Discretely Presented Component Unit
December 31, 2000

	GOVERNMENTAL FUND TYPES			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities:				
Accounts Payable	\$40,215	\$440,234	\$0	\$0
Contracts Payable	17,100	80,829	0	0
Accrued Wages and Benefits	34,616	81,248	0	0
Compensated Absences Payable	5,712	19,229	0	0
Due to Other Funds	0	13,566	0	0
Due to Other Funds - Taxes	0	0	0	0
Due to Other Governments	4,667	9,137	0	0
Deferred Revenue	1,126,204	1,351,722	290,000	0
Undistributed Monies	0	0	0	0
Accrued Interest Payable	1,056	2,626	0	6,113
Notes Payable	98,722	245,578	0	571,500
Insurance Claims Payable	4,312	0	0	0
OPWC Loan Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	1,332,604	2,244,169	290,000	577,613
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
<i>Retained Earnings:</i>				
Unreserved	0	0	0	0
<i>Fund Balance:</i>				
Reserved for Encumbrances	11,245	4,034	0	0
Reserved for Inventory	11,980	312,187	0	0
Reserved for Unclaimed Monies	301,927	0	0	0
<i>Unreserved:</i>				
Undesignated	694,284	3,649,576	185	(364,213)
Total Fund Equity and Other Credits	1,019,436	3,965,797	185	(364,213)
Total Liabilities, Fund Equity and Other Credits	\$2,352,040	\$6,209,966	\$290,185	\$213,400

See accompanying notes to the general-purpose financial statements.

<i>PROPRIETARY FUND TYPE</i>	<i>FIDUCIARY FUND TYPES</i>	<i>ACCOUNT GROUPS</i>		Totals (Memorandum Only)	<i>COMPONENT UNIT</i>	Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	Primary Government		J-Vac Industries, Inc.
Enterprise	Trust and Agency					
\$0	\$0	\$0	\$0	\$480,449	\$2,447	\$482,896
0	0	0	0	97,929	0	97,929
148	0	0	0	116,012	2,309	118,321
0	0	0	470,115	495,056	0	495,056
0	27,537	0	0	41,103	0	41,103
0	2,477,926	0	0	2,477,926	0	2,477,926
377	15,534,337	0	290,304	15,838,822	0	15,838,822
0	0	0	0	2,767,926	0	2,767,926
0	451,690	0	0	451,690	0	451,690
0	0	0	0	9,795	0	9,795
0	0	0	0	915,800	2,153	917,953
0	0	0	0	4,312	0	4,312
0	0	0	59,124	59,124	0	59,124
0	0	0	92,190	92,190	0	92,190
0	0	0	570,000	570,000	0	570,000
525	18,491,490	0	1,481,733	24,418,134	6,909	24,425,043
0	0	13,396,551	0	13,396,551	0	13,396,551
84,710	0	0	0	84,710	0	84,710
(31,615)	0	0	0	(31,615)	30,641	(974)
0	0	0	0	15,279	0	15,279
0	0	0	0	324,167	0	324,167
0	0	0	0	301,927	0	301,927
0	15,375	0	0	3,995,207	0	3,995,207
53,095	15,375	13,396,551	0	18,086,226	30,641	18,116,867
\$53,620	\$18,506,865	\$13,396,551	\$1,481,733	\$42,504,360	\$37,550	\$42,541,910

JACKSON COUNTY, OHIO
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - All Governmental Fund Types
and Expendable Trust Funds
For the Year December 31, 2000

	GOVERNMENTAL FUND TYPES			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Taxes	\$2,457,203	\$2,739,792	\$0	\$0
Charges for Services	813,830	1,107,762	0	38,592
Licenses and Permits	11,836	36,490	0	0
Fines and Forfeitures	332,393	183,806	0	0
Intergovernmental	749,034	10,603,130	35,343	417,899
Interest Earnings	480,737	24,593	0	29,744
Other	142,425	924,541	0	48,961
<i>Total Revenues</i>	<u>4,987,458</u>	<u>15,620,114</u>	<u>35,343</u>	<u>535,196</u>
Expenditures:				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	2,152,055	205,691	0	0
Judicial	696,736	331,566	0	0
Public Safety	1,151,950	1,673,222	0	0
Public Works	0	3,134,608	0	0
Health	183,149	1,330,977	0	0
Human Services	358,005	6,776,431	0	0
Economic Development and Assistance	0	1,188,161	0	0
Other	37,524	0	0	0
Capital Outlay	0	0	0	1,454,153
<i>Debt Service:</i>				
Principal Retirement	3,774	0	35,000	0
Interest and Fiscal Charges	6,655	14,642	35,182	94,899
<i>Total Expenditures</i>	<u>4,589,848</u>	<u>14,655,298</u>	<u>70,182</u>	<u>1,549,052</u>
Excess of Revenues Over (Under) Expenditures	397,610	964,816	(34,839)	(1,013,856)
Other Financing Sources(Uses):				
Proceeds of Loans	0	0	0	60,640
Operating Transfers - In	120,775	125,757	34,838	1,993,985
Operating Transfers - Out	(103,650)	(2,170,189)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>17,125</u>	<u>(2,044,432)</u>	<u>34,838</u>	<u>2,054,625</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	414,735	(1,079,616)	(1)	1,040,769
Fund Balances (Deficit) at Beginning of Year, As Restated	592,721	5,027,567	186	(1,404,982)
Increase (Decrease) in Reserve for Inventory	11,980	17,846	0	0
Fund Balances (Deficit) at End of Year	<u>\$1,019,436</u>	<u>\$3,965,797</u>	<u>\$185</u>	<u>(\$364,213)</u>

See accompanying notes to the general-purpose financial statements.

<i>FIDUCIARY FUND TYPE</i>	Totals (Memorandum Only)
Expendable Trust	Primary Government
\$0	\$5,196,995
0	1,960,184
0	48,326
0	516,199
12,829	11,818,235
0	535,074
8,197	1,124,124
<u>21,026</u>	<u>21,199,137</u>
0	2,357,746
0	1,028,302
0	2,825,172
0	3,134,608
0	1,514,126
14,807	7,149,243
0	1,188,161
4,069	41,593
0	1,454,153
0	38,774
0	151,378
<u>18,876</u>	<u>20,883,256</u>
2,150	315,881
0	60,640
0	2,275,355
0	(2,273,839)
<u>0</u>	<u>62,156</u>
2,150	378,037
13,225	4,228,717
<u>0</u>	<u>29,826</u>
<u>\$15,375</u>	<u>\$4,636,580</u>

JACKSON COUNTY, OHIO
Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types and Expendable Trust Funds
For the Year Ended December 31, 2000

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$2,451,633	\$2,451,633	\$0
Charges for Services	784,396	784,396	0
Licenses and Permits	11,836	11,836	0
Fines and Forfeitures	331,450	331,450	0
Intergovernmental	760,567	760,567	0
Interest Earnings	317,256	540,876	223,620
Other	100,995	100,995	0
<i>Total Revenues</i>	<u>4,758,133</u>	<u>4,981,753</u>	<u>223,620</u>
Expenditures:			
<i>Current:</i>			
<i>General Government:</i>			
Legislative and Executive	2,206,182	2,178,549	27,633
Judicial	733,571	718,863	14,708
Public Safety	1,221,055	1,214,653	6,402
Public Works	0	0	0
Health	183,158	183,149	9
Human Services	371,847	370,526	1,321
Economic Development and Assistance	0	0	0
Other	2,663	2,224	439
Capital Outlay	0	0	0
<i>Debt Service:</i>			
Principal Retirement	119,522	118,760	762
Interest and Fiscal Charges	4,929	4,877	52
<i>Total Expenditures</i>	<u>4,842,927</u>	<u>4,791,601</u>	<u>51,326</u>
Excess of Revenues Over (Under) Expenditures	(84,794)	190,152	274,946
Other Financing Sources (Uses):			
Proceeds of Loans	0	0	0
Proceeds from Sale of Notes	98,722	98,722	0
Operating Transfers - In	120,775	120,775	0
Operating Transfers - Out	(103,650)	(103,650)	0
<i>Total Other Financing Sources (Uses)</i>	<u>115,847</u>	<u>115,847</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	31,053	305,999	274,946
Fund Balances (Deficit) at Beginning of Year	448,361	448,361	0
Prior Year Encumbrances Appropriated	8,650	8,650	0
Fund Balances (Deficit) at End of Year	<u>\$488,064</u>	<u>\$763,010</u>	<u>\$274,946</u>

See accompanying notes to the general-purpose financial statements.

GOVERNMENTAL FUND TYPES

Special Revenue Funds			Debt Service Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$2,672,697	\$2,734,079	\$61,382	\$0	\$0	\$0
1,332,617	1,118,798	(213,819)	0	0	0
35,000	36,490	1,490	0	0	0
173,486	189,046	15,560	0	0	0
12,113,802	11,238,064	(875,738)	35,343	35,343	0
23,232	34,954	11,722	0	0	0
955,039	805,631	(149,408)	0	0	0
<u>17,305,873</u>	<u>16,157,062</u>	<u>(1,148,811)</u>	<u>35,343</u>	<u>35,343</u>	<u>0</u>
277,819	208,850	68,969	0	0	0
338,851	307,080	31,771	0	0	0
1,933,390	1,653,456	279,934	0	0	0
3,330,390	3,120,356	210,034	0	0	0
1,559,123	1,323,275	235,848	0	0	0
7,241,664	6,577,655	664,009	0	0	0
1,528,111	1,132,122	395,989	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
247,740	247,740	0	35,000	35,000	0
14,284	14,284	0	35,182	35,182	0
<u>16,471,372</u>	<u>14,584,818</u>	<u>1,886,554</u>	<u>70,182</u>	<u>70,182</u>	<u>0</u>
834,501	1,572,244	737,743	(34,839)	(34,839)	0
0	0	0	0	0	0
245,578	245,578	0	0	0	0
125,757	125,757	0	34,838	34,838	0
(2,180,741)	(2,170,189)	10,552	0	0	0
<u>(1,809,406)</u>	<u>(1,798,854)</u>	<u>10,552</u>	<u>34,838</u>	<u>34,838</u>	<u>0</u>
(974,905)	(226,610)	748,295	(1)	(1)	0
3,854,540	3,854,540	0	186	186	0
27,767	27,767	0	0	0	0
<u>\$2,907,402</u>	<u>\$3,655,697</u>	<u>\$748,295</u>	<u>\$185</u>	<u>\$185</u>	<u>\$0</u>

(Continued)

JACKSON COUNTY, OHIO
Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types and Expendable Trust Funds
For the Year Ended December 31, 2000

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$0	\$0	\$0
Charges for Services	40,000	41,686	1,686
Licenses and Permits	0	0	0
Fines and Forfeitures	0	0	0
Intergovernmental	417,899	417,899	0
Interest Earnings	50,055	70,534	20,479
Other	48,961	48,961	0
<i>Total Revenues</i>	<u>556,915</u>	<u>579,080</u>	<u>22,165</u>
Expenditures:			
<i>Current:</i>			
<i>General Government:</i>			
Legislative and Executive	0	0	0
Judicial	0	0	0
Public Safety	0	0	0
Public Works	0	0	0
Health	0	0	0
Human Services	0	0	0
Economic Development and Assistance	0	0	0
Other	0	0	0
Capital Outlay	1,608,950	1,579,023	29,927
<i>Debt Service:</i>			
Principal Retirement	2,697,000	2,697,000	0
Interest and Fiscal Charges	112,284	112,284	0
<i>Total Expenditures</i>	<u>4,418,234</u>	<u>4,388,307</u>	<u>29,927</u>
Excess of Revenues Over (Under) Expenditures	(3,861,319)	(3,809,227)	52,092
Other Financing Sources (Uses):			
Proceeds of Loans	0	60,640	60,640
Proceeds from Sale of Notes	571,500	571,500	0
Operating Transfers - In	1,993,985	1,993,985	0
Operating Transfers - Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>2,565,485</u>	<u>2,626,125</u>	<u>60,640</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,295,834)	(1,183,102)	112,732
Fund Balances (Deficit) at Beginning of Year	1,396,481	1,396,481	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balances (Deficit) at End of Year	<u>\$100,647</u>	<u>\$213,379</u>	<u>\$112,732</u>

See accompanying notes to the general-purpose financial statements.

Expendable Trust Funds			Totals (Memorandum Only) Primary Government		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$5,124,330	\$5,185,712	\$61,382
0	0	0	2,157,013	1,944,880	(212,133)
0	0	0	46,836	48,326	1,490
0	0	0	504,936	520,496	15,560
38,890	12,829	(26,061)	13,366,501	12,464,702	(901,799)
0	0	0	390,543	646,364	255,821
9,348	8,197	(1,151)	1,114,343	963,784	(150,559)
<u>48,238</u>	<u>21,026</u>	<u>(27,212)</u>	<u>22,704,502</u>	<u>21,774,264</u>	<u>(930,238)</u>
0	0	0	2,484,001	2,387,399	96,602
0	0	0	1,072,422	1,025,943	46,479
0	0	0	3,154,445	2,868,109	286,336
0	0	0	3,330,390	3,120,356	210,034
0	0	0	1,742,281	1,506,424	235,857
40,056	14,807	25,249	7,653,567	6,962,988	690,579
0	0	0	1,528,111	1,132,122	395,989
7,686	4,069	3,617	10,349	6,293	4,056
0	0	0	1,608,950	1,579,023	29,927
0	0	0	3,099,262	3,098,500	762
0	0	0	166,679	166,627	52
<u>47,742</u>	<u>18,876</u>	<u>28,866</u>	<u>25,850,457</u>	<u>23,853,784</u>	<u>1,996,673</u>
496	2,150	1,654	(3,145,955)	(2,079,520)	1,066,435
0	0	0	0	60,640	60,640
0	0	0	915,800	915,800	0
0	0	0	2,275,355	2,275,355	0
0	0	0	(2,284,391)	(2,273,839)	10,552
<u>0</u>	<u>0</u>	<u>0</u>	<u>906,764</u>	<u>977,956</u>	<u>71,192</u>
496	2,150	1,654	(2,239,191)	(1,101,564)	1,137,627
13,225	13,225	0	5,712,793	5,712,793	0
0	0	0	36,417	36,417	0
<u>\$13,721</u>	<u>\$15,375</u>	<u>\$1,654</u>	<u>\$3,510,019</u>	<u>\$4,647,646</u>	<u>\$1,137,627</u>

JACKSON COUNTY, OHIO
Combined Statement of Revenues,
Expenses and Changes in Fund Equity
Proprietary Fund Type and Discretely Presented Component Unit
For the Year Ended December 31, 2000

	PROPRIETARY FUND TYPE	Totals (Memorandum Only)	COMPONENT UNIT	Totals (Memorandum Only)
	Enterprise	Primary Government	J-Vac Industries, Inc.	Reporting Entity
Operating Revenues:				
Charges for Services	\$29,439	\$29,439	\$120,433	\$149,872
Contributed Services from County	0	0	2,810	2,810
Other Operating Revenues	163	163	0	163
Total Operating Revenues	29,602	29,602	123,243	152,845
Operating Expenses:				
Personal Services	9,103	9,103	89,777	98,880
Contractual Services	7,826	7,826	4,539	12,365
Operational Expenses	0	0	11,400	11,400
Materials and Supplies	497	497	11,521	12,018
Other Operating Expenses	2,964	2,964	75	3,039
Depreciation	2,981	2,981	5,527	8,508
Total Operating Expenses	23,371	23,371	122,839	146,210
Operating Income (Loss)	6,231	6,231	404	6,635
Nonoperating Revenues (Expenses):				
Interest Income	0	0	209	209
Interest and Fiscal Charges	0	0	(757)	(757)
Total Nonoperating Revenues (Expenses)	0	0	(548)	(548)
Income (Loss) Before Operating Transfers	6,231	6,231	(144)	6,087
Operating Transfers - Out	(1,516)	(1,516)	0	(1,516)
Net Income (Loss)	4,715	4,715	(144)	4,571
Retained Earnings at Beginning of Year	(36,330)	(36,330)	30,785	(5,545)
Retained Earnings at End of Year	(31,615)	(31,615)	30,641	(974)
Contributed Capital at End of Year	84,710	84,710	0	84,710
Total Fund Equity at End of Year	\$53,095	\$53,095	\$30,641	\$83,736

See accompanying notes to the general-purpose financial statements.

JACKSON COUNTY, OHIO
Combined Statement of Cash Flows
Proprietary Fund Type and Discretely Presented Component Unit
For the Year Ended December 31, 2000

	PROPRIETARY FUND TYPE	Totals (Memorandum Only)	COMPONENT UNIT	Totals (Memorandum Only)
	Enterprise	Primary Government	J-Vac Industries, Inc.	Reporting Entity
Cash Flows from Operating Activities:				
Cash Receipts from Customers	\$29,013	\$29,013	\$116,715	\$145,728
Other Operating Receipts	163	163	0	163
Cash Payments to Employees	(9,094)	(9,094)	(89,492)	(98,586)
Cash Payments for Contractual Services	(8,415)	(8,415)	(1,729)	(10,144)
Cash Payments for Supplies & Materials	(497)	(497)	(10,720)	(11,217)
Cash Payments for Operational Expenses	0	0	(6,844)	(6,844)
Cash Payments for Other Operating Expenses	(3,006)	(3,006)	(4,943)	(7,949)
Other Nonoperating Payments	0	0	(67)	(67)
<i>Net Cash from Operating Activities</i>	<u>8,164</u>	<u>8,164</u>	<u>2,920</u>	<u>11,084</u>
Cash Flows from Noncapital Financing Activities:				
Operating Transfers Out	(1,516)	(1,516)	0	(1,516)
<i>Net Cash from Noncapital Financing Activities</i>	<u>(1,516)</u>	<u>(1,516)</u>	<u>0</u>	<u>(1,516)</u>
Cash Flows from Capital & Related Financing Activities:				
Principal Paid on Loan	0	0	(1,632)	(1,632)
Interest Paid on Loan	0	0	(690)	(690)
Acquisition of Capital Assets	0	0	(5,360)	(5,360)
<i>Net Cash from Capital and Related Financing Activities</i>	<u>0</u>	<u>0</u>	<u>(7,682)</u>	<u>(7,682)</u>
Cash Flows from Investing Activities:				
Interest Received on Investments	0	0	209	209
<i>Net Cash from Investing Activities</i>	<u>0</u>	<u>0</u>	<u>209</u>	<u>209</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,648	6,648	(4,553)	2,095
Cash and Cash Equivalents at Beginning of Year	<u>25,203</u>	<u>25,203</u>	<u>25,121</u>	<u>50,324</u>
Cash and Cash Equivalents at End of Year	<u><u>\$31,851</u></u>	<u><u>\$31,851</u></u>	<u><u>\$20,568</u></u>	<u><u>\$52,419</u></u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:				
Operating Income (Loss)	\$6,231	\$6,231	\$404	\$6,635
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:				
Depreciation Expense	2,981	2,981	5,527	8,508
Nonoperating Cash Payments	0	0	(67)	(67)
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(426)	(426)	(3,718)	(4,144)
(Increase) Decrease in Inventory	0	0	438	438
Increase (Decrease) in Accounts Payable	(42)	(42)	51	9
Increase (Decrease) in Contracts Payable	(589)	(589)	0	(589)
Increase (Decrease) in Accrued Wages and Benefits	0	0	285	285
Increase (Decrease) in Due to Other Governments	9	9	0	9
<i>Net Cash from Operating Activities</i>	<u><u>\$8,164</u></u>	<u><u>\$8,164</u></u>	<u><u>\$2,920</u></u>	<u><u>\$11,084</u></u>

See accompanying notes to the general-purpose financial statements.

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JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

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

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

Reporting Entity: The reporting entity is comprised of the primary government, Component Units and other organizations that are included to ensure that the financial statements of the County are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Jackson County, this includes the Jackson County Board of Mental Retardation and Developmental Disabilities, Jackson County Children Services Board, Jackson County Child Support Enforcement Agency, and departments and activities that are directly operated by the elected County officials.

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

Discretely Presented Components Units: The component units column in the combined financial statements identifies the financial data of one of the County's component units, J-Vac Industries, Inc. The Jackson County Airport Authority financial data for the year ended December 31, 2000 is deemed immaterial; therefore, no financial information is presented in the accompanying General Purpose Financial Statements. J-Vac Industries, Inc. is reported separately to emphasize that they are legally separate from the County.

J-Vac Industries, Inc. - J-Vac Industries, Inc. (the Workshop) is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. J-Vac Industries, Inc., under contractual agreement with the Jackson County Board of Mental Retardation and Developmental Disabilities, provides sheltered employment for mentally retarded or handicapped adults in Jackson County. Based on the significant services and resources provided by the County to J-Vac Industries, Inc. and their sole purpose of providing assistance to the retarded and handicapped adults of Jackson County, the Workshop is presented as a component unit of Jackson County. J-Vac Industries, Inc. operates on a fiscal year ending June 30. Therefore, the financial information reported in the General Purpose Financial Statements is presented for the fiscal year July 1, 1999 through June 30, 2000. Separately issued financial statements can be obtained from J-Vac Industries, Inc., located at 202 S. Pennsylvania Avenue, Wellston, Ohio 45692.

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

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

Jackson County Airport Authority - Jackson County Airport Authority operates on a fiscal year ending December 31. The eight member Board is appointed by the County Commissioners. The Commissioners also review the budget and have the authority to impose its will on the Airport Authority. All the land and fixed assets of the airport belongs to the County. Jackson County also provides other support for the Airport Authority. The Airport Authority is located at 1802 Keystone Station Road CR 44, Jackson, Ohio 45640.

The County is associated with certain organizations which are defined as Jointly Governed Organizations. These organizations are presented in Note 20 to the General Purpose Financial Statements. These organizations are:

- Gallia, Jackson, Meigs and Vinton Joint Solid Waste Management District
- South Central Regional Juvenile Detention Center
- Buckeye Joint-County Self Insurance Council

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the districts listed below, the County serves as fiscal agent, but the districts are not fiscally dependent on the County. Accordingly, the activity of the following districts and agencies are presented as Agency Funds within the County's financial statements.

- Soil and Water Conservation District
- Jackson County Health District

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

A fund is defined as a fiscal and accounting entity with a self balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes herein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. For financial statement presentation purposes, the various funds of the County are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

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

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

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

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

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

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

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

Proprietary Fund Type: The Proprietary Funds are used to account for the County's ongoing activities which are similar to those found in the private sector. The following is the Proprietary Fund Type utilized by the County:

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

Fiduciary Fund Types: Fiduciary 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. The following are the County's Fiduciary Fund Types:

Expendable Trust Funds: These funds are accounted for in essentially the same manner as Governmental Funds.

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

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

General Fixed Assets Account Group: The General Fixed Assets Account Group is used to account for all fixed assets of the County, other than those fixed assets accounted for in the Enterprise Funds.

General Long-Term Obligations Account Group: The General Long-Term Obligations Account Group is used to account for all long-term debt of the County, except that accounted for in the Enterprise Funds.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Fund Types and Expendable Trust Funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. All Enterprise 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 (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The modified accrual basis of accounting is followed for the governmental, expendable trust and Agency Funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the County is sixty days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: earnings on investments, permissive sales tax, federal and state grants and entitlements, charges for current services, licenses and permits, and fines and forfeitures.

The County reports deferred revenues on its Combined Balance Sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria 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. Property taxes measurable as of December 31, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance 2000 operations, have been recorded as deferred revenue.

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

The Enterprise Funds are reported using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized at the time they are incurred, if measurable. There were no unbilled service charges receivable at year end. Under the guidelines of GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting", the County has elected not to apply Financial Accounting Standards Boards Statements and Interpretations issued after November 30, 1989, to its proprietary activities.

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Tax Budget: In accordance with Section 5747.53 of the Ohio Revised Code, the County Budget Commission has provided for the apportionment of undivided local government funds under an alternative method which has been approved by governmental subdivisions within the County. Under this alternative method, the County Budget Commission has waived the requirement for the Taxing Authority of a subdivision to adopt a tax budget.

Estimated Resources: The County Budget Commission reviews estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the estimated beginning of year fund balance and projected revenue of each fund. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include actual unencumbered balances from the preceding year. The certificate may be amended further during the year if the County Auditor determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2000.

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

The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the Commissioners. Several supplemental appropriation resolutions were legally enacted by the County Commissioners during the year. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Budgeted Level of Expenditures: Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation resolution without authority from the Commissioners. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation. Commissioners appropriations are made to fund, department and object level (i.e., General Fund - Commissioners - personal services, fringe benefits, supplies and materials, contractual services and other expenditures).

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances: As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures for Governmental Funds.

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

Cash and Cash Equivalents: Cash balances of the County's funds, except cash held by a trustee or fiscal agent and in segregated accounts, are pooled and invested in short-term investments in order to provide improved cash management. Each fund type's share of the pool is presented on the balance sheet in the account "Cash and Cash Equivalents." For purposes of the combined statement of cash flows and for presentation on the Combined Balance Sheet, funds included within the Treasurer's cash management pool and investments with original maturities of three months or less are considered to be cash and cash equivalents.

Cash and cash equivalents that are held separately within departments of the County and not held with the County Treasurer are recorded on the balance sheet as "Cash and Cash Equivalents in Segregated Accounts." Interest is distributed to the General Fund, Motor Vehicle and Gasoline Tax Fund, Community Development Block Grant (Revolving Loan) Fund and Correction Facility Project Fund. Interest earned during 2000 amounted to \$535,074. Of this amount, \$437,557 represents interest assigned from other funds to the General Fund.

During 2000, the County invested its funds in interest bearing demand accounts, certificates of deposit and sweep accounts with local commercial banks. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating contracts such as certificates of deposit and sweep accounts are reported at cost.

Materials and Supplies Inventory: Inventories of Governmental Funds are stated at cost while inventories of Enterprise Funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the Governmental Fund Types when purchased and as expenses in the Enterprise Funds when used. Reported supplies inventory is equally offset by a fund balance reserve in the Governmental Funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

Prepaid Items: Payments made to vendors for services that will benefit periods beyond December 31, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Interfund Assets and Liabilities: Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "Due from Other Funds" or "Due to Other Funds" on the balance sheet.

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets and Depreciation: The fixed asset values initially were determined at December 31, 1996, assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. Donated fixed assets are capitalized at estimated fair market value on the date donated. The County has established \$1,000 as the threshold for which fixed assets are to be reported. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost.

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

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

Enterprise Fund Fixed Assets: Fixed assets reflected in the Enterprise Funds are stated at historical cost (or estimated historical cost) and are updated for the cost of additions and retirements during the year. Depreciation has been provided on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Sewer treatment plants	25 years
Sewer lines	30 - 40 years

Compensated Absences: The County uses the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and by those employees for whom it is probable will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end.

County employees earn vacation and sick leave at varying rates depending on length of service and departmental policy. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service. Accumulated, unused sick leave is paid up to a maximum of 240 hours depending on the length of service.

For Governmental Funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded as "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the General Long-Term Obligations Account Group. There were no material compensated absences to report as a fund liability in the Enterprise Funds.

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intergovernmental Revenues: For Governmental Funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, shared revenues, and entitlements are recorded as receivables and revenues when measurable and available. Reimbursement-type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants, entitlements or shared revenues received for Enterprise Fund operating purposes are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. Such resources restricted for the construction of capital assets are recorded as contributed capital.

Contributed Capital: Contributed capital represents resources from other funds, other governments, private sources, and tap-in fees, to the extent they exceed the cost of physical connection to the system, which have been provided to the Enterprise Funds and are not subject to repayment. Those amounts that have been able to be identified specifically have been classified as contributed capital in the accompanying combined financial statements.

Reserves of Fund Equity: The County records reservations for those portions of fund balance which are legally segregated for specific future use or which do not represent available, spendable resources and, therefore, are not available for expenditure. Undesignated fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, unclaimed monies, and inventory of supplies.

Long-term Debt: Long-term debt is recognized as a liability of a Governmental Fund when due, or when resources have been accumulated in the Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a Governmental Fund. The remaining portion of such obligations is reported in the General Long-Term Obligations Account Group.

Interfund Transactions: During the course of normal operations, the County has numerous transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Operating subsidies are also recorded as operating transfers.

Nonrecurring and non-routine transfers of equity between funds and the transfer of residual balances of discontinued funds or projects to the General Fund or Capital Projects Funds are classified as residual equity transfers.

Transactions that constitute reimbursements for expenditures or expenses initially made from a fund that are properly allocable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures and expenses in the fund that is reimbursed.

Pensions and Postemployment Benefits: The County has implemented the footnote disclosure requirements of GASB Statement Numbers 12 and 27 which are reflected in Notes 13 and 14 to the financial statements.

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Total Columns on General Purpose Financial Statements: Total columns on the General Purpose Financial Statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. When the title of a statement indicates that a component unit is included, two total columns are presented. The first is captioned "Primary Government" to indicate that only those activities that comprise the County's legal entity have been included. The second is captioned "Reporting Entity" and includes the activity and operations of the County's legally separate discretely presented component units (see Note 1).

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

NOTE 3 - RECONCILIATION OF BUDGET BASIS TO GAAP BASIS

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for Governmental Fund Types (GAAP basis).
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 3 - RECONCILIATION OF BUDGET BASIS TO GAAP BASIS (Continued)

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 Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses - All Governmental Fund Types			
Description	General	Special Revenue	Capital Projects
Budget Basis	\$305,999	(\$226,610)	(\$1,183,102)
<i>Revenues - Increase (Decrease) from:</i>			
Taxes	5,570	5,713	0
Charges for Services	29,434	(11,036)	(3,094)
Fines and Forfeitures	943	(5,240)	0
Intergovernmental	(11,533)	(634,934)	0
Interest Earnings	(60,139)	(10,361)	(40,790)
Other	41,430	118,910	0
<i>Expenditures - Increase (Decrease) from:</i>			
Legislative and Executive	26,494	3,159	0
Judicial	22,127	(24,486)	0
Public Safety	62,703	(19,766)	0
Public Works	0	(14,252)	0
Health	0	(7,702)	0
Human Services	12,521	(198,776)	0
Economic Development and Assistance	0	(56,039)	0
Other	(35,300)	0	0
Capital Outlay	0	0	124,870
Debt Service - Principal	114,986	247,740	2,697,000
Debt Service - Interest	(1,778)	(358)	17,385
Other Sources (Uses)	(98,722)	(245,578)	(571,500)
GAAP Basis	<u>\$414,735</u>	<u>(\$1,079,616)</u>	<u>\$1,040,769</u>

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

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

Special Revenue Funds:

Litter Control	\$2,733
Youth Services Grant	6,344
Magistrate	5,547

Capital Projects Funds:

GIS Project	252,681
Correction Facility Project	215,418

Enterprise Funds:

Green Acres	32,621
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These deficits do not exist on the cash basis and are the result of applying generally accepted accounting principles. These deficits will be eliminated through either future revenues or interfund transfers. Interfund transfers are made on a cash basis as cash is needed and not when expenditures/expenses are accrued.

B. Compliance

The following funds and accounts had expenditures plus encumbrances in excess of appropriations at year end, contrary to Section 5705.41, Ohio Revised Code:

Special Revenue Funds:

Marriage License Health	\$59
Magistrate General Government Judicial	16,273

Capital Projects Funds:

Ohio Public Works Commissions Capital Outlay	60,640
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JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 5 - PRIOR PERIOD ADJUSTMENTS

The County corrected the amounts owed by the General Fund and Real Estate Assessment Special Revenue Fund on a computer equipment note. This change had the following effect on the fund balances in the General Fund and Special Revenue Funds:

	Previous Balance December 31, 1999	Prior Period Adjustment	Restated Balance January 1, 2000
General Fund	\$605,263	(\$12,542)	\$592,721
Special Revenue Funds	5,015,025	12,542	5,027,567

NOTE 6 - CASH, DEPOSITS AND INVESTMENTS

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

Moneys held by the County which are not considered active are classified as inactive. Inactive monies 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 fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to fair value daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
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;

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 6 - CASH, DEPOSITS AND INVESTMENTS (Continued)

9. High grade commercial paper with a maturity that does not exceed 180 days and an amount that does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; and
10. Bankers acceptances with a maturity that does not exceed 180 days and that are eligible for purchase by the Federal Reserve System.

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.

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.

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.

The amounts available for deposit and investment are as follows:

* Cash and Cash Equivalents (carrying amounts):	
- Pooled	\$8,022,736
- Segregated	484,385
- Component Unit	20,568
* Reconciling items (net) to arrive at bank balances of deposits	463,776
Total available for deposit and investment (Bank balance of deposits/carrying amount of investments)	\$8,991,465

Any depository that receives a County deposit or investment is required to pledge, to the investing authority as collateral, eligible securities of aggregate fair value that, when added to the portion of the deposit insured by the Federal Deposit Insurance Corporation (FDIC), equals or exceeds the amount of County funds deposited.

A public depository may, at its option, pledge a single pool of eligible securities to secure the repayment of all public monies held by depository. The pool of securities so pledged must have a current fair value at least equal to 105% of all public monies on deposit with the depository including the amount covered by federal insurance.

GASB Statement No. 9 requires the County to report cash flows for its Proprietary Fund and Component Unit. For purposes of the Statement of Cash Flows, the County defines cash and cash equivalents in the Proprietary Fund and Component Unit as demand deposit accounts and all highly liquid investments with an original maturity of three months or less.

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 6 - CASH, DEPOSITS AND INVESTMENTS (Continued)

The Governmental Accounting Standards Board (GASB Statement No. 3) has established credit risk categories for deposits and investments as follows:

Category 1: Investments that are insured or registered, or securities held by the County or its agent in the County's name;

Deposits that are insured or collateralized with securities held by the County or its agent in the County's name.

Category 2: Investments that are uninsured and unregistered, with securities held by the counter-party's trust department or agent in the County's name;

Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.

Category 3: Investments that are uninsured and unregistered, with securities held by the counter-party or its trust department or agent but not in the County's name;

Deposits that are uncollateralized or collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the County's name.

Based on this criteria, the County deposits and investments at December 31, 2000 are classified as follows:

	1	Category 2	3	Bank Balance	Carrying Amount	Fair Value
<i>Deposits:</i>						
Demand Deposits	\$600,647	\$0	\$574,596	\$1,175,243	\$711,467	
Certificates of Deposit	118,654	0	4,400,000	4,518,654	4,518,654	
Component Unit	20,568	0	0	20,568	20,568	
Total Deposits	<u>\$739,869</u>	<u>\$0</u>	<u>\$4,974,596</u>	<u>\$5,714,465</u>	<u>\$5,250,689</u>	
<i>Investments:</i>						
Sweep Account	<u>\$0</u>	<u>\$0</u>	<u>\$3,277,000</u>		<u>\$3,277,000</u>	<u>\$3,277,000</u>
Total Investments	<u>\$0</u>	<u>\$0</u>	<u>\$3,277,000</u>		<u>\$3,277,000</u>	<u>\$3,277,000</u>

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 6 - CASH, DEPOSITS AND INVESTMENTS (Continued)

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

	Cash & Cash Equivalents	Investments
GASB Statement No. 9	\$8,527,689	\$0
Investments:		
Sweep Account	(3,277,000)	3,277,000
GASB Statement No. 3	\$5,250,689	\$3,277,000

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed for tax year 1999. The last update was completed for tax year 1996. Real property taxes are payable annually or semiannually. The first payment is due April 17, with the remainder payable by September 30.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due November 30. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by November 30. Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

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

Accrued property taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable and unpaid as of December 31, 2000. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2000 operations. The receivable is therefore offset by a credit to deferred revenue.

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 7 - PROPERTY TAXES (Continued)

The full tax rate for all County operations for the year ended December 31, 2000, was \$10.20 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2000 property tax receipts were based are as follows:

Category	Assessed Value
<i>Real Property:</i>	
Residential/Agricultural	\$202,448,890
Commercial/Industrial	59,419,330
Public Utilities	74,410
Minerals	361,100
<i>Tangible Personal Property:</i>	
General	48,808,890
Public Utilities	40,823,390
Total Valuation	\$351,936,010

NOTE 8 - PERMISSIVE SALES TAX

In prior years, the County Commissioners, by resolution, imposed a one percent tax on certain retail sales made in the County. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

Proceeds of the tax are credited to the General Fund. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue. Sales and use tax revenue for 2000 amounted to \$1,261,304 for the General Fund.

A one-half of one percent additional sales tax was passed by the voters of Jackson County on November 4, 1997. This tax is to be used for the purpose of constructing, equipping, and furnishing a new jail, courts, and Sheriff's office for Jackson County. It will also be used to pay debt service on bonds or notes issued for this project and provide revenue for the operation and maintenance of the jail. The sales and use tax revenue for 2000 amounted to \$1,265,661 for the Jail Fund.

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 9 - INTERGOVERNMENTAL REVENUE

The following is a summary of major intergovernmental revenues:

<u>General Fund:</u>	
Local Government	\$495,824
State Property Tax Reimbursements	56,768
Other	196,442
	<hr/>
<i>Total General Fund</i>	<u><u>\$749,034</u></u>
<u>Special Revenue Funds:</u>	
Motor Vehicle Gas Tax	\$2,529,764
Public Assistance	4,311,881
Child Support Enforcement	689,557
Children's Services	490,900
Emergency Medical Services	39,843
Board of MRDD	892,777
Family Resources	23,416
CDBG	995,628
SVAA	41,581
Jail Grant	439,130
Felony Delinquent	113,146
Other	35,507
	<hr/>
<i>Total Special Revenue Funds</i>	<u><u>\$10,603,130</u></u>
<u>Capital Projects Funds:</u>	
Issue II	\$417,899
	<hr/>
<i>Total Capital Projects Funds</i>	<u><u>\$417,899</u></u>
<u>Expendable Trust Funds:</u>	
Foster Care	\$12,829
	<hr/>
<i>Total Expendable Trust Funds</i>	<u><u>\$12,829</u></u>

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 10 - INTERFUND TRANSFERS

A summary of operating transfers by fund type follows:

Transfers From	Transfers To				Total
	General	Special Revenue	Debt Service	Capital Projects	
General	\$0	\$103,650	\$0	\$0	\$103,650
Special Revenue	120,775	22,107	34,838	1,992,469	2,170,189
Enterprise	0	0	0	1,516	1,516
Total	<u>\$120,775</u>	<u>\$125,757</u>	<u>\$34,838</u>	<u>\$1,993,985</u>	<u>\$2,275,355</u>

NOTE 11 - FIXED ASSETS

A summary of the Enterprise Fund fixed assets at December 31, 2000 are as follows:

	Enterprise
Sewer Plants	\$42,000
Sewer Lines	42,710
Total Fund Fixed Assets	84,710
Less: Accumulated Depreciation	(65,619)
Total Fund Fixed Assets (net of accumulated depreciation)	<u>\$19,091</u>

A summary of the changes in general fixed assets during 2000 is as follows:

Asset Category	Balance at 12/31/99	Additions	Deletions	Balance at 12/31/00
Land	\$159,216	\$0	\$0	\$159,216
Buildings	4,267,891	4,146,809	0	8,414,700
Machinery and Equipment	4,031,593	737,659	151,807	4,617,445
Plant Facilities	144,550	0	0	144,550
Construction in Progress	3,236,501	60,640	3,236,501	60,640
Totals	<u>\$11,839,751</u>	<u>\$4,945,108</u>	<u>\$3,388,308</u>	<u>\$13,396,551</u>

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 12 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2000, the County contracted with the Buckeye Joint-County Self-Insurance Council, a jointly governed organization, for liability, auto and crime insurance. This jointly governed organization is a cost-sharing pool. The program has a \$0 to \$25,000 deductible per occurrence.

Coverage provided by the program is as follows:

TYPE OF COVERAGE	ANNUAL-AGGREGATE	DEDUCTIBLE
General Liability	\$2,000,000 / \$4,000,000	\$1,000
Property Damage Liability	100,000 / 100,000	1,000
Public Official Liability	2,000,000 / 3,000,000	1,000
Employer Liability Stop GAP	2,000,000 / 4,000,000	1,000
Law Enforcement	2,000,000 / 3,000,000	1,000
Employee Benefit Liability	1,000,000 / 3,000,000	1,000
Auto Liability	2,000,000 per occurrence	0
Uninsured Motorists Insurance	1,000,000 per occurrence	0
Pollution Liability	10,000	1,000
All Risk Blanket Property	Bldg. & Cont. per Schedule	250
Extra Expense	1,000,000	250
Personal Property of Others	100,000	0
Flood (No coverage in Zone A)	10,000,000	5,000
Earthquake	10,000,000	25,000
Electronic Data Processing Equipment	500,000	250
Blanket Bond	250,000	0
Elected Officials Bond	Per Bond Schedule	0
Money and Securities (Inc. Food Stamps)	500,000	250
Boiler and Machinery (Total for all members)	25,000,000	250
Inland Marine	Per Scheduled Activity	100
Auto Comprehensive	Per Scheduled Activity	100
Auto Collision	Per Scheduled Activity	250
Nurse Liability	2,000,000	1,000
EMT / EMTA / PARAMEDIC	2,000,000 / 4,000,000	1,000

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 12 - RISK MANAGEMENT (Continued)

The County maintains comprehensive insurance coverage for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% coinsured. Workers' compensation benefits are provided through the State Bureau of Workers' Compensation. The County pays all elected officials' bonds by statute.

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

The County has elected to provide employee medical/surgical benefits and prescription drug benefits through Anthem Blue Cross. Dental insurance is being provided through Delta Insurance for the County's employees. The employees share the cost of the monthly premium with the County.

The County has elected to continue to provide vision benefits through a self-insured program with Vision Services Plan. The maintenance of these benefits are accounted for in the General Fund. Incurred but not reported claims of \$4,312 have been accrued as a liability based on a review of January - March 2001 billings provided by the County Auditor's Office. The remaining claims reflected in the schedule below relate to the vision self insurance plan which continued in effect for all of 2000.

	2000	1999
Incurring but Not Reported Claims	\$2,839	\$1,494
Estimated Current Year Claims	33,473	21,566
Actual Paid Claims - Current and Prior Year	(32,000)	(20,221)
Incurring but Not Reported Claims	\$4,312	\$2,839

NOTE 13 - DEFINED BENEFIT RETIREMENT PLANS

Public Employees Retirement System: All Jackson County full-time employees, other than certified teachers with the Board of Mental Retardation and Developmental Disabilities (MR/DD), participate in the Public Employees Retirement System of Ohio (the "System"), a cost-sharing multiple-employer public employee retirement system created by the State of Ohio. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 8.5% for employees other than law enforcement. Law enforcement employees contribute 9.0% of covered salary. The Public Employees Retirement Board instituted a temporary employer contribution rollback for 2000. The 2000 employer contribution rate for local government employers was rolled back by 20%, from 13.55% to 10.84% of covered payroll. The law enforcement employer rate was rolled back by 6% to 15.70% of covered payroll. The County's required contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$611,389, \$741,480, and 748,040, respectively; 79% has been contributed for 2000 and 100% for years 1999 and 1998. Of the 2000 amount, \$126,523 was unpaid at December 31, 2000 and is recorded as a liability within the respective funds.

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 13 - DEFINED BENEFIT RETIREMENT PLANS (Continued)

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

Plan members are required to contribute 9.3% of their annual covered salary and the County is required to contribute 14%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The County's required contributions to STRS for the years ended December 31, 2000, 1999, and 1998 were \$14,025, \$19,893, and \$20,362, respectively; 100% has been contributed for each of the years 2000, 1999 and 1998.

Effective July 1, 1991, all employees not otherwise covered by the Public Employees Retirement System or the State Teachers Retirement System have an option to choose social security or the Public Employees Retirement System/State Teachers Retirement System. As of December 31, 2000, none of the elected officials had elected social security.

Social Security System: Two members of the Board of Elections and one Veterans Service member, not otherwise covered by another retirement system, are covered by Social Security. Jackson County's liability is 6.2% of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

Public Employees Retirement System: The Public Employees Retirement System of Ohio (the System) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the System is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2000 employer contribution rate was 10.84% of covered payroll; 4.3% was the portion that was used to fund health care for 2000. The law enforcement employer rate for 2000 was 15.70% of covered payroll and 4.3% was 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 assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 1999. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 1999 was 7.75%. An annual increase of 4.75% compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from 0.54% to 5.10%. Health care costs were assumed to increase 4.75% annually.

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 14 - POSTEMPLOYMENT BENEFITS (Continued)

As of December 31, 1999, the actuarial value of net assets available for other postemployment benefits payments were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively. The number of active contributing participants at December 31, 1999 was 401,339.

The Retirement Board enacted a temporary employer contribution rate rollback for calendar year 2000. The decision to rollback rates was based on the December 31, 1998 actuarial study, which indicated that actuarial assets exceeded actuarial liabilities. The temporary rollback was 20% for 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.

State Teachers Retirement System: Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Ohio Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care costs will be absorbed by the State Teachers Retirement System. All benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium.

The Ohio Revised Code grants authority to the State Teachers Retirement System to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of the coverage paid from State Teachers Retirement System funds shall be included in the employer contribution rate, currently 14% of covered payroll. The State Teachers Retirement Board currently allocates employer contributions equal to 2% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. However, for the fiscal year ended June 30, 2000, the Board allocated employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3,419 million at June 30, 2000. The Health Care Reserve Fund allocation for the year ended June 30, 2001, will be 4.5% of covered payroll.

For the year ended June 30, 2000, the net health care costs paid by the State Teachers Retirement System were \$283,137,000. There were 99,011 eligible benefit recipients.

NOTE 15 - DEFERRED COMPENSATION

Jackson County employees and elected officials may participate in either the Ohio Public Employees Deferred Compensation Program or the County Commissioners' Association of Ohio Deferred Compensation Program, both created in accordance with Internal Revenue Service Code Section 457. Participation is on a voluntary payroll deduction basis. The plans permit deferral of compensation until future years. According to the plans, the deferred compensation is not available to employees until termination, retirement, death or in the case of an unforeseeable emergency.

Under the Ohio Public Employees Deferred Compensation Program and the County Commissioner's Association of Ohio Deferred Compensation Program, all plan assets are now being held in a trust arrangement for the exclusive benefit of participants and their beneficiaries, as required by the Small Business Job Protection Act of 1996. Under this Act, all existing deferred compensation plans were required to implement such a trust arrangement by January 1, 1999. As a result, the assets of these plans are no longer reflected in the combined financial statements of the County.

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 16 - LONG-TERM OBLIGATIONS

The County's long-term obligations obligations at year end consisted of the following:

Type/Issues	Interest Rate	Maturity Date	Balance at 12/31/99	Additions	Reductions	Balance at 12/31/00
County Garage General Obligation Bonds	6.50%-6.75%	9/15/11	\$295,000	\$0	\$15,000	\$280,000
Waste Facility General Obligation Bonds	4.95%	12/1/12	310,000	0	20,000	290,000
<i>Total General Obligation Bonds</i>			605,000	0	35,000	570,000
OPWC Loan Payable	0.00%	7/1/20	0	60,640	1,516	59,124
Compensated Absences			449,174	20,941	0	470,115
Due to Other Governments			239,442	50,862	0	290,304
Capital Leases			16,669	79,295	3,774	92,190
<i>Total General Long-Term Obligations</i>			<u>\$1,310,285</u>	<u>\$211,738</u>	<u>\$40,290</u>	<u>\$1,481,733</u>

The County Garage General Obligation Bonds were issued in 1992 for construction of the County Garage and the debt service is payable from the Debt Service Funds. The Waste Facility General Obligation Bonds were issued in 1999 on behalf of the Gallia, Jackson, Meigs and Vinton Joint Solid Waste District. The District has agreed to make payments to the County to retire the debt as it becomes due. As a result, the County has reflected bond payments due from the Waste District as intergovernmental receivable and deferred revenue in the Debt Service Funds. The OPWC Loan is for the construction of the sewer line and lift station connecting the Green Acres subdivision with the City of Wellston. This will be repaid from the Capital Projects Funds. The County had a total amount of \$147,500 which it could draw down from this loan, of which \$60,640 was drawn. This loan has not been amortized at year end, therefore, the future funding requirements for the retirement of this loan has not been included in the summary of the County's future long-term funding requirements that follow.

The compensated absences and due to other governments will be paid from the fund from which the employees are paid. Additions and reductions of accrued vacation and sick leave are shown net since it is impractical for the County to determine these amounts separately. The capital lease obligation will be retired through the General Fund.

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 16 - LONG-TERM OBLIGATIONS (Continued)

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

For the Year Ended December 31,	County Garage G.O. Bonds	Waste Facility G.O. Bonds	Capital Leases
2001	\$33,863	\$34,355	\$71,643
2002	37,888	33,365	21,978
2003	36,537	32,375	4,707
2004	35,188	31,385	546
2005	38,838	30,395	0
2006-2010	187,862	164,650	0
2011-2012	37,362	64,455	0
Sub-total	407,538	390,980	98,874
Less: Interest	127,538	100,980	6,684
Total	\$280,000	\$290,000	\$92,190

Compensated Absences: Upon retirement, employees with credited service are paid twenty-five (25) percent, up to a maximum of thirty (30) days, of their accrued sick leave. Vacation time is vested for employees after a minimum of one (1) year of credited service. Unused vacation may be accumulated up to three (3) years according to Ohio law. All sick leave and vacation time is compensated at the employee's current rate of pay at the time of retirement or termination. The liability reflected above as part of the General Long-Term Obligations Account Group represents the long-term portion of accumulated sick leave and vacation time. The current portion of this liability is reflected within each of the appropriate funds.

Conduit Debt Obligation: Pursuant to Article VIII, Section 16 of the Constitution of Ohio, and Section 133.51 of the Ohio Revised Code, Jackson County has issued multifamily housing mortgage revenue bonds for Jackson Health Partners, LLC, located within the County. The proceeds of the mortgage revenue bonds are used by the Jackson Health Partners, LLC for the acquisition, construction and equipping of an assisted living multifamily residential housing facility. The bonds are to be repaid by the recipients of the proceeds and do not represent an obligation of the County. As of December 31, 2000, \$4,000,000 of Multifamily Housing Mortgage Revenue Bonds and \$500,000 of Taxable Multifamily Housing Mortgage Revenue Bonds had been issued, and \$4,500,000 of those remain outstanding.

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 17 - NOTES PAYABLE

A summary of the note transactions for the year ended December 31, 2000 follows:

Type/Issues	Interest Rate	Maturity Date	Balance at 12/31/99	Additions	Reductions	Balance at 12/31/00
<i>General Fund:</i>						
Computer Equipment	4.13%	10/12/00	\$35,260	\$0	\$35,260	\$0
Computer Equipment	4.88%	10/11/01	0	24,022	0	24,022
Building (YMCA)	4.13%	10/12/00	83,500	0	83,500	0
Building (YMCA)	4.88%	10/11/01	0	74,700	0	74,700
Total General Fund			<u>\$118,760</u>	<u>\$98,722</u>	<u>\$118,760</u>	<u>\$98,722</u>
<i>Special Revenue Funds:</i>						
Computer Equipment	4.13%	10/12/00	\$56,040	\$0	\$56,040	\$0
Computer Equipment	4.88%	10/11/01	0	38,178	0	38,178
MRDD Roof Replacement	4.13%	10/12/00	52,200	0	52,200	0
MRDD Roof Replacement	4.88%	10/11/01	0	44,400	0	44,400
Highway Equipment	4.13%	10/12/00	66,000	0	66,000	0
Highway Equipment	4.88%	10/11/01	0	163,000	0	163,000
MRDD School Buses	4.13%	10/12/00	73,500	0	73,500	0
Total Special Revenue Funds			<u>\$247,740</u>	<u>\$245,578</u>	<u>\$247,740</u>	<u>\$245,578</u>
<i>Capital Projects Funds:</i>						
GIS Project	4.13%	10/12/00	\$307,000	\$0	\$307,000	\$0
GIS Project	4.88%	10/11/01	0	251,500	0	251,500
Correction Facility Project	4.13%	10/12/00	2,390,000	0	2,390,000	0
Correction Facility Project	4.88%	10/11/01	0	320,000	0	320,000
Total Capital Projects Funds			<u>\$2,697,000</u>	<u>\$571,500</u>	<u>\$2,697,000</u>	<u>\$571,500</u>
Total all Funds			<u>\$3,063,500</u>	<u>\$915,800</u>	<u>\$3,063,500</u>	<u>\$915,800</u>

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 17 - NOTES PAYABLE (Continued)

All notes are bond anticipation notes and are backed by the full faith and credit of Jackson County. Each note liability is reflected in the fund which received the proceeds and each note will be retired from the respective revenues of the fund reporting the liability. The County issued the Geographical Information Systems (GIS) Project Notes to provide necessary funding for the GIS system in Jackson County. The County and various local governments within Jackson County will be sharing the cost of paying off these notes. However, these notes are in the name of the County and the ultimate responsibility for payment resides with Jackson County. The Computer Equipment Note is being paid off by both the General Fund and the Real Estate Assessment Fund. The General Fund's share is 30% and the Real Estate Assessment Fund's share is 70%. The liabilities and respective principal payments are reflected in each of these funds accordingly.

NOTE 18 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The County maintains two Enterprise Funds which are intended to be self-supporting through user fees charged for services provided to consumers for sewage services. Financial segment information as of and for the year ended December 31, 2000, is as follows:

	Green Acres	Fisher Sewer	Total Enterprise Funds
	<hr/>	<hr/>	<hr/>
Operating Revenues	\$29,602	\$0	\$29,602
Operating Expenses Before Depreciation	20,390	0	20,390
Depreciation Expense	2,981	0	2,981
Operating Income (Loss)	6,231	0	6,231
Net Income (Loss)	4,715	0	4,715
Net Working Capital	32,998	1,006	34,004
Total Assets	52,614	1,006	53,620
Total Fund Equity	52,089	1,006	53,095

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 19 - INTERFUND TRANSACTIONS

Interfund balances at December 31, 2000 consist of the following individual fund receivables and payables:

Fund Type/Fund	Due from Other Funds	Due to Other Funds	Due from Other Funds - Taxes	Due to Other Funds - Taxes
General Fund	\$33,091	\$0	\$1,126,204	\$0
<i>Special Revenue Funds:</i>				
Motor Vehicle & Gasoline Tax	2,520	0	0	0
Marriage License	289	0	0	0
Board of MRDD	0	0	510,000	0
Emergency Medical Services	0	0	841,722	0
Indigent Drivers Alcohol Treatment	139	0	0	0
Probate Court Conduct of Business	141	0	0	0
Indigent Guardianship	320	0	0	0
Electronic House Arrest	10	0	0	0
Litter Control	0	2,733	0	0
Youth Services Grant	0	6,344	0	0
Computerized Legal Research	1,583	0	0	0
Jail	166	0	0	0
Magistrate	0	4,489	0	0
Computer - Common Pleas Court	2,844	0	0	0
Total Special Revenue Funds	8,012	13,566	1,351,722	0
<i>Agency Funds:</i>				
Agency Tax	0	0	0	2,477,926
Court Agency	0	27,537	0	0
Total Agency Funds	0	27,537	0	2,477,926
Total All Funds	\$41,103	\$41,103	\$2,477,926	\$2,477,926

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS

Gallia, Jackson, Meigs and Vinton Joint Solid Waste Management District

The County is a member of the Gallia, Jackson, Meigs and Vinton Joint Solid Waste Management District, which is a jointly governed organization of the four-named counties. The purpose of the District is to make disposal of waste in the four-county area more comprehensive in terms of recycling, incinerating, and land filling. The District was created in 1989, as required by the Ohio Revised Code.

The Gallia, Jackson, Meigs and Vinton Solid Waste District is governed and operated through three groups. A twelve member board of directors, comprised of three commissioners from each County, is responsible for the District's financial matters. Financial records are maintained by the District. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. A twenty-nine member policy committee, comprised of six members from each County and one at-large member appointed by policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the policy committee. Each participating County's influence is limited to the number of members each appoints to the board. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

South Central Regional Juvenile Detention Center

The South Central Regional Juvenile Detention Center is a jointly governed organization that was created as a holding place for juvenile offenders waiting for disposition by the respective Juvenile Courts of the member counties. The current members include Pike, Pickaway, Ross, Jackson, Hocking, Athens, Fayette, Vinton and Highland Counties. The Center's Board consists of one member from each participating county that is appointed by the Juvenile Court Judge or a County Commissioner from each county. The joint Board selects the superintendent as the Center's administrator.

The Center's revenue is from per diem charges for inmates to the respective counties and a percent of the county tax base to the total tax base. Ross County is the fiscal officer of the Center. Jackson County does not have any financial interest or responsibility. During 2000, Jackson County contributed \$46,141 to the Center.

Buckeye Joint-County Self Insurance Council

The Buckeye Joint-County Self Insurance Council is a jointly governed organization that serves Athens, Hocking, Jackson, Meigs, Monroe, Morgans, Noble, Perry, Pike, Vinton, and Washington Counties and was formed as an insurance pool for the purpose of providing general liability, law enforcement, professional and fleet insurance. Member counties provide operating resources to the organization base on actuarially determined rates.

The degree of control exercised by any participating government is limited to its representation on the Board. Jackson County does not have any ongoing interest or responsibility in the organization.

NOTE 21 - RELATED PARTY TRANSACTION

J-Vac Industries, Inc.

J-Vac Industries, Inc. a discretely presented Component Unit of Jackson County, received contributions from the County for facilities, certain equipment, transportation and salaries for administration, implementation and supervision of its program. These contributions are reflected as operating revenues and operating expenses at cost or fair market value as applicable, in the General Purpose Financial Statements. During the fiscal year of J-Vac Industries, Inc. which runs from July 1, 1999 through June 30, 2000, these contributions were \$2,810.

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 22 - CONTINGENT LIABILITIES

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

The County had several pending litigation cases at December 31, 2000. Management believes that the financial impact of these cases, if any would not be material to the financial statements of the County.

NOTE 23 - CONTRACTUAL COMMITMENTS

As of December 31, 2000, the County had outstanding or planned contractual purchase commitments for the completion of (1) the engineering project at Mulga Road over Little Raccoon Creek, (2) the construction project of the Byer/Ray Waterline, and (3) the construction project of the Fairgreen's Sanitary Sewer as follows:

Contractor	Contract Amount	Additions/ Deletions	Amount Expended	Balance at 12/31/00
1. Jones-Stuckey, LTD.	\$89,879	\$0	\$16,530	\$73,349
2. Groom's Construction	451,252	146,136	263,067	334,321
3. Chapman Martin Excavating	172,458	0	0	172,458
Total	<u>\$713,589</u>	<u>\$146,136</u>	<u>\$279,597</u>	<u>\$580,128</u>

NOTE 24 - COMPONENT UNIT - J-VAC INDUSTRIES, INC.

Nature of Activities

J-Vac Industries, Inc., (the Organization) provides job training for the mentally handicapped in Jackson County, Ohio. Work training includes providing janitorial services for the local industry, state and county organizations, the making of crafts and other services to local industry. The facilities and managerial staff are provided by the Jackson County Board of Mental Retardation and Developmental Disabilities. The revenues earned by the facility fund the operation.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is a nonprofit organization that is exempt from income taxes under 501 (c)(3) of the Internal Revenue Code.

JACKSON COUNTY, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 24 - COMPONENT UNIT - J-VAC INDUSTRIES, INC. (Continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. As shown in Note 6, all deposits are insured by FDIC.

Fixed Assets

Fixed assets consist of the following:

Equipment	\$32,235
Vehicles	27,587
Less: Accumulated Depreciation	<u>(55,534)</u>
Total Fixed Assets	<u><u>\$4,288</u></u>

Assets are depreciated on the basis of their economic life ranging from three to five years on a straight-line method.

JACKSON COUNTY

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

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Expenditures
<u>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Pass-Through State Department of Development:</i>			
Community Development Block Grant- State's Program	14.228	B-F-97-037-1	\$111,086
		B-F-98-037-1	191,146
		B-F-99-037-1	158,607
		B-C-98-037-1	28,705
		B-W-99-037-1	227,408
		B-I-99-037-1	120,000
Total Community Development Block Grant			<u>836,952</u>
HOME Investment Partnerships Program	14.239	B-C-98-037-2	<u>247,080</u>
Total United States Department of Housing and Urban Development			1,084,032
<u>UNITED STATES DEPARTMENT OF JUSTICE</u>			
<i>Pass-Through State Department of Criminal Justice :</i>			
Violent Offender Incarceration and Truth in Sentencing	16.586	96-CV-VX-0039	<u>1,722,469</u>
Total United States Department of Justice			1,722,469
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>			
<i>Pass-Through State Department of Health:</i>			
Special Education Cluster:			
Handicapped - Stae Grants (Part B, Education of the Handicapped Act)	84.027	66050-6B-SF-00	19,006
Educationally Handicapped - Pre-School	84.173	66050-6B-SF-00	<u>8,397</u>
Total Special Education Cluster			27,403
Innovative Education Program Strategies	84.298	N/A	<u>1,431</u>
Total United States Department of Education			28,834
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Pass-Through State Department of Mental Retardation and Development Disabilities:</i>			
Social Services Block Grant - Title XX	93.667	MR-82	26,095
Medical Assistance Program - CAFS	93.778	N/A	<u>140,476</u>
Total United States Department of Health and Human Services			166,571
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
<i>Pass-Through State Emergency Management Agency:</i>			
FEMA Emergency Management Performance Grant	83.552	H418	<u>13,421</u>
Total Federal Emergency Management Agency			<u>13,421</u>
Total Federal Awards Expenditures			<u>\$3,015,327</u>

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

JACKSON COUNTY

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

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.

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

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

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

These loans are collateralized by mortgages on the property and by equipment. At December 31, 2000, the gross amount of loans outstanding under this program were \$27,264. Delinquent amounts due are \$0.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Jackson County
226 Main Street
Jackson, Ohio 45640

To the Board of County Commissioners:

We have audited the general-purpose financial statements of Jackson County, Ohio (the County), as of and for the year ended December 31, 2000, and have issued our report thereon dated August 27, 2001. We did not audit the financial statements of J-VAC Industries, Inc. the County's discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the general-purpose financial statements, insofar as it relates to the amounts discretely presented for J-VAC Industries, Inc., is based upon the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the County in a separate letter dated August 27, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2000-60740-001 and 2000-60740-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2000-60740-002 to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the management of the County in a separate letter dated August 24, 2001.

This report is intended for the information of the Board of County Commissioners, 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 27, 2001



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

Jackson County
226 Main Street
Jackson, Ohio 45640

To the Board of County Commissioners

Compliance

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

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

As described in items 2000-60740-003 and 2000-60740-004 in the accompanying Schedule of Findings, the County did not comply with requirements regarding Reporting and Cash Management that are applicable to its Community Development Block Grants. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2000.

Internal Control Over Compliance

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

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying Schedule of Findings as items 2000-60740-003 and 2000-60740-004.

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2000-60740-003 and 2000-60740-004 to be material weaknesses.

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

Jim Petro
Auditor of State

August 27, 2001

JACKSON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2000

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

JACKSON COUNTY

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2000
(Continued)**

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

FINDING NUMBER 2000-60740-001

Reportable Condition

Proper segregation of duties dictates that users can only access those computer functions and data necessary to do their jobs. To do this, each user's system and application-level access rights needs to be individually defined based upon their job duties.

In 1999, the County began using new Financial Management, Payroll and Treasurer Reconciliation applications. When these applications were first installed, the vendor showed the County how to setup passwords and access levels within each of these applications and then left it up to the County to decide the proper access rights for individual employees. However, the County neglected to establish proper access rights for its employees, and by default this has given each employee full access to all of these applications. Thus, there was no proper segregation of duties between the Auditor's and the Treasurer's offices. The Auditor's employees have full access to functions that are solely the responsibility of the Treasurer's employees and vice-versa.

This lack of proper segregation of functions/duties prevents the implementation of the proper checks and balances between these two departments. It also increases the risk that unauthorized users entered, edited, or deleted transactions on the county's system.

Management needs to assign user access rights to functions and data based solely upon the employees job duties. In addition, application functions that are solely the responsibility of the Auditor's office should be restricted from the Treasurer's office and vice-versa.

FINDING NUMBER 2000-60740-002

Material Weakness

The County's reconciliation process was two-fold. First, the County Treasurer must reconcile to the bank. Secondly, the County Auditor must reconcile to the County Treasurer's balance. As of December 31, 2000, the Treasurer had not reconciled to the bank since January 2000. However, the Auditor had reconciled to the Treasurer's Fund Report to within \$474.

The County Treasurer reconciled to the bank using his Daily Statement. However, the County Treasurer did not post interest of \$254,165 for the months of February through December 2000, which was paid to the County during 2000. Two wire transfers totaling \$68,876 were automatically deposited into the County's bank account in December 2000, which were not posted until 2001. Furthermore, \$2,440,627 for debt payments was automatically paid out of the County's bank account prior to year end that the Treasurer did not deduct from his Fund Report or daily statement. Therefore, these resulted in reconciling items which made his Daily Statement inaccurate.

We recommend that the County Treasurer reconcile to the bank balance as soon as the bank statements are received each month.

JACKSON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2000
(Continued)

3. FINDINGS FOR FEDERAL AWARDS

1. Cash Management

Finding Number	2000-60740-003
CFDA Title and Number	Community Development Block Grant CFDA #14.228
Federal Award Number / Year	B-F-97-037-1, B-F-98-037-1, B-F-99-037-1, B-I-99-037-1, B-W-99-037-1
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance Citation and Material Weakness

According to the *State of Ohio Department of Development, Office of Housing and Community Partnership Financial Management Rules and Regulations Handbook, Section (A)(3)(f)*, the grantee must develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. This rule states that fund draw downs should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within fifteen days of receipt of any funds. Lump sum draw downs are not permitted. Escrow accounts are permitted only in the case of rehabilitation of private property. For the purpose of the Fifteen Day Rule only, funds deposited into an escrow account will be considered expended, but it should be noted that funds may only be in an escrow account for 20 days.

The funds that were drawn down were not disbursed to a balance of less than \$5,000 within fifteen days of receipt. A comparison of the draws to the expenditures for each of the funds revealed the following:

From Grant B-F-97-037-1:

Draw number 170 dated May 15, 2000 was requested from Grant B-F-97-037-1 in the amount of \$108,100 (\$2,700 for Curbs and Sidewalks costs, \$102,500 for Removal of Architectural Barriers costs, and \$2,900 for Administration costs). The County received the funding on June 1, 2000. \$1,300 of the Administrative portion was disbursed on June 15, 2000, however the Removal of Architectural Barriers portion was not disbursed until July 27, 2000, and the Curbs and Sidewalks and remaining Administrative portions were not disbursed as of December 31, 2000. Therefore, the money was not expended within fifteen days of receipt, as required, and the balance exceeded \$5,000.

From Grant B-F-98-037-1:

Draw number 171 dated May 15, 2000 was requested from Grant B-F-98-037-1 in the amount of \$14,000 (\$800 for Water and Sewer Facility costs, \$12,000 for Removal of Architectural Barrier costs, and \$1,300 for Administration costs). The County received the funding on June 1, 2000. The Administrative portion was disbursed on June 15, 2000, however the Water and Sewer Facilities portion was not disbursed until August 3, 2000, and the Removal of Architectural Barriers portion was not disbursed until July 27, 2000. Therefore, the money was not expended within fifteen days of receipt, as required, and the balance exceeded \$5,000.

JACKSON COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2000
(Continued)

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2000-60740-003 (Continued)

From Grant B-F-99-037-1:

Draw number 167 dated December 2, 1999 was requested from Grant B-F-99-037-1 in the amount of \$6,000 for Administration costs. The County received the funding on January 28, 2000, however the subsequent disbursement was not made until July 11, 2000. Therefore, the money was not expended within fifteen days of receipt, as required, and the balance exceeded \$5,000.

From Grant B-I-99-037-1:

Draw number 174 dated July 14, 2000 was requested from Grant B-I-99-037-1 in the amount of \$120,000 for Water and Sewer Facilities costs. The County received the funding on August 9, 2000. The County disbursed \$97,925.80 on August 11, 2000, however the remaining \$22,074.20 was not disbursed as of December 31, 2000. Therefore, the money was not expended within fifteen days of receipt, as required, and the balance exceeded \$5,000.

From Grant B-W-99-037-1:

Draw number 174 dated July 14, 2000 was requested from Grant B-W-99-037-1 in the amount of \$28,000 for Water and Sewer Facilities costs. The County received the funding on August 9, 2000, however the subsequent disbursement was not made as of December 31, 2000. Therefore, the money was not expended within 15 days of receipt, as required, and the balance exceeded \$5,000.

We recommend that the County establish separate funds for each grant with cash management requirements. The County should monitor the cash balances in these funds to determine when and how much cash to request. This will help ensure that the monies drawn down are expended within fifteen days as required by the Fifteen Day Rule.

2. Reporting

Finding Number	2000-60740-004
CFDA Title and Number	Community Development Block Grant CFDA #14.228
Federal Award Number / Year	B-F-97-037-1, B-F-98-037-1
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance Citation and Material Weakness

All Community Development Block Grant Program funds are required to be reported to the State of Ohio, Department of Development. There are two required reports: Form DS5 - Request for Payments and Status of Funds Report; and the Final Performance Report. The Request for Payments report is used by the local governments to make draw downs from the Ohio Department of Development. The Final Performance Report must be completed and submitted to OHCP. The grant agreements require the County to submit to the Ohio Department of Development a Status Report beginning six months after the effective date of the agreements, and quarterly thereafter, and a Final Performance report at the conclusion of the program.

JACKSON COUNTY

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2000
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2000-60740-004 (Continued)

The County did not properly and timely complete status reports as required by the Grant agreements. The Status Report for Grant number B-F-97-037-1 dated February 9, 2000, reported expenditures totaling \$115,713.87, however the amount of expenditures for curbs and sidewalks was \$109 less than on the previous Status Report dated August 9, 1999 and the amount of expenditures for general administration was \$2,800 more than on the August 9, 1999 Status Report. There was no documentation to support how these reports had been calculated. The Grant extension letter from the Ohio Department of Development for Grant number B-F-98-037-1 stated that the grant period ended December 31, 2000, however the last Status Report was submitted to Ohio Department of Development on October 21, 1999. This indicates the required quarterly Status Reports were not submitted. The Grant extension letter from the Ohio Department of Development for Grant number B-F-98-037-1 stated that the final performance report for the grant was due on October 30, 2000. However, the final performance report was not completed and submitted until March 26, 2001. The Ohio Department of Development had to send a letter to notify the County that the reporting requirements had not been met and that funds would be placed on hold until proper reports were received.

We recommend that the County prepare and submit the required reports accurately and timely to prevent possible sanctions to Jackson County. Additionally, we recommend that a tracking system be developed to help management identify when reports are due. This can help to ensure that the reports are completed timely.

JACKSON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
 OMB CIRCULAR A-133 § .315(b)
 DECEMBER 31, 2000

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</u>
1999-60740-002	Ohio Rev. Code §5705.41(B) Expending monies that have not been appropriated.	No	Not Corrected This citation was reissued in this audit in the management letter.
1999-60740-003	County Reconciliations	No	Not Corrected This was reissued in this audit.
1999-60740-004	Municipal Court Reconciliations	Yes	Fully Corrected The Municipal Court was in balance with the bank.

JACKSON COUNTY

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2000**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2000-60740-001	The County Auditor has contacted the vendor to remedy this situation.	December 30, 2001	Edward Jarvis, Jackson County Auditor
2000-60740-002	The Treasurer is now up to date in performing his reconciliations with the bank.	August 27, 2001	Timothy Coll, Jackson County Treasurer and Edward Jarvis, Jackson County Auditor
2000-60740-003	The Commissioners will monitor the grants more closely and work with the grant administrator to adhere to the 15 day rule.	December 31, 2001	Jackson County Commissioners
2000-60740-004	The Commissioners will work with the grant administrator and County Auditor to submit accurate and timely reports as required.	December 31, 2001	Jackson County Commissioners



STATE OF OHIO
OFFICE OF THE AUDITOR

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JACKSON COUNTY FINANCIAL CONDITION

JACKSON 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 11, 2001