



**FINANCIAL CONDITION
SCIOTO COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

SCIOTO COUNTY
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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of County Commissioners:

We have audited the accompanying general-purpose financial statements of Scioto County, Ohio (the County) as of and for the year ended December 31, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Scioto County, as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund types 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 October 12, 2001 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the County, taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for 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. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

October 12, 2001

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SCIOTO 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
<u>ASSETS AND OTHER DEBITS</u>				
<u>Assets</u>				
Equity in pooled cash and cash equivalents	\$200,559	\$8,503,690	\$86,012	\$872,466
Cash with fiscal and escrow agents	2,722	-	-	-
Receivables:				
Taxes	2,388,005	1,824,461	-	-
Accounts (net of allowance)	-	36,522	-	-
Special assessments	-	-	-	-
Accrued interest	72,862	6,294	-	-
Due from other governments	895,921	930,127	-	331,259
Prepayments	40,153	15,762	-	-
Deferred charges	-	-	-	-
Advances to other funds	184,482	-	-	-
Loans receivable	-	1,115,247	-	-
Materials and supplies inventory	53,130	45,180	-	-
Restricted Assets:				
Cash with fiscal and escrow agents	-	-	-	-
Property, plant and equipment (net of accumulated depreciation where applicable)	-	-	-	-
<u>Other Debits</u>				
Amount available in debt service fund for retirement of general obligation bonds	-	-	-	-
Amount to be provided for retirement of general long-term obligations	-	-	-	-
Total assets and other debits	<u>\$3,837,834</u>	<u>\$12,477,283</u>	<u>\$86,012</u>	<u>\$1,203,725</u>

See Accompanying Notes to the General Purpose Financial Statements

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Total Primary Government (Memorandum Only)</u>	<u>STAR Inc.</u>	<u>Totals (Memorandum Only) Reporting Entity</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>			
\$645,981	\$156,812	\$3,526,861	-	-	\$13,992,381	\$ -	\$13,992,381
103,925	-	705,742	-	-	812,389	174,188	986,577
-	-	22,093,802	-	-	26,306,268	-	26,306,268
104,232	-	-	-	-	140,754	27,694	168,448
62,898	-	-	-	-	62,898	-	62,898
-	-	-	-	-	79,156	-	79,156
-	25,910	2,678,461	-	-	4,861,678	20,000	4,881,678
-	-	-	-	-	55,915	-	55,915
92,295	-	-	-	-	92,295	-	92,295
-	-	-	-	-	184,482	-	184,482
-	-	-	-	-	1,115,247	-	1,115,247
7,682	-	-	-	-	105,992	5,682	111,674
133,334	-	-	-	-	133,334	-	133,334
11,885,209	116,316	-	30,503,775	-	42,505,300	9,483	42,514,783
-	-	-	-	84,235	84,235	-	84,235
-	-	-	-	10,902,117	10,902,117	-	10,902,117
<u>\$13,035,556</u>	<u>\$299,038</u>	<u>\$29,004,866</u>	<u>\$30,503,775</u>	<u>\$10,986,352</u>	<u>\$101,434,441</u>	<u>\$237,047</u>	<u>\$101,671,488</u>

Continued

SCIOTO COUNTY, OHIO

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>LIABILITIES, EQUITY, AND OTHER CREDITS</u>				
<u>Liabilities</u>				
Accounts payable	\$204,891	\$1,465,096	-	\$54,962
Accrued wages and benefits	20,054	92,836	-	-
Compensated absences payable	6,267	7,266	-	-
Contracts payable	-	37,451	-	823,919
Retainage payable	-	-	-	-
Accrued interest payable	5,342	2,227	1,777	-
Due to other governments	60,255	-	-	-
Deferred revenue	1,708,948	2,442,976	-	-
Undistributed monies	-	-	-	-
Deposits held and due to others	-	-	-	-
FHA Bonds payable	-	-	-	-
Capital Leases payable	-	-	-	-
Notes payable	215,000	97,000	-	-
Advances from other funds	-	33,968	-	150,514
Bonds payable:				
General obligation	-	-	-	-
Special Assessment	-	-	-	-
Total liabilities	2,220,757	4,178,820	1,777	1,029,395
<u>Fund Equity and Other Credits</u>				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings	-	-	-	-
Fund balances:				
Reserved for advances	184,482	-	-	-
Reserved for loans	-	1,115,247	-	-
Reserved for prepaids	40,153	15,762	-	-
Reserved for encumbrances	-	991,863	-	22,625
Reserved for supplies inventory	53,130	45,180	-	-
Unreserved fund balance	1,339,312	6,130,411	84,235	151,705
Total fund equity and other credits	1,617,077	8,298,463	84,235	174,330
Total liabilities, equity and other credits	\$3,837,834	\$12,477,283	\$86,012	\$1,203,725

See Accompanying Notes to the General Purpose Financial Statements

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Total Primary Government (Memorandum Only)</u>	<u>STAR Inc.</u>	<u>Totals (Memorandum Only) Reporting Entity</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>			
\$23,084	-	-	-	-	\$1,748,033	\$1,578	\$1,749,611
-	-	-	-	-	112,890	1,813	114,703
46,450	-	-	-	1,252,940	1,312,923	-	1,312,923
207,661	-	-	-	-	1,069,031	-	1,069,031
18,140	-	-	-	-	18,140	-	18,140
130,349	-	-	-	-	139,695	-	139,695
-	-	23,093,564	-	-	23,153,819	-	23,153,819
15,432	-	-	-	-	4,167,356	-	4,167,356
-	-	1,623,847	-	-	1,623,847	-	1,623,847
-	-	4,184,860	-	-	4,184,860	-	4,184,860
3,012,303	-	-	-	-	3,012,303	-	3,012,303
-	83,441	-	-	134,412	217,853	-	217,853
348,000	-	-	-	479,000	1,139,000	-	1,139,000
-	-	-	-	-	184,482	-	184,482
3,293,820	-	-	-	9,120,000	12,413,820	-	12,413,820
295,000	-	-	-	-	295,000	-	295,000
<u>7,390,239</u>	<u>83,441</u>	<u>28,902,271</u>	<u>-</u>	<u>10,986,352</u>	<u>54,793,052</u>	<u>3,391</u>	<u>54,796,443</u>
-	-	-	30,503,775	-	30,503,775	-	30,503,775
3,772,531	-	-	-	-	3,772,531	-	3,772,531
1,872,786	215,597	-	-	-	2,088,383	233,656	2,322,039
-	-	-	-	-	184,482	-	184,482
-	-	-	-	-	1,115,247	-	1,115,247
-	-	-	-	-	55,915	-	55,915
-	-	2,200	-	-	1,016,688	-	1,016,688
-	-	-	-	-	98,310	-	98,310
-	-	100,395	-	-	7,806,058	-	7,806,058
<u>5,645,317</u>	<u>215,597</u>	<u>102,595</u>	<u>30,503,775</u>	<u>-</u>	<u>46,641,389</u>	<u>233,656</u>	<u>46,875,045</u>
<u>\$13,035,556</u>	<u>\$299,038</u>	<u>\$29,004,866</u>	<u>\$30,503,775</u>	<u>\$10,986,352</u>	<u>\$101,434,441</u>	<u>\$237,047</u>	<u>\$101,671,488</u>

SCIOTO COUNTY, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS FOR THE YEAR ENDED DECEMBER 31, 2000

	Governmental Fund Types				Fiduciary Fund Type	Total
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
Revenues:						
Taxes	\$7,206,066	\$2,622,218	\$ -	\$ -	\$ -	\$9,828,284
Charges for services	1,260,950	1,943,192	-	-	-	3,204,142
Licenses and permits	8,567	57,346	-	-	-	65,913
Fines and forfeitures	117,335	429,232	-	-	-	546,567
Intergovernmental	1,449,639	26,996,419	-	5,855,866	-	34,301,924
Investment income	896,597	91,397	-	-	4,852	992,846
Other	14,670	344,121	-	10,306	24,851	393,948
Total Revenues	10,953,824	32,483,925	-	5,866,172	29,703	49,333,624
Expenditures:						
General government:						
Legislative & executive	3,607,366	394,802	-	-	-	4,002,168
Judicial	1,966,488	269,885	-	-	-	2,236,373
Public safety	2,846,420	1,345,860	-	-	-	4,192,280
Public works	186,202	4,513,366	-	-	-	4,699,568
Health	63,018	220,552	-	-	-	283,570
Human services	298,346	27,186,134	-	-	24,098	27,508,578
Conservation & Recreation	128,042	58,356	-	-	-	186,398
Economic Dev. & Assistance	93,937	747,450	-	-	-	841,387
Transportation	-	802,313	-	-	-	802,313
Other expense	1,317,351	-	200	-	-	1,317,551
Capital outlay	-	-	-	6,557,121	-	6,557,121
Debt Service:						
Principal retirement	-	-	1,780,000	-	-	1,780,000
Interest & fiscal charges	20,093	6,895	536,048	36,006	-	599,042
Total expenditures	10,527,263	35,545,613	2,316,248	6,593,127	24,098	55,006,349
Excess of revenues over (under) expenditures	426,561	(3,061,688)	(2,316,248)	(726,955)	5,605	(5,672,725)
Other financial sources (uses):						
Proceeds from capital leases	-	-	-	-	-	-
Proceeds from notes	479,000	-	-	-	-	479,000
Proceeds from bonds	-	1,105,000	1,606,097	2,738,323	-	5,449,420
Advances In	-	-	-	-	-	-
Advances Out	-	-	-	-	-	-
Operating transfers in	221,296	1,048,493	382,708	-	-	1,652,497
Operating transfers out	(1,478,886)	(250,177)	-	(45,434)	-	(1,774,497)
Other financing sources	534,691	158,974	308,117	0	-	1,001,782
Other financing uses	(187,967)	(33,373)	-	(907,589)	-	(1,128,929)
Total other financing sources/(uses)	(431,866)	2,028,917	2,296,922	1,785,300	-	5,679,273
Excess of revenues & other financing sources over (under) expenditures & other financing uses	(5,305)	(1,032,771)	(19,326)	1,058,345	5,605	6,548
Fund balance 1/1/00 - Restated	1,595,039	9,376,705	103,561	(884,015)	96,990	10,288,280
Increase/(Decrease) in reserve for inventory	27,343	(45,471)	-	-	-	(18,128)
Fund balance 12/31/00	\$1,617,077	\$8,298,463	\$84,235	\$174,330	\$102,595	\$10,276,700

See Accompanying Notes to the General Purpose Financial Statements

SCIOTO COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2000

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$6,989,721	\$7,000,299	\$10,578	\$2,864,158	\$3,041,507	\$177,349
Charges for Services	1,466,600	1,380,016	(86,584)	1,512,058	1,937,016	424,958
Licenses and Permits	10,600	8,567	(2,033)	60,983	57,346	(3,637)
Fines and Forfeitures	135,000	117,335	(17,665)	306,163	441,909	135,746
Intergovernmental	1,190,000	1,216,797	26,797	30,045,244	27,371,147	(2,674,097)
Interest	750,000	876,969	126,969	91,750	91,895	145
Other	24,800	14,670	(10,130)	745,670	559,625	(186,045)
Total Revenues	10,566,721	10,614,653	47,932	35,626,026	33,500,445	(2,125,581)
Expenditures:						
General Government:						
Legislative and Executive	3,557,718	3,557,718	-	482,427	409,526	72,901
Judicial	1,957,982	1,957,982	-	303,472	274,211	29,261
Public Safety	2,851,572	2,851,572	-	1,568,005	1,387,830	180,175
Public Works	186,203	186,202	1	6,178,641	4,870,256	1,308,385
Health	63,018	63,018	-	238,091	226,178	11,913
Human Services	291,298	291,298	-	29,195,535	26,826,921	2,368,614
Conservation and Recreation	87,134	87,134	-	64,857	55,889	8,968
Economic Development	93,698	93,698	-	958,953	947,044	11,909
Transportation	-	-	-	825,990	822,013	3,977
Miscellaneous	1,317,351	1,317,351	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service:						
Principal Retirement	31,000	510,000	(479,000)	102,000	199,000	(97,000)
Interest and Fiscal Charges	23,212	20,087	3,125	8,035	8,034	1
Total Expenditures	10,460,186	10,936,060	(475,874)	39,926,006	36,026,902	3,899,104
Excess of Revenues Over/ (Under) Expenditures	106,535	(321,407)	(427,942)	(4,299,980)	(2,526,457)	1,773,523
Other Financing Sources (Uses):						
Proceeds from sale of fixed assets	-	-	-	-	-	-
Proceeds from notes	-	479,000	479,000	-	97,000	97,000
Proceeds from bonds	-	-	-	1,105,000	1,105,000	-
Advances In	-	400,265	400,265	-	126,760	126,760
Advances Out	-	(161,260)	(161,260)	-	(190,227)	(190,227)
Operating Transfers In	356,000	221,296	(134,704)	1,359,621	1,048,493	(311,128)
Operating Transfers Out	(1,519,245)	(1,519,245)	-	(250,177)	(250,177)	-
Other sources	438,000	471,563	33,563	-	-	-
Other uses	(177,967)	(177,967)	-	(38,977)	(33,371)	5,606
Total Other Financing Sources (Uses)	(903,212)	(286,348)	616,864	2,175,467	1,903,478	(271,989)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(796,677)	(607,755)	188,922	(2,124,513)	(622,979)	1,501,534
Fund Balances at Beginning of Year	492,135	492,135	-	6,887,606	6,887,606	-
Prior Year Encumbrances Appropriated	316,178	316,178	-	1,247,199	1,247,199	-
Fund Balances at End of Year	\$11,636	\$200,558	\$188,922	\$6,010,292	\$7,511,826	\$1,501,534

See Accompanying Notes to the General Purpose Financial Statements

Continued

SCIOTO COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2000
 (CONTINUED)

	Debt Service Fund			Capital Projects Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-
Intergovernmental	-	-	-	7,166,753	5,524,607	(1,642,146)
Interest	-	-	-	-	-	-
Other	-	-	-	209	10,304	10,095
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,166,962</u>	<u>5,534,911</u>	<u>(1,632,051)</u>
<u>Expenditures:</u>						
General Government:						
Legislative and Executive	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Health	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Conservation and Recreation	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Miscellaneous	200	200	-	-	-	-
Capital Outlay	-	-	-	6,672,181	5,721,969	950,212
Debt Service:						
Principal Retirement	1,790,000	2,005,000	(215,000)	-	1,515,000	(1,515,000)
Interest and Fiscal Charges	536,353	534,271	2,082	-	63,323	(63,323)
Total Expenditures	<u>2,326,553</u>	<u>2,539,471</u>	<u>(212,918)</u>	<u>6,672,181</u>	<u>7,300,292</u>	<u>(628,111)</u>
Excess of Revenues Over/ (Under) Expenditures	<u>(2,326,553)</u>	<u>(2,539,471)</u>	<u>(212,918)</u>	<u>494,781</u>	<u>(1,765,381)</u>	<u>(2,260,162)</u>
<u>Other Financing Sources (Uses):</u>						
Proceeds from sale of fixed assets	-	-	-	-	-	-
Proceeds from notes	-	215,000	215,000	-	-	-
Proceeds from bonds	1,641,942	1,606,097	(35,845)	917,940	2,738,323	1,820,383
Advances In	-	-	-	-	34,500	34,500
Advances Out	-	-	-	-	(210,038)	(210,038)
Operating Transfers In	349,707	382,708	33,001	-	-	-
Operating Transfers Out	-	-	-	(45,434)	(45,434)	-
Other sources	318,117	318,117	-	-	-	-
Other Uses	-	-	-	(827,589)	(907,589)	(80,000)
Total Other Financing Sources (Uses)	<u>2,309,766</u>	<u>2,521,922</u>	<u>212,156</u>	<u>44,917</u>	<u>1,609,762</u>	<u>1,564,845</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(16,787)</u>	<u>(17,549)</u>	<u>(762)</u>	<u>539,698</u>	<u>(155,619)</u>	<u>(695,317)</u>
Fund Balances at Beginning of Year	103,561	103,561	-	978,629	978,629	-
Prior Year Encumbrances Appropriated	-	-	-	26,830	26,830	-
Fund Balances at End of Year	<u>\$86,774</u>	<u>\$86,012</u>	<u>(\$762)</u>	<u>\$1,545,157</u>	<u>\$849,840</u>	<u>(\$695,317)</u>

See Accompanying Notes to the General Purpose Financial Statements

Continued

SCIOTO COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2000
 (CONTINUED)

	Expendable Trust Fund			Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$9,853,879	\$10,041,806	\$187,927
Charges for Services	-	-	-	2,978,658	3,317,032	338,374
Licenses and Permits	-	-	-	71,583	65,913	(5,670)
Fines and Forfeitures	-	-	-	441,163	559,244	118,081
Intergovernmental	-	-	-	38,401,997	34,112,551	(4,289,446)
Interest	4,000	4,852	852	845,750	973,716	127,966
Other	7,980	24,851	16,871	778,659	609,450	(169,209)
Total Revenues	11,980	29,703	17,723	53,371,689	49,679,712	(3,691,977)
Expenditures:						
General Government:						
Legislative and Executive	-	-	-	4,040,145	3,967,244	72,901
Judicial	2,445	-	2,445	2,263,899	2,232,193	31,706
Public Safety	-	-	-	4,419,577	4,239,402	180,175
Public Works	-	-	-	6,364,844	5,056,458	1,308,386
Health	-	-	-	301,109	289,196	11,913
Human Services	51,800	26,298	25,502	29,538,633	27,144,517	2,394,116
Conservation and Recreation	-	-	-	151,991	143,023	8,968
Economic Development	-	-	-	1,052,651	1,040,742	11,909
Transportation	-	-	-	825,990	822,013	3,977
Miscellaneous	-	-	-	1,317,551	1,317,551	-
Capital Outlay	-	-	-	6,672,181	5,721,969	950,212
Debt Service:						
Principal Retirement	-	-	-	1,923,000	4,229,000	(2,306,000)
Interest and Fiscal Charges	-	-	-	567,600	625,715	(58,115)
Total Expenditures	54,245	26,298	27,947	59,439,171	56,829,023	2,610,148
Excess of Revenues Over/ (Under) Expenditures	(42,265)	3,405	45,670	(6,067,482)	(7,149,311)	(1,081,829)
Other Financing Sources (Uses):						
Proceeds from sale of fixed assets	-	-	-	-	-	-
Proceeds from notes	-	-	-	-	791,000	791,000
Proceeds from bonds	-	-	-	3,664,882	5,449,420	1,784,538
Advances In	-	-	-	-	561,525	561,525
Advances Out	-	-	-	-	(561,525)	(561,525)
Operating Transfers In	-	-	-	2,065,328	1,652,497	(412,831)
Operating Transfers Out	-	-	-	(1,814,856)	(1,814,856)	-
Other sources	-	-	-	756,117	789,680	33,563
Other Uses	-	-	-	(1,044,533)	(1,118,927)	(74,394)
Total Other Financing Sources (Uses)	-	-	-	3,626,938	5,748,814	2,121,876
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(42,265)	3,405	45,670	(2,440,544)	(1,400,497)	1,040,047
Fund Balances at Beginning of Year	94,190	94,190	-	8,556,121	8,556,121	-
Prior Year Encumbrances Appropriated	2,800	2,800	-	1,593,007	1,593,007	-
Fund Balances at End of Year	\$54,725	\$100,395	\$45,670	\$7,708,584	\$8,748,631	\$1,040,047

See Accompanying Notes to the General Purpose Financial Statements

SCIOTO COUNTY, OHIO

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Proprietary Fund Types</u>		Total Primary Government (Memorandum Only)	STAR Inc.	Total (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>			
Operating Revenue:					
Charges for Services	\$1,896,189	\$530,842	\$2,427,031	\$396,683	\$2,823,714
Other operating revenue	1,020	-	1,020	-	1,020
Total Operating Revenues	<u>1,897,209</u>	<u>530,842</u>	<u>2,428,051</u>	<u>396,683</u>	<u>2,824,734</u>
Operating Expenses:					
Personal Services	552,981	439,718	992,699	355,529	1,348,228
Contract Services	380,132	-	380,132	23,322	403,454
Materials and supplies	71,906	-	71,906	7,447	79,353
Depreciation	302,971	12,924	315,895	8,498	324,393
Other operating expenses	<u>306,999</u>	<u>54,108</u>	<u>361,107</u>	<u>3,345</u>	<u>364,452</u>
Total Operating Expenses	<u>1,614,989</u>	<u>506,750</u>	<u>2,121,739</u>	<u>398,141</u>	<u>2,519,880</u>
Operating Income (loss)	282,220	24,092	306,312	(1,458)	304,854
Non-operating income/(expense):					
Interest Revenue	15,739	-	15,739	-	15,739
Intergovernmental revenue	11,490	26,952	38,442	45,000	83,442
Interest & Fiscal charges	(461,627)	-	(461,627)	-	(461,627)
Refunding Bond Issuance Costs	(5,429)	-	(5,429)	-	(5,429)
Transfer Out	(614,032)	-	(614,032)	-	(614,032)
Transfer In	614,032	122,000	736,032	-	736,032
Other financing sources	<u>8,705</u>	<u>-</u>	<u>8,705</u>	<u>-</u>	<u>8,705</u>
Total non-operating income (loss)	<u>(431,122)</u>	<u>148,952</u>	<u>(282,170)</u>	<u>45,000</u>	<u>(237,170)</u>
Net Income (loss)	(148,902)	173,044	24,142	43,542	67,684
Depreciation on fixed assets acquired by Acquired by contributed capital	70,585	-	70,585	-	70,585
Retained earnings/fund balance 1/1/00	1,951,103	42,553	1,993,656	190,114	2,183,770
Retained earnings/fund balance 12/31/00	<u>1,872,786</u>	<u>215,597</u>	<u>2,088,383</u>	<u>233,656</u>	<u>2,322,039</u>
Contributed capital 1/1/00	3,830,876	-	3,830,876	-	3,830,876
Contributions/donated fixed assets	12,240	-	12,240	-	12,240
Depreciation on fixed assets acquired by contributed capital	<u>(70,585)</u>	<u>-</u>	<u>(70,585)</u>	<u>-</u>	<u>(70,585)</u>
Contributed capital 12/31/00	<u>3,772,531</u>	<u>-</u>	<u>3,772,531</u>	<u>-</u>	<u>3,772,531</u>
Total fund equity at 12/31/00	<u>\$5,645,317</u>	<u>\$215,597</u>	<u>\$5,860,914</u>	<u>\$233,656</u>	<u>\$6,094,570</u>

See Accompanying Notes to the General Purpose Financial Statements

SCIOTO COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2000

	Enterprise Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$ 1,877,234	\$ 1,874,750	\$ (2,484)
Intergovernmental	11,490	11,490	-
Investment Income	45,981	15,739	(30,242)
Other	-	1,020	1,020
Total Revenues	<u>1,934,705</u>	<u>1,902,999</u>	<u>(31,706)</u>
<u>Expenses:</u>			
Personnel	560,258	556,704	3,554
Contracted Services	1,004,464	662,278	342,186
Material and Supplies	98,082	89,936	8,146
Other Expenses	341,570	340,292	1,278
Debt Service:			
Principal Retirement	154,863	171,765	(16,902)
Interest and fiscal charges	336,863	319,961	16,902
Total Expenses	<u>2,496,100</u>	<u>2,140,936</u>	<u>355,164</u>
Excess of Revenues Over/ (Under) Expenses	(561,395)	(237,937)	323,458
<u>Other Financing Sources:</u>			
Operating Transfer In	1,639,791	614,032	(1,025,759)
Operating Transfers Out	(614,032)	(614,032)	-
Proceeds from Capital Leases	-	-	-
Proceeds from Notes	-	348,000	348,000
Total Other Financing Sources	<u>1,025,759</u>	<u>348,000</u>	<u>(677,759)</u>
Excess of Revenues and Other Financing Sources Over(Under) Expenditures and Other Uses	464,364	110,063	(354,301)
Fund Equity at Beginning of Year	350,556	350,556	-
Prior Year Encumbrances Appropriated	93,803	93,803	-
Fund Equity at End of Year	<u>\$908,723</u>	<u>\$554,422</u>	<u>(\$354,301)</u>

See Accompanying Notes to the General Purpose Financial Statements

Continued

SCIOTO COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2000

	Internal Service Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$ 477,449	\$ 516,330	\$ 38,881
Intergovernmental	18,976	26,952	7,976
Investment Income	-	-	-
Other	17,000	-	(17,000)
Total Revenues	<u>513,425</u>	<u>543,282</u>	<u>29,857</u>
<u>Expenses:</u>			
Personnel	510,613	445,636	64,977
Contracted Services	-	-	-
Material and Supplies	-	-	-
Other Expenses	87,129	183,348	(96,219)
Debt Service:			
Principal Retirement	45,799	45,799	-
Interest and fiscal charges	-	-	-
Total Expenses	<u>643,541</u>	<u>674,783</u>	<u>(31,242)</u>
Excess of Revenues Over/ (Under) Expenses	(130,116)	(131,501)	(1,385)
<u>Other Financing Sources:</u>			
Operating Transfer In	122,000	122,000	-
Operating Transfers Out	-	-	-
Proceeds from Capital Leases	-	129,240	129,240
Proceeds from Notes	-	-	-
Total Other Financing Sources	<u>122,000</u>	<u>251,240</u>	<u>129,240</u>
Excess of Revenues and Other Financing Sources Over(Under) Expenditures and Other Uses	(8,116)	119,739	127,855
Fund Equity at Beginning of Year	25,719	25,719	-
Prior Year Encumbrances Appropriated	7,305	7,305	-
Fund Equity at End of Year	<u>\$24,908</u>	<u>\$152,763</u>	<u>\$127,855</u>

See Accompanying Notes to the General Purpose Financial Statements

Continued

SCIOTO COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2000

	Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$ 2,354,683	\$ 2,391,080	\$ 36,397
Intergovernmental	30,466	38,442	7,976
Investment Income	45,981	15,739	(30,242)
Other	17,000	1,020	(15,980)
Total Revenues	2,448,130	2,446,281	(1,849)
<u>Expenses:</u>			
Personnel	1,070,871	1,002,340	68,531
Contracted Services	1,004,464	662,278	342,186
Material and Supplies	98,082	89,936	8,146
Other Expenses	428,699	523,640	(94,941)
Debt Service:			
Principal Retirement	200,662	217,564	(16,902)
Interest and fiscal charges	336,863	319,961	16,902
Total Expenses	3,139,641	2,815,719	323,922
Excess of Revenues Over/ (Under) Expenses	(691,511)	(369,438)	322,073
<u>Other Financing Sources:</u>			
Operating Transfer In	1,761,791	736,032	(1,025,759)
Operating Transfers Out	(614,032)	(614,032)	-
Proceeds from Capital Leases	-	129,240	129,240
Proceeds from Notes	-	348,000	348,000
Total Other Financing Sources	1,147,759	599,240	(548,519)
Excess of Revenues and Other Financing Sources Over(Under) Expenditures and Other Uses	456,248	229,802	(226,446)
Fund Equity at Beginning of Year	376,275	376,275	-
Prior Year Encumbrances Appropriated	101,108	101,108	-
Fund Equity at End of Year	\$933,631	\$707,185	(\$226,446)

See Accompanying Notes to the General Purpose Financial Statements

SCIOTO COUNTY, OHIO

COMBINED STATEMENT OF CASH FLOWS ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT FOR THE YEAR ENDED DECEMBER 31, 2000

	Proprietary Fund Types		Total Primary Government (Memorandum Only)	STAR Inc.	Total (Memorandum Only)
	Enterprise	Internal Service			
Operating Activities:					
Cash received from customers	\$1,886,189	\$516,330	\$2,402,519	\$397,791	\$2,800,310
Cash received from other sources	1,020	-	1,020	-	1,020
Cash paid to suppliers for goods/services	(516,744)	(54,108)	(570,852)	(32,188)	(603,040)
Cash paid to employees for services	(568,588)	(441,588)	(1,010,176)	(355,935)	(1,366,111)
Net cash provided by/(used In) operating activities	<u>801,877</u>	<u>20,634</u>	<u>822,511</u>	<u>9,668</u>	<u>832,179</u>
Noncapital Financing Activities:					
Operating grants received	11,490	26,952	38,442	38,403	76,845
Operating transfers-in	614,032	122,000	736,032	-	736,032
Operating transfers-out	(614,032)	-	(614,032)	-	(614,032)
Other financing sources	15,877	-	15,877	-	15,877
Net cash provided by/(used In) noncapital financing activities	<u>27,367</u>	<u>148,952</u>	<u>176,319</u>	<u>38,403</u>	<u>214,722</u>
Capital and Related Financing Activities:					
Receipts from capital grants	12,240	-	12,240	-	12,240
Payments for capital acquisitions	(480,415)	(129,240)	(609,655)	(5,314)	(614,969)
Proceeds from the issuance of debt	348,000	-	348,000	-	348,000
Proceeds from capital leases	-	129,240	129,240	-	129,240
Principal payments	(171,765)	(45,799)	(217,564)	-	(217,564)
Interest payments	(331,278)	-	(331,278)	-	(331,278)
Net cash provided by/(used In) capital and related financing activities	<u>(623,218)</u>	<u>(45,799)</u>	<u>(669,017)</u>	<u>(5,314)</u>	<u>(674,331)</u>
Investing Activities:					
Interest income	15,739	-	15,739	-	15,739
Net cash provided by/(used In) investing activities	<u>15,739</u>	<u>-</u>	<u>15,739</u>	<u>-</u>	<u>15,739</u>
Increase (decrease) in cash and cash equivalents	221,765	123,787	345,552	42,757	388,309
Cash and Cash Equivalents at 1/1/00	<u>661,475</u>	<u>33,025</u>	<u>694,500</u>	<u>131,431</u>	<u>825,931</u>
Cash and Cash Equivalents at 12/31/00	<u><u>\$883,240</u></u>	<u><u>\$156,812</u></u>	<u><u>\$1,040,052</u></u>	<u><u>\$174,188</u></u>	<u><u>\$1,214,240</u></u>

See Accompanying Notes to the General Purpose Financial Statements

Continued

SCIOTO COUNTY, OHIO

COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED
 COMPONENT UNIT
 FOR THE YEAR ENDED DECEMBER 31, 2000
 (CONTINUED)

Reconciliation of Operating Income/(Loss) to Net Cash Provided by (Used in) Operating Activities:

	Proprietary Fund Types		Totals (Memorandum Only) Primary Government	STAR Inc.	Totals (Memorandum Only) Reporting Entity
	Enterprise	Internal Service	Government	Inc.	Entity
Operating Income/(Loss)	\$282,220	\$24,092	\$306,312	(\$1,458)	\$304,854
Adjustments to Reconcile Operating Income/(Loss) to net cash provided by (used in) operating activities:					
Depreciation	302,971	12,924	315,895	8,498	324,393
Changes in Assets and Liabilities					
Accounts receivable	(10,000)	-	(10,000)	1,108	(8,892)
Due from other funds	-	(14,512)	(14,512)	-	(14,512)
Materials and supplies inventory	608	-	608	1,595	2,203
Accounts payable	15,884	-	15,884	331	16,215
Contracts payable	207,661	-	207,661	-	207,661
Retainage payable	18,140	-	18,140	-	18,140
Accrued wages and benefits	-	-	-	(406)	(406)
Compensated absences payable	(15,607)	-	(15,607)	-	(15,607)
Due to other governments	-	(1,870)	(1,870)	-	(1,870)
Net cash provided by (used in) operating activities	<u>\$801,877</u>	<u>\$20,634</u>	<u>\$822,511</u>	<u>\$9,668</u>	<u>\$832,179</u>

See Accompanying Notes to the General Purpose Financial Statements

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**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 1: DESCRIPTION OF THE ENTITY

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

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

REPORTING ENTITY

The County's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, effective for financial statements for periods beginning after December 15, 1992. The general purpose financial statements (GPFS) include all funds, account groups, agencies, boards, commissions, and other component units for which Scioto County and the County Commissioners are "accountable". Accountability as defined in GASB Statement No. 14 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's general purpose financial statements to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of the PCU's board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County.

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

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

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

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

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

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 1: DESCRIPTION OF THE ENTITY (Continued)

DISCRETELY PRESENTED COMPONENT UNITS

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

STAR, Inc. - STAR, Inc. is a non-profit organization which is supported by the Scioto County Board of Mental Retardation and Developmental Disabilities. The operations of these Boards are reported in the GPFS component units column. Separately issued financial statements can be obtained from STAR, Inc., located at 2625 Gallia Street, Portsmouth, Ohio 45662.

POTENTIAL COMPONENT UNITS REPORTED AS AGENCY FUNDS

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

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

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

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

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

JOINT VENTURE

The County is involved with the following organization which is defined as a joint venture. Information related to the jointly governed organizations is presented in Note 17.

Scioto-Lawrence Counties Joint Solid Waste District

JOINTLY GOVERNED ORGANIZATIONS

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

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

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 1: DESCRIPTION OF THE ENTITY (Continued)

RELATED ORGANIZATIONS

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

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

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

Southern Ohio Development Initiative - Southern Ohio Development Initiative was created with assistance from the U.S. Department of Energy to assist in the development of industrial areas to offset the potential downsizing and privatization of the Uranium Enrichment Plant in Piketon, Ohio. It is a legally separate, not for profit corporation with representatives from each of the counties impacted by the events at the Piketon Plant. The Counties involved in this initiative are Pike, Ross, Scioto and Jackson Counties. The County has no ability to impose its will on the organization nor is a burden/benefit relationship in existence. The initiative received no contributions from the County during 2000.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the County are maintained on the basis of funds or account groups, each of which is considered a separate accounting entity.

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

GOVERNMENTAL FUND TYPES:

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

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

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

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

PROPRIETARY FUND TYPES:

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

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

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

FIDUCIARY FUND TYPES:

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

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

ACCOUNT GROUPS:

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

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

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

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COMPONENT UNIT:

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Primary Government

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

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

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

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

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

The County reports deferred revenues on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Special assessments (principal and interest) are recorded as deferred revenue because they do not meet the availability criteria.

Property taxes measurable as of December 31, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance 2001 operations, have also been recorded as deferred revenue.

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The proprietary funds are reported using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. Unbilled service charges receivable are recognized as revenue at year end. 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 Board Statements and Interpretations issued after November 30, 1989, to its proprietary activities.

BUDGETARY DATA

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

1. Following submission of requests by various offices and departments, the Board of County Commissioners holds budget hearings during the Fall with respective officeholders and department heads.
2. Shortly after the beginning of the fiscal year, the County Commissioners pass an Appropriation Resolution which legally authorizes the expenditure of funds for respective officeholders and department heads. The County does not budget or appropriate for Advances In/Out.
3. The County is accorded discretion in its method of appropriating federal funds. Appropriations are provided in the amounts of approved grants by the Board of County Commissioners.
4. The revised budget figures reflected in the combined financial statements include the prior year appropriations carried over for liquidations against prior year encumbrances, and any amendments to the original Appropriation Resolution.
5. The Commissioners appropriate at the major account level within division and fund. The appropriation level accounts for the County include personal services, fringe benefits, county share of the Public Employees Retirement System, unemployment compensation, materials and supplies, services and charges, grants, capital outlays, debt service, interfund transfers, and other expenses. For funds which are directly appropriated by the Commissioners, transfers of appropriations at the major account level or between appropriation level require a resolution signed by at least two Commissioners.
6. Supplemental appropriations are made when needed, subject to approval by at least two Commissioners. Supplemental appropriations were made in 2000.
7. Unencumbered appropriations lapse at year end. Contracts and purchase type encumbrances outstanding at year-end carry their appropriations with them into the next year.
8. The budgetary procedures described herein apply to all funds except the agency funds.

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGETARY DATA (Continued)

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund, function, object level. Any budgetary modifications at this level may only be made by resolution of the County Commissioners. Because the activity of agency funds is not budgeted, transfers-in and transfers-out do not equal on a budgetary basis due to transfers totaling \$40,359 made to agency funds.

ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the appropriated governmental and proprietary funds. Encumbrances outstanding at year end are reported as reservations of fund balance for subsequent year expenditures on the modified accrual basis of accounting. Encumbrances outstanding at year end are reported as expenditures on the budget basis of accounting.

CASH AND INVESTMENTS

For reporting purposes, the County considers "Equity in Pooled Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the County Treasurer; and "Cash with Fiscal and Escrow Agents" to be all cash, deposits, and investments not held by the County Treasurer or in the County's investment pool. The County Treasurer, by statute, invests all short-term cash surpluses. The residual investments are reported on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents". The following funds receive the interest earned on their respective invested funds: Motor Vehicle & Gasoline Tax, Revolving Loan, Wheelersburg Sewer, Wheelersburg Bond/Scioto County, Lucasville Phase II Notes, Wheelersburg Sewer Improvements and West Portsmouth Sewer Improvements. All other interest earned on investments held by the Treasurer is credited to the County General Fund. Interest income earned by the General Fund in 2000 totaled \$896,597. Investments are reported using an adjusted cost basis as the carrying value. All coupon bearing instruments include the cost of accrued interest paid until such time as the first coupon comes due. Premiums paid for coupon bearing investments are amortized using the straight line method; discounts are not amortized.

HEALTH CARE

The Comprehensive Omnibus Budget Reconciliation Act (COBRA) of 1986 required the County to offer to provide terminated or retired employees continued participation in the County's employee health care benefits program, provided that the employees pay the rate established by the plan administrator. In 2000, the County incurred expenditures in providing these services, and recognized revenues for premiums received from the previous employees.

INVENTORIES OF MATERIALS AND SUPPLIES

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

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPERTY, PLANT, EQUIPMENT, AND DEPRECIATION

1. *General Fixed Assets Account Group*

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Contributed fixed assets are recorded at their fair market values as of the date donated. The County follows the policy of not capitalizing infrastructure, which is defined as assets that are immovable and of value only to the County (i.e. roads, bridges, etc.); ornamental artifacts; and assets with a cost of less than \$5,000. No depreciation is recognized for assets in the account group. Interest on debt issued to construct general fixed assets is not capitalized in the account group.

2. *Enterprise Fund*

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

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

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

3. *Component Unit*

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

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COMPENSATED ABSENCES

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

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

INTERGOVERNMENTAL REVENUES

Unrestricted intergovernmental revenues received on the basis of entitlement are recorded as receivables and revenues when the entitlement occurs. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred.

INTERFUND TRANSACTIONS

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

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

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND BALANCE RESERVES

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

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

STATEMENT OF CASH FLOWS

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

RECEIVABLES AND PAYABLES

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

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

LONG-TERM DEBT

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

TOTAL COLUMNS ON FINANCIAL STATEMENTS

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

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 3: DEPOSITS AND INVESTMENTS

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

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes debentures, or any other obligation or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit, or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio);
8. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio; and
9. Bankers acceptances for period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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

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

At year-end, the County had \$583,366 in undeposited cash on hand which is included on the balance sheet of the County as part of "Equity in pooled cash and cash equivalents". STAR, Inc., a component unit of the County, had \$15,072 in undeposited cash on hand which is included on the balance sheet of the County as part of "Cash with fiscal and escrow agents. These amounts are uninsured and uncollateralized.

Deposits - At year-end, the carrying amount of the County's deposits (excluding the undeposited cash disclosed above) was \$10,749,862 and the bank balance was \$14,116,787. Of the bank balance, \$1,066,218 was covered by federal deposit insurance; \$100,000 was covered by the National Credit Union Share Insurance Fund; and \$12,950,569 was uninsured and uncollateralized as defined by the Governmental Accounting Standards Board because the collateral pledged by the financial institution or their trust departments or agents was not in the County's name.

The pledging bank has an investment and securities pool used to collateralize all public deposits. This pool had market value at December 31, 2000, in excess of 110 percent of the public funds on deposit. Statutory provisions require that collateral pledged for deposits be held in trust by an institution other than the pledging bank or in collateral pools pledged to cover government deposits held by an institution.

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

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

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

	Market/Carrying Value	Category 1	Category 2	Category 3
Repurchase Agreements	\$3,694,413	\$ 0	\$ 0	\$3,694,413
Mutual Funds (STAR, Inc.)	69,579	0	0	69,579
Totals	\$3,763,992	\$ 0	\$ 0	\$3,763,992

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$15,112,292	\$ 0
Repurchase Agreements	(3,694,413)	3,694,413
Mutual Funds (STAR, Inc.)	(69,579)	69,579
	\$11,348,300	\$3,763,992
GASB Statement No. 3		

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

NOTE 4: PROPERTY TAXES

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

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 October 20. Single-county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by October 20.

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

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 4: PROPERTY TAXES (Continued)

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 represents 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 and the portion of the tax levies prepaid by year end into the undivided general tax agency fund are therefore offset by a credit to deferred revenue.

The full tax rate for all County operations for the year ended December 31, 2000, was \$7.98 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:

Real Property:

Agricultural/Residential	\$ 425,065,420
Commercial/Industrial/Mineral	108,418,920
Public Utility Real	8,149,670

Tangible Personal Property:

General	80,197,910
Public Utility	83,948,780

Total Assessed Value \$ 705,780,700

NOTE 5: PERMISSIVE SALES AND USE TAX

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

Proceeds of the permissive sales tax are to be entirely credited to the General Fund. Amounts that have been collected by the State and are to be received in the available period have been accrued as revenue. This sales and use tax revenue for 2000 amounted to \$6,325,054.

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 6: INTERFUND TRANSACTIONS

A. ADVANCES

Advances receivable and payable at December 31, 2000, consisted of the following:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund	\$184,482	
Special Revenue Funds:		
State Community Development – 99 Fund		\$17,500
HUD Disaster Recovery Fund		5,822
Highway Safety Traffic Enforcement Fund		286
Southern Ohio Response Team 2000		5,600
Emergency Management Assistance Fund		4,760
Total Special Revenue Funds		33,968
Capital Projects Fund:		
Burkes Point Project Fund		150,514
Total All Funds	\$184,482	\$184,482

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

B. TRANSFERS

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

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$221,296	\$1,519,245
Special Revenue Funds:		
Motor Vehicle and Gas Tax	254,016	
Dog and Kennel	47,300	
Real Estate Assessment		16,521
Coordinated Transportation Project	40,000	
PA/Administration	356,845	
Recycling and Litter Prevention	8,291	
EMA	14,670	
Drug Enforcement Prosecutor	22,360	
Drug Enforcement Sheriff		12,360
Juvenile Account	29,440	
Certificate of Admin. Title		221,296
Capital Reserve Grant	14,151	
State Community Development	40,000	
Intensive Supervision Probation	30,000	
Scioto Co. Juvenile Detention Center	191,420	
Total Special Revenue Funds	\$1,048,493	\$ 250,177

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 6: INTERFUND TRANSACTIONS (Continued)

B. TRANSFERS (Continued)

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Debt Service Funds:		
Juvenile Detention Bonds	39,181	
Shelton Industry	251,071	
GIS Bond	33,036	
Fairground Bond	7,420	
Land Acquisition Bond	52,000	
Total Debt Service Funds	\$ 382,708	
Capital Project Funds:		
Fairground Construction		7,420
Juvenile Detention Construction		38,014
Total Capital Project Funds		\$ 45,434
Enterprise Funds:		
Wheelersburg Sewer		\$510,707
Scioto Co/Wheelersburg	\$3,525	
Wheelersburg Revenue Bond	39,011	
Lucasville Sewer	35,322	
Lucasville Phase III Notes	45,784	
Wheelersburg Sewer Bond	230,130	
West Portsmouth VII Bond	44,835	
West Portsmouth		103,325
Lucasville Sewer Phase IV	103,325	
West Portsmouth Improvement Notes	48,130	
Rigish-Camp Bennett	14,700	
Franklin Furn. Phase II Sewer Notes	45,975	
Pleasant Ave. Sewer	3,295	
Total Enterprise Funds	\$ 614,032	\$614,032
Internal Service Funds:		
Sheriff's Policing Rotary	104,000	
Sheriff Marine Patrol	18,000	
Total Internal Service Funds	\$ 122,000	
Total Operating Transfers	\$2,388,529	\$2,428,888

As described in Note 2 above, Transfers in and Transfers out (budget basis) do not agree due to a \$40,359 transfer from the General Fund to an Agency Fund.

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 7: FIXED ASSETS

General Fixed Assets: A summary of changes in general fixed assets follows:

	Unadjusted Balance at December 31, 1999	Prior Period Adjustment	Balance at January 1, 2000	Additions	Deletions	Balance at December 31, 2000
Land and Improvements	\$2,654,355	(\$999,035)	\$1,655,320	\$0	\$0	\$1,655,320
Buildings	13,055,441	(109,183)	12,946,258	2,985,453	0	15,931,711
Equipment-Leased	88,807	0	88,807	15,672	0	104,479
Equipment	3,259,063	(226,110)	3,032,953	589,544	12,000	3,610,497
Vehicles-Purchased	2,678,134	(6,755)	2,671,379	1,069,039	279,173	3,461,245
Vehicles-Leased	1,041,887	0	1,041,887	54,374	640,765	455,496
Construction in Process	4,217,313	(26,818)	4,190,495	4,025,778	2,931,246	5,285,027
Total	\$26,995,000	(\$1,367,901)	\$25,627,099	\$8,739,860	\$3,863,184	\$30,503,775

The prior period adjustment is due to prior year additions to fixed assets which did not meet the County's threshold for recognition. Therefore, they have been removed and the Fixed Asset Balance at January 1, 2000 has been restated.

Proprietary Fixed Assets: A summary of the proprietary funds property, plant, and equipment at December 31, 2000 follows:

	Balance at January 1, 2000	Additions	Deletions	Balance at December 31, 2000
Land	\$79,722	\$0	\$0	\$79,722
Buildings	2,302,378	0	0	2,302,378
Vehicles – Owned	167,363	43,094	17,163	193,294
Vehicles – Leased	0	129,240	0	129,240
Equipment S/E	937,149	5,675	0	942,824
Equipment	821,235	0	0	821,235
Sewer Lines	8,552,304	2,032,914	0	10,585,218
Construction in Process	2,082,948	431,646	2,032,914	481,680
Total	\$14,943,099	\$2,642,569	\$2,050,077	\$15,535,591

Accumulated Depreciation:

Buildings	\$969,158	\$58,020	\$0	\$1,027,178
Vehicles - Owned	139,782	10,439	17,163	133,058
Vehicles – Leased	0	12,924	0	12,924
Equipment S/E	877,547	13,818	0	891,365
Equipment	506,685	82,125	0	588,810
Sewer Lines	742,162	138,569	0	880,731
Total	\$3,235,334	\$315,895	\$17,163	\$3,534,066

Net Book Value	\$11,707,765	\$12,001,525
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**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 8: LOANS RECEIVABLE

The County maintains a revolving loan program for local businesses to encourage business development in the County. The loans receivable balance at December 31, 2000 of \$1,115,247 is net of an allowance for doubtful accounts of \$550,337.

NOTE 9: RISK MANAGEMENT

TRANSFERENCE OF RISK: LIABILITY, PROPERTY, CRIME

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

Coverage's provided by the program are as follows:

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

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

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

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

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

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

NOTE 10: RETIREMENT PLANS

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

All Scioto County full time employees, other than teachers, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report that may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4462.

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 10: RETIREMENT PLANS (Continued)

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) (Continued)

Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations; law enforcement employees contribute 9 percent. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. For plan members, other than those engaged in law enforcement, the County was required to contribute 6.54 percent of covered salary for 2000, a reduction from 9.35 percent for 1999. The County contribution for law enforcement employees for 2000 was 11.4 percent, down from 12.5 percent for 1999. Contributions are authorized by State statute. The contribution rates are determined actuarially. The County's contributions to PERS for years ended December 31, 2000, 1999, and 1998 were \$1,970,223, \$2,169,777 and \$1,970,603, respectively; 90 percent has been contributed for 2000 and 100 percent has been contributed for 1999 and 1998.

STATE TEACHERS RETIREMENT SYSTEM (STRS)

Certified teachers, employed by the school for Mental Retardation and Developmental Disabilities, participate in the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits 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. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary to fund pension obligations and the County is required to contribute 6 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The County's contributions to STRS for the years ended December 31, 2000, 1999 and 1998 totaled \$120,003, \$108,624, and \$108,479, respectively. The full amounts have been contributed for 2000, 1999 and 1998.

NOTE 11: POST EMPLOYMENT BENEFITS

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and primary survivor recipient of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Government Employers." A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The employer contribution rate for 2000 was 10.84 percent of covered payroll for employees not engaged in law enforcement; 4.3 percent was the portion that was used to fund health care. The employer contribution rate for law enforcement employees for 2000 was 15.7 percent; 4.3 percent was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 11: POST EMPLOYMENT BENEFITS (Continued)

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) (Continued)

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 401,339. The County's actual contributions for 2000 which were used to fund postemployment benefits were \$84,720. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999, (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

STATE TEACHERS RETIREMENT SYSTEM (STRS)

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS). Benefits include hospitalization, physician's fees, prescription drugs, and partial reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS.

Benefits are funded on a pay-as-you-go basis. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the County, this amount equaled \$9,600 during 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund at June 30, 2000, was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and there were 99,011 eligible benefit recipients.

NOTE 12: OTHER EMPLOYER BENEFITS

DEFERRED COMPENSATION PLANS

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

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 12: OTHER EMPLOYER BENEFITS

COMPENSATED ABSENCES

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service with the County. Accumulated, unused sick leave is paid, up to a maximum of 60 days, depending on length of service to employees who retire. As of December 31, 2000, the liability for compensated absences was \$1,312,923 for the reporting entity.

For governmental funds, the current portion of unpaid compensated absences is that amount expected to be paid using available expendable resources, and is reported as an accrued liability in the fund from which the individuals who have accumulated the unpaid compensated absences are paid. Unpaid compensated absences of \$6,267 and \$7,266 were reported as an accrued liability in the general and special revenue funds, respectively. The balance of the liability for governmental funds is reported in the general long-term obligations account group in the amount of \$1,252,940. The accrual for unpaid compensated absences of \$46,450 is reported in the Enterprise Funds.

NOTE 13: LEASES - LESSEE DISCLOSURE

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

The Governmental fund capital leases were recorded as assets in the General Fixed Assets Account Group and liability in the General Long Term Debt Account Group. Internal Service fund capital leases were recorded as assets and a liability in the Internal Service Funds.

The following is a schedule of the future minimum lease payments required under the capital leases, and the present value of the minimum lease payments as of December 31, 2000.

<u>Total Minimum Lease Payments At December 31, 2000</u>	
2001	\$175,975
2002	58,972
2003	<u>3,849</u>
Total Minimum Lease Payments	\$238,796
Less: Amount Representing Interest	<u>(20,943)</u>
Present Value of Minimum Lease Payments	<u><u>\$217,853</u></u>

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 14: DEBT OBLIGATIONS

LONG TERM DEBT

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

- A. The County's long term debt transactions for the year ended December 31, 2000, are summarized below:

Long Term Debt Transactions					
	General Obligation Bonds for Governmental Purposes	General Obligation Bonds Supported by Enterprise Revenues	Revenue Bonds Supported by Enterprise Revenues	FHA Bonds Supported by Revenue Bonds	Totals
Debt Principal outstanding 01/01/00	\$5,625,000	\$3,604,836	\$315,000	\$3,045,436	\$12,590,272
Debt Principal issued in 2000	3,760,000	0	0	0	3,760,000
Debt Principal retired in 2000	(265,000)	(118,632)	(20,000)	(33,133)	(436,765)
Debt principal outstanding at 12/31/00	\$9,120,000	\$3,486,204	\$295,000	\$3,012,303	\$15,913,507

During 1999, the County issued General Obligation Bonds supported by Enterprise Revenues in the amount of \$2,880,000 to advance refund outstanding debt. The advanced refunding resulted in an economic loss (difference between the book value of the old debt and the reacquisition amount) of \$211,245. The unamortized amount of the loss at December 31, 2000 was \$192,384 and is reported as a reduction in the liability. As a result, the General Obligation Bonds supported by Enterprise Revenues outstanding at 12/31/00 has been reduced by the unamortized loss of \$192,384 within the financial statements. The amount presented in the footnotes is the face value of the debt less the payments made to date.

- B. The following is a description of the bonds that were outstanding as of December 31, 2000:

Description	Issue Date	Interest Rate %	Original Amount	Outstanding at 12/31/00	Maturity Date
<i>GLTDAG – General Obligation Bonds</i>					
Human Services	01/01/94	4.95	\$3,610,000	\$2,530,000	Aug., 2011
Land Acquisition	04/18/95	6.30	250,000	0	Apr., 2000
Juvenile Detention Center	07/01/00	5.10 - 5.80	1,820,000	1,820,000	Dec., 2020
Shelton Industries	08/01/99	8.05	2,870,000	2,830,000	Dec., 2025
Various Purpose Bond Issue	04/01/00	4.35 - 5.70	1,940,000	1,940,000	Dec., 2020
Total				\$9,120,000	
<i>ENTERPRISE – General Obligation Bonds</i>					
Franklin Furnace	06/12/97	4.50	846,000	821,204	June, 2037
Sewer System Refunding	04/01/99	4.50	2,880,000	2,665,000	Dec., 2017
Total				\$3,486,204	

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 14: DEBT OBLIGATIONS (Continued)

Description	Issue Date	Interest Rate %	Original Amount	Outstanding at 12/31/00	Maturity Date
ENTERPRISE – Mortgage Revenue Bonds					
Mortgage Revenue Bonds	05/01/70	5.375	\$615,000	\$295,000	May, 2010
Total				<u>\$295,000</u>	
ENTERPRISE – Long Term Debt FHA Bonds (General Obligation Bonds)					
FHA – West Ports. Sewer	07/22/93	5.00	\$825,000	\$769,400	July, 2033
FHA – Lucasville Phase II	04/01/95	4.50	650,000	616,790	Apr., 2035
FHA – Lucasville Phase III	04/21/96	3.86	842,500	808,823	Apr., 2036
FHA – West Ports. Phase VII	07/01/99	4.50	825,000	817,290	July, 2039
Total				<u>\$3,012,303</u>	

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

Future Annual Debt Service Requirements for Long Term Debt					
	General Obligation Bonds for Governmental Purposes	General Obligation Bonds Supported by Enterprise Revenues	Revenue Bonds Supported by Enterprise Revenues	FHA Bonds Supported by Revenue Bonds	Totals
2001	\$932,578	\$272,364	\$40,184	\$174,008	\$1,419,134
2002	934,170	273,404	38,841	174,024	1,420,439
2003	929,005	274,149	37,497	174,026	1,414,677
2004	927,825	274,589	36,153	173,998	1,412,565
2005	930,295	274,715	39,675	174,040	1,418,725
2006-2010	4,672,125	1,367,373	187,978	870,116	7,097,592
2011-2015	2,739,775	1,370,808	0	870,191	4,980,774
2016-2020	2,424,190	685,272	0	870,089	3,979,551
2021-2025	1,315,200	229,872	0	869,997	2,415,069
2026-2030	0	229,870	0	870,083	1,099,953
2031-2035	0	229,871	0	773,893	1,003,764
2036-2040	0	91,949	0	225,106	317,055
Totals	<u>\$15,805,163</u>	<u>\$5,574,236</u>	<u>\$380,328</u>	<u>\$6,219,571</u>	<u>\$27,979,298</u>
Less: Amount Representing Interest	6,685,163	2,088,032	85,328	3,207,268	12,065,791
	<u>\$9,120,000</u>	<u>\$3,486,204</u>	<u>\$295,000</u>	<u>\$3,012,303</u>	<u>\$15,913,507</u>

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

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 14: DEBT OBLIGATIONS (Continued)

- D. All outstanding notes at December 31, 2000 had been issued for one year and were of the bond anticipation type. The proceeds from the note issues were used for road and bridge repair, airport improvements, sewer improvements, and to retire existing notes. The County issued one new note debt issue during calendar year 2000. This new note was issued to finance a portion of the Lucasville Phase IV Sewer Improvement Project.

The County had the following general obligation bond anticipation notes outstanding at December 31, 2000. Notes which were refinanced subsequent to the balance sheet date and prior to issuance of this report are recorded as liabilities in the General Long Term Obligation Account Group.

Notes Payable			
Description	Issue Date	Interest Rate	Principal Amount
General Fund:			
Airport Hangar Bond Anticipation Notes	11/21/00	4.96%	\$ 215,000
Special Revenue Fund:			
Road and Bridge Bond Anticipation Notes	07/13/00	5.51%	97,000
Enterprise Fund:			
Lucasville Phase IV Sewer Improvement Bond Anticipation Notes	06/07/00	5.51%	348,000
GLTDAG:			
Airport Facilities Bond Anticipation Notes	08/17/00	5.06%	62,000
Commercial Property Acquisition Bond Anticipation Notes	09/28/00	4.60%	417,000
Total Bond Anticipation Notes			\$1,139,000

- E. Effective April 29, 1999, the County entered into an Escrow Trust Agreement with Firststar Bank, N.A. The agreement provides that the County deposit \$2,761,245 from bond proceeds into an irrevocable trust with the bank for the payment to final maturity of outstanding bonds. The funds were used to purchase noncallable direct obligations of the United States of America. The funds deposited, together with the interest thereon, are sufficient to pay annual bond principal and semiannual interest payments, thus providing an insubstance defeasance. As of December 31, 2000, \$2,395,000 of the defeased bonds remained outstanding. The debt had been issued for improvements to the County's sewer system and is no longer presented as a liability of the general-purpose financial statements.

The advance refunding described above resulted in issuance costs of \$101,343. The issuance costs are amortized and reported as a non-operating expense through the year 2017 using the straight-line method. At December 31, 2000, the unamortized issuance costs amounted to \$92,295 and are reported as a deferred charge in the general-purpose financial statements.

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

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 15: PUBLIC ENTITY RISK POOLS

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

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

CORSA has issued Certificates of Participation, in order to provide adequate funds to pay for excess liability claims. The Certificates are secured by the member counties obligations to make coverage payments to CORSA. The Certificates were retired on May 1, 1997. All member obligations have been satisfied. Each member county has equity in CORSA's member equity funds.

NOTE 16: JOINTLY GOVERNED ORGANIZATIONS

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

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

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

Ohio Valley Resource Conservation and Development Area, Inc.

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

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 16: JOINTLY GOVERNED ORGANIZATIONS (Continued)

Job Training Partnership Consortium

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

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

Private Industry Council

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

The President may execute, without limitation, contracts, bonds, notes, debentures, deeds, mortgages and other obligations in the name of the PIC. The County does not have any financial interest or responsibility. The Private Industry council received no contributions from the County during 2000.

NOTE 17: JOINT VENTURE

Joint Solid Waste District

The County participates in a Joint Solid Waste District with Lawrence County. The purpose of the district is to make disposal of waste in the two-county area more comprehensive in terms of recycling, incinerating, and land filling. Each of the governments supports the District and shares in an equal percentage of equity. The degree of control exercised by each participating County is limited to its representation on the Board. The Board of Directors consists of nine members, including one County Commissioner from each County. Maintenance of the financial records pertaining to the operation of the Solid Waste District rotates between the two counties every third year. Lawrence County maintained the records in 2000.

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

The County's investment interest in the Solid Waste District was \$19,950 as of December 31, 2000. Complete financial statements can be obtained from the Solid Waste district located at Veterans Square, 3rd Floor, Ironton, OH 45638.

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 18: DISCRETELY PRESENTED COMPONENT UNIT

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

Basis of Accounting - STAR, Inc. uses full accrual basis of accounting similar to the enterprise funds of the County.

Deposits - At year end, the carrying amount of the STAR, Inc deposits was \$89,569 and the bank balance was \$97,473. Of the bank balance, \$97,473 was covered by federal deposit insurance. STAR, Inc. had investments consisting of Mutual Funds which are managed by an American Express Financial Advisor. STAR, Inc.'s investments totaled \$69,579 at year end. These investments are uninsured and uncollateralized. There are no statutory guidelines regarding the deposit and investment of funds by the not-for-profit Corporation.

At year-end, STAR, Inc. had \$15,072 in undeposited cash on hand which is included on the balance sheet of the County as part of "Cash with fiscal and escrow agents". This amount is uninsured and uncollateralized.

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

Fixed Assets - A summary of Star, Inc. fixed assets at December 31, 2000 follows:

Machinery and Equipment	\$138,301
Total	<u>\$138,301</u>
Less: Accumulated Depreciation	<u>(128,818)</u>
Total Fixed Assets (net of accumulated depreciation)	<u><u>\$9,483</u></u>

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

NOTE 19: CONTINGENT LIABILITIES

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

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

NOTE 20: CONTRIBUTED CAPITAL

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

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 20: CONTRIBUTED CAPITAL (Continued)

Contributed capital activity for the enterprise funds for the year ended December 31, 2000 is as follows:

Contributed Capital at December 31, 1999	\$3,830,876
Additions	12,240
Less: Depreciation on Contributed Assets	(70,585)
Contributed Capital at December 31, 2000	\$3,772,531

NOTE 21: BUDGETARY BASIS OF ACCOUNTING

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

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses/Net Income						
	All Fund Types						
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Enterprise	Internal Service
GAAP Basis	(\$5,305)	(\$1,032,771)	(\$19,326)	\$1,058,345	\$5,605	(\$148,902)	\$173,044
Revenue Accrual	(2,034)	1,081,306	225,000	(296,761)	0	317,856	114,728
Expenditure Accrual	(600,416)	320,349	(223,223)	(894,578)	0	32,667	(163,985)
Encumbrances	0	(991,863)	0	(22,625)	(2,200)	(91,558)	(4,048)
Budget Basis	(\$607,755)	(\$622,979)	(\$17,549)	(\$155,619)	\$3,405	\$110,063	\$119,739

NOTE 22: FEDERAL FOOD STAMP PROGRAM

The Scioto County Department of Human Services distributes federal food stamps through contracting issuance centers to entitled recipients within Scioto County. The receipt and issuance of these stamps have the characteristics of federal grants. However, the Department of Human Services merely acts in an intermediary capacity. Therefore, the inventory value of these stamps is not reflected in the accompanying financial statements as the only economic interest related to these stamps rests with the ultimate recipient. The Scioto County Department of Human Services had on hand for distribution approximately \$24,632 of federal food stamps at December 31, 2000.

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 23: CONSTRUCTION COMMITMENTS

As of December 31, 2000, the County had contractual purchase commitments for nine projects including the Lucasville Phase IV Sewer Project, Rigrish-Camp Bennett Sewer Project, Pleasant Avenue Sewer Project, Crescent Drive Sewer Project, Wheelersburg WWTP, Eden Park Sanitary Project, Juvenile Detention Center Construction, Star Community Center Construction, and GIS Mapping Project. The amounts for these projects are as follows:

Project	Purchase Commitments	Payments	Amount Remaining on Contract
Lucasville Sewer Project – Phase IV	\$653,596	\$418,526	\$235,071
Rigrish-Camp Bennett Sewer Project	\$17,200	\$15,275	\$1,925
Pleasant Avenue Sewer Project	\$38,600	\$21,580	\$17,020
Crescent Drive Sewer Project	\$12,585	\$10,710	\$1,875
Wheelersburg WWTP	\$10,000	\$7,500	\$2,500
Eden Park Sanitary Project	\$17,200	\$4,590	\$12,610
Juvenile Detention Center Construction	\$3,170,902	\$2,926,641	\$244,261
Star Community Center Construction	\$2,724,754	\$1,511,964	\$1,212,790
GIS Mapping Project	\$1,110,000	\$750,619	\$359,381

NOTE 24: SUBSEQUENT EVENTS

A. SHELTON INDUSTRIES

The County issued a loan to Shelton Industries, Inc. in the amount of \$500,000 from the County's revolving loan monies in October 1999. Shelton Industries, Inc. estimated that approximately 160 jobs would be created for Scioto County area residents when the company relocated to New Boston, Ohio. The County also issued \$2.87 million dollars in Various Purpose Bonds-Ohio Brownfield Redevelopment Revenue Bonds (Shelton Industries Project), Series 1999, dated August 1, 1999 for the purpose of renovations to bring the building up to specification on behalf of Shelton Industries, Inc. Shelton Industries, Inc. has since defaulted on the community development loan. The County has filed a motion for default judgement against Shelton Industries, Inc. The \$500,000 loan has been included in the allowance for doubtful accounts as described in Note 8. Loans receivable are reported in the financial statements net of allowance for doubtful accounts. Additionally, Shelton Industries was to pay a monthly lease payment to the County. The revenues to the County were to be used to make the bond payments. Since Shelton has vacated the building, the County is not receiving the lease payments. As a result, the County's General Fund is responsible for making the required interest and principal payments in accordance with the original bond issuance agreement.

B. REVENUE ANTICIPATION NOTES

The County implemented an additional ½% sales tax for the General Fund effective May 1, 2001 to help meet increased operating expenses of the County. Subsequently, on May 22, 2001 the County implemented a General Fund spending freeze due to a cash flow crisis. Revenue Anticipation Notes in the amount of \$500,000 were issued on May 30, 2001 in anticipation of the sales tax revenue to meet the immediate cash flow needs of the County until the revenues from the additional sales tax would be realized.

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 25: ACCOUNTABILITY AND COMPLIANCE

A. ACCOUNTABILITY

The following funds had deficit fund balances at 12/31/00:

<u>Fund</u>	<u>Amount</u>
<u>Special Revenue:</u>	
Coordinated Transportation Project Fund	(\$6,552)
State Community Development – '99 Fund	(\$6,160)
HUD Disaster Recovery Fund	(\$5,821)
State Community Development Fund	(\$1,041)
Victims of Crime Fund	(\$6,767)
Highway Safety Traffic Enforcement Fund	(\$2,286)
Southern Ohio Response Team Fund	(\$4,780)
 <u>Debt Service:</u>	
Airport Hangar Bond Fund	(\$1,777)
 <u>Capital Projects:</u>	
Star Community Justice Center Construction	(\$480,133)
Burke's Point Project Fund	(\$150,514)

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

B. COMPLIANCE

OHIO REVISED CODE COMPLIANCE

The following funds and accounts had expenditures and encumbrances in excess of appropriations at year end, contrary to section 5705.41(B) of the Ohio Revised Code:

<u>Fund</u>	<u>Amount</u>
Airport Facilities Note Fund	\$62,000
Commercial Property Acquisition Note Fund	\$417,000
MVGT Fund (Debt Service: Principal Payment)	\$97,000
Airport Hangar Bond Anticipation Note Fund	\$215,000

FEDERAL COMPLIANCE

The following are requirements of Community Development Block Grants with which the County did not fully comply:

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, which 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. During 2000, the County did not expend the funds drawn down within the required fifteen days.

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

NOTE 25: ACCOUNTABILITY AND COMPLIANCE (Continued)

B. COMPLIANCE (Continued)

FEDERAL COMPLIANCE (Continued)

24 C.F.R. Part 570.206(e) and OMB Circular A-87 state that program administration indirect costs of overall program management coordination is eligible if indirect costs are charged using an accepted cost allocation plan. Compliance requirements for the recovery of indirect costs state that organizations must prepare cost allocations plans or indirect cost rate proposals in accordance with the guidelines provided in the circulars. The County prepared neither a cost allocation plan nor an indirect cost rate proposal for the recovery of indirect costs. Indirect costs were directly charged to the grants from which the necessary funds were available.

NOTE 26: FUND BALANCE RESTATEMENT

Due to a reclassification of the liability of a bond anticipation note from a Capital Projects Fund to the General Fund and an error in the prior period within the Enterprise Fund Type, the January 1, 2000 fund balances have been restated as follows:

	General Fund	Capital Projects Fund Type	Enterprise Fund Type
Fund balances originally stated, December 31, 1999	\$1,820,039	(\$1,109,015)	\$1,950,768
Prior period adjustment	<u>(225,000)</u>	<u>225,000</u>	<u>335</u>
Restated fund balances, January 1, 2000	<u>\$1,595,039</u>	<u>(\$884,015)</u>	<u>\$1,951,103</u>

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**FINANCIAL CONDITION
SCIOTO COUNTY**

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

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	Pass Through Entity Number	Federal CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed through Ohio Department of Development</i>			
Community Development Block Grant - State's Program	BF98-068-1	14.228	\$173,900
	BF99-068-1		152,830
	BF97-068-1		104,590
	BP98-068-1		<u>54,983</u>
			486,303
Home Improvement Partnership Program	BC-99-068-1	14.239	<u>211,283</u>
Total United States Department of Housing and Urban Development			<u>697,586</u>
UNITED STATES DEPARTMENT OF JUSTICE			
<i>Passed through Office of Criminal Justice</i>			
Juvenile Justice and Delinquency Prevention Allocation	N/A	16.540	127,753
Juvenile Accountability Incentive Block Grant	1999-JB-001-A027	16.523	29,440
Crime Victim Assistance	N/A	16.575	53,114
Violence Against Women Formula Grant	1998-WR-RDV-8499A	16.588	92,530
	1997-WV-VA-5-8499		44,780
	1996-WF-VA-5-8499		<u>65,000</u>
			<u>202,310</u>
Total United States Department of Justice			<u>412,617</u>
UNITED STATES DEPARTMENT OF TRANSPORTATION			
<i>Passed through Ohio Department of Public Safety</i>			
Public Transportation for Non-Urbanized Areas	RPT-0473-018-001	20.509	102,806
	RPT-0073-019-002		<u>89,280</u>
			192,086
State and Community Highway Safety	1233	20.600	<u>78,917</u>
Total United States Department of Transportation			<u>271,003</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY			
<i>Passed through State Emergency Management Agency</i>			
Emergency Management Performance Grant	H418	83.552	20,252
Public Assistance Grant	B98-NU-39-0002	84.544	<u>260,111</u>
Total Federal Emergency Management Agency			<u>280,363</u>
UNITED STATES DEPARTMENT OF AGRICULTURE			
<i>Direct from Federal Government</i>			
Waste Water Disposal Systems for Rural Communities	N/A	10.760	<u>169,943</u>
Total United States Department of Agriculture			<u>169,943</u>

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	Pass Through Entity Number	Federal CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through State Department of Mental Retardation and Development Disabilities</i>			
Social Services Block Grant - Title XX	99-00 00-01	93.667	71,275 <u>25,394</u> 96,669
Medical Assistance Program - Title XIX	N/A	93.778	806,758
Total passed through State Department of Mental Retardation and Development Disabilities			<u>903,427</u>
<i>Passed through State Department of Health</i>			
Early Intervention - County Comprehensive Service System Program	73-1-02-F-AN-392 73-6-02-1-AN -01 73-3-01-F-DE-392 73-6-002-1-DE-01	84.181	65,136 33,544 13,182 <u>27,249</u> 139,111
Total passed through State Department of Health			<u>139,111</u>
Total United States Department of Health and Human Services			<u>1,042,538</u>
UNITED STATES DEPARTMENT OF EDUCATION			
<i>Passed through State Department of Mental Retardation and Development Disabilities</i>			
Special Education Cluster:			
Special Education Grants to States (Part B, Education of the Handicapped Act)	078063-6B-SF-00P 07863-6B-SF-01P	84.027	35,454 18,447
Special Education - Pre School Grants	078063-PG-S1-2001P	84.173	<u>11,705</u>
Total Special Education Cluster			65,606
Innovative Education Program Strategies	078063-C2-S1-00 078063-C2-S1-2001	84.298	2,620 <u>882</u> 3,502
Total United States Department of Education			<u>69,108</u>
UNITED STATES DEPARTMENT OF COMMERCE			
<i>Passed through State Department of Economic Development</i>			
Special Economic Development and Adjustment Assistance	06-10-59015	11.307	<u>129,536</u>
Total United States Department of Commerce			<u>129,536</u>

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

FEDERAL GRANTOR	Pass Through	Federal	
<i>PASS THROUGH GRANTOR</i>	Entity	CFDA	
<u>PROGRAM TITLE</u>	<u>Number</u>	<u>Number</u>	<u>Disbursements</u>
UNITED STATES DEPARTMENT OF JUSTICE			
<i>Passed through State Department of Criminal Justice</i>			
Byrne Formula Grant Program	98-RS-SAT-116	16.579	106,492
	99-DG-E01-P761		31,405
	99-DG-F02-7203		<u>70,393</u>
			208,290
Total United States Department of Justice			<u>208,290</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u><u>\$3,280,984</u></u>

**FINANCIAL CONDITION
SCIOTO 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 Government'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 (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property and by equipment. At December 31, 2000, the gross amount of loans outstanding under this program was \$1,665,584; consisting of \$1,306,424 from EDA monies (CFDA #11.307), \$108,337 from UDAG monies, and \$250,823 from HUD monies. Delinquent amounts due are \$93,915. Of the loan balances outstanding, \$550,337 has been determined to be uncollectible.

NOTE C - MATCHING REQUIREMENTS

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



**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***

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

To the Board of County Commissioners:

We have audited the general-purpose financial statements of Scioto County, Ohio (the County) as of and for the year ended December 31, 2000, and have issued our report thereon dated October 12, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings and Questioned Costs as item 2000-60773-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the County in a separate letter dated October 12, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. 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 and Questioned Costs as items 2000-60773-002, 2000-60773-003, 2000-60773-004, and 2000-60773-005.

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. Of the reportable conditions described above, we believe that Finding 2000-60773-002 is a material weakness.

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

October 12, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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

To the Board of County Commissioners

Compliance

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

We conducted our audit of compliance in accordance with 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 2000-60773-006 and 2000-60773-007 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding Cash Management and Allowable Costs/Cost Principles 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 programs for the year ended December 31, 2000.

Internal Control Over Compliance

The management of Scioto 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.

Financial Condition

Scioto County

Report of Independent Accountants on Compliance With Requirements Applicable to Major Federal Programs and Internal Control Over Compliance in Accordance with OMB Circular A-133

Page 2

We noted a matter involving the internal control over compliance and its operation that we consider to be a reportable condition. 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 Scioto County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned costs as item 2000-60773-008.

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, we do not believe the reportable condition described above is a material weakness.

This report is intended for the information and use 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

October 12, 2001

**FINANCIAL CONDITION
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	Yes
(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 Medical Assistance Title XIX - CFDA # 93.778
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**FINANCIAL CONDITION
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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 2000-60773-001

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

Disbursements and encumbrances exceeded appropriations in the Scioto Wheelersburg Sewer Improvement Fund (Fund Q05) in the amount of \$2,125 on October 31, 2000. Disbursements plus encumbrances also exceeded appropriations for the Southern Ohio Response Team Fund, Personnel line item (Account Number T095-T01), the legal level of control, in the amount of \$4,380 on March 31, 2000. Additionally, the County refinanced several Bond Anticipation Notes through the issuance of new notes. However, the County did not budget for the proceeds and the full pay off of the existing notes. As a result, expenditures exceeded appropriations for the principal payments as follows:

<u>Note Issue/Fund</u>	<u>Amount</u>
Airport Facilities Note (Fund O002)	\$62,000
Commercial Property Acquisition Note (Fund O004)	\$417,000
Road and Bridge Note (Motor Vehicle and Gas Tax Fund K000)	\$97,000
Airport Hangar Bond Anticipation Note (Fund O006)	\$215,000

We recommend that disbursements and encumbrances (budget basis expenditures) not exceed appropriations at the legal level of control established by the Board of County Commissioners. Additionally, the County should budget for the full proceeds of new notes and the full payment of maturing notes.

FINDING NUMBER 2000-60773-002

Fixed Assets Tracking System

The County does not have a fixed assets system. The County has relied on information the Auditor of State has maintained. However, maintaining systems to support financial reporting needs is management's responsibility. The lack of a system could result in the misstatement of fixed assets in the financial statements of the county since there is no central area from which to collect the necessary information. Further physical security and control of the assets is hampered by not having a central tracking system.

We recommend the County develop or acquire a central fixed assets tracking system. All of the assets of the County should be given a unique ID number. Further, ID tags containing the asset's ID number should be placed on the asset. The system should include a description of the asset, the date purchased, the cost and should calculate and keep track of accumulated depreciation for each of the assets. Further, the system should include the fund(s) from which the asset was purchased and function(s) or program(s) for which the asset is used. This could enhance the County's ability to track assets purchased with federal grant monies. Such a system would enhance the County's ability to properly report the fixed assets and would also enhance physical security and control over the assets.

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2000-60773-003

Financial Statement Compilation

Statement on Auditing Standards No. 89 (SAS 89) requires auditors to communicate the nature and frequency of errors (potential adjustments) discovered during the audit. Such information is important in evaluating the performance of those responsible for financial information, such as finance officers, and those compiling financial statements in accordance with Accounting Principals Generally Accepted in the United States of America. SAS 89 further requires the auditor to inform the audit committee, or its equivalent, about adjustments arising from the audit, including both those adjustments which were recorded in the financial statements as well as those which remain unadjusted, that in the auditor's judgment, could significantly affect the financial reporting process. Additionally, SAS 89 requires the auditor to emphasize that management is ultimately responsible for the amounts presented in the financial statements.

In separate communications to the Board of Commissioners as well as other members of the County's management, we informed them of approximately 250 adjusting entries which were required to fairly present the amounts within the financial statements so that an unqualified opinion on those financial statements could be issued. The draft copy of the financial statements and footnotes compiled in accordance with Accounting Principals Generally Accepted in the United States of America (GAAP) were provided for audit with little support for the amounts included. As a result, numerous procedures external to the normal scope of audit work had to be performed to determine the correct amounts for financial statement presentation and prepare the necessary adjustments referred to above. The number of adjustments required was unreasonably large, indicating deficiencies in the process utilized to compile the financial statements in accordance with GAAP. Such deficiencies and additional procedures resulted in additional audit costs to the County which could have been prevented with an effective compilation process.

While the County engaged an accounting services firm to compile the GAAP basis financial statements, the County's management is ultimately responsible for the fair presentation and disclosure of the required information. The results of the current audit as well as the prior audit have indicated that the process used to compile the financial information was deficient in fairly presenting the required information. We recommend that management of the County consider modifying the process used to compile the GAAP basis financial statements. We further recommend the County's management more actively monitor the process of preparing financial statements and require a higher standard of performance of its accounting firm.

FINDING NUMBER 2000-60773-004

Probate Court Reconciliations

The Probate Court's reconciled bank statement balances did not agree with their respective cashbooks at December 31, 2000 and the variances fluctuated from month to month during the year. At year-end a new bank account was opened in hopes of eliminating the ongoing reconciliation variance among the open items. However, the old account was not closed and is still being utilized for old case activity. The new account is being utilized for the 2001 case activity. Therefore the monthly reconciliation is a process among the old and new bank statements and the case activity for each month-end on the computer system.

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

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

FINDING NUMBER 2000-60773-004 (Continued)

Probate Court Reconciliations (Continued)

This process is complicated further as the software does not distinguish old case activity totals from new case activity totals other than coding the individual receipt or check with a case number. In order to reconcile each bank account, the Clerk must trace each entry on the statements (deposits or checks issued) to the computer software month-end report. As a result, no reconciliations to bank balances have been performed for the Probate Court activity since December 2000.

As a corrective action, a Henschen software upgrade to distinguish old case activity from new case activity was implemented as of May 2001. This will aid in the reconciliation process, although no reconciliations have been performed since December 31, 2000.

We recommend the month-end reconciliations should then include the new software's old case activity and balances to the old bank account. The new bank account can then be reconciled monthly to the new case activity and balances. We further recommend the old account be closed out as soon as all old cases are closed.

FINDING NUMBER 2000-60773-005

Maintenance Supervisor

Among his regular duties at the Scioto County Courthouse, the courthouse maintenance supervisor builds custom shelves, desks, cabinets and other woodworking projects for several Scioto County agencies. He personally owns the tools and equipment used in the projects and keeps the equipment in the courthouse. On several occasions, he personally invoiced Scioto County agencies for cost of materials he purchased for the projects and failed to provide receipts showing exact material costs. In addition, due to lack of detailed time keeping records for the county maintenance supervisor, we could not determine whether the projects were completed on County time. The County has not implemented any of our recommendations from the 1998 audit.

We recommend that all materials for projects be purchased through the normal County purchasing procedures and supporting receipts be maintained. The maintenance supervisor should maintain detailed time keeping records to support hours worked on projects. We further recommend that the County facilities not be used for these projects.

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

3. FINDINGS FOR FEDERAL AWARDS

1. Cash Management

Finding Number	2000-60773-006
CFDA Title and Number	Community Development Block Grant CFDA #14.228
Federal Award Number / Year	BP98-068-1 and BF99-068-1
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance Citation

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 drawn 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.

A comparison of the draws to the expenditures for each of the funds revealed the following:

From Grant BP98-068-1:

A draw down was made in the amount of \$67,000 during July 2000 from Grant BP98-068-1. The expenditures for the grant, according to the schedule of expenditures on October 2000, totaled only \$2,101.25. Therefore, \$64,898.75 of this draw down was not expended within the required 15 days. Additionally, the Office of Housing and Community Partnerships required the county to remit \$65,016.60 in funds drawn down but not expended. This amount includes unexpended funds from other draw downs during the grant period.

From Grant BF99-068-1:

A draw down was made in the amount of \$42,300 on May 31, 2000 from Grant BF99-068-1. The expenditures for the grant, were as follows: a \$20,000 expended on June 8, 2000 and \$22,300 expended on July 7, 2000. This resulted in the draw down not being expended within 15 days as required.

We recommend the County develop a cash management system to ensure compliance with the Fifteen Day Rule which relates to prompt disbursement of funds.

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
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2. Allowable Costs/Cost Principles

Finding Number	2000-60773-007
CFDA Title and Number	Community Development Block Grant CFDA #14.228
Federal Award Number / Year	BF98-068-1, BF99-068-1, BF97-068-1, BP98-068-1
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance Citation

24 C.F.R. Part 570.206(e) and OMB Circular A-87 state that program administration indirect costs of overall program management coordination is eligible if indirect costs are charged using an accepted cost allocation plan. Community Development Block Grants (CDBG) Compliance Requirements for the recovery of indirect costs state that organizations must prepare cost allocation plans (CAPs) which apply to local governments or indirect cost rate proposals (IDCRPs) in accordance with the guidelines provided in the circulars. Organizations, such as smaller local governments, must prepare appropriate CAPs or IDCRPs and maintain them on file for review. Indirect costs are defined as those costs that benefit common activities and, therefore, cannot be readily assigned to a specific direct cost objective or project.

During the audit, the Community Development Office Manager stated that neither CAPs nor IDCRPs were prepared for the recovery of indirect costs. Further, it was noted that the Community Development Department administered various grants. The County directly charged certain grants for indirect costs, such as advertisements, pager service bills, cellular phone bills and office supplies, etc. The County did not maintain sufficient usage documentation to substantiate the reasoning for charging the specific grants the amounts that were charged. In addition, payroll and related payroll costs were directly charged to grants without sufficient documentation of the time worked on specific grants or projects. This causes questions of the validity and allowability of such costs in the manner that they were charged to the various grants. Due to the lack of documentation and the failure of the County to develop a Cost Allocation Plan and/or an Indirect Cost Rate Proposal Plan for the recovery of indirect costs, \$68,145.77 in expenditures were arbitrarily allocated to the current CDBG grants administered by the County and are therefore considered to be questioned costs. Also, the County exceeded allowable administration costs for program # BF99-068-1 in the amount of \$5,445.77.

We recommend the County develop either a cost allocation plan (CAP) or an indirect cost rate proposal (IDCRP) and maintain a copy on file. The County should maintain documentation as to how they arrived at the rates or allocation plan to be used. The development of such plans should not result in arbitrary charges. Further, we recommend the County maintain documentation of the actual time worked on each specific project and grant for the charging of the payroll of employees and consultants. It is important to substantiate any and all charges to the Community Development Block Grants to ensure compliance with applicable requirements.

**FINANCIAL CONDITION
SCIOTO COUNTY**

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
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3. Approval of Grant Expenditures

Finding Number	2000-60773-008
CFDA Title and Number	Community Development Block Grant CFDA #14.228
Federal Award Number / Year	BF98-068-1, BF99-068-1, BF97-068-1, BP98-068-1
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Reportable Condition

Purchase Orders for the expenditure of Community Development Block Grant Funds were not signed as approved by the Grant Coordinator. This could result in federal monies being expended without proper approval.

We recommend that all purchase orders for the expenditure of Community Development Block Grant Funds be reviewed and approved by the Grant Coordinator to ensure that funds are expended only for allowable purposes. This approval should be documented by the Grant Coordinator's signature on the Purchase Order.

**FINANCIAL CONDITION
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315(b)**

<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>
1999-60773-001	Child Support Enforcement Agency - Timely Reconciliations	No	The Child Support Enforcement Agency was not completely in balance at December 31, 2000. However, as of July 1, 2001 the account was reconciled.
1999-60773-002	Monitoring the preparation of the Financial Statements	No	A reportable condition is included in the current report.

**FINANCIAL CONDITION
SCIOTO COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2000-60773-001	The County will continue to monitor the disbursements and appropriations and will post memo entries for any future note renewals.	Immediately	David Green, County Auditor
2000-60773-002	The County is in the process of acquiring fixed asset software.	2002	David Green, County Auditor
2000-60773-003	The County is in the process of contracting with the Auditor of State Local Government Services branch to perform the GAAP conversion for the year ending December 31, 2001.	Immediately	David Green, County Auditor
2000-60773-004	The Probate Court will continue working with software vendor to resolve reconciliation problems.	December 2001	Judge Kirsch
2000-60773-005	The maintenance supervisor will be retiring.	December 2001	County Commissioners
2000-60773-006	The Office of Program Services will now require invoices be filed by the vendors prior to funds being drawn down.	December 2001	Rod Honaker, Program Manager
2000-60773-007	The Office of Program Services will use weekly time sheets showing amount of time worked on each specific project and separate costs of other itmes to show they are not paid for from CDBG funds.	Immediately	Rod Honaker, Program Manager
2000-60773-008	The Grant Coordinator will sign purchase orders.	Immediately	Rod Honaker, Program Manager



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OFFICE OF THE AUDITOR

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SCIOTO COUNTY FINANCIAL CONDITION

SCIOTO COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 15, 2001