



**FINANCIAL CONDITION
GUERNSEY COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**GUERNSEY COUNTY
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REPORT OF INDEPENDENT ACCOUNTANTS

Guernsey County
128 East 8th Street, Suite 101
Cambridge, Ohio 43725

To the Board of County Commissioners:

We have audited the accompanying general purpose financial statements of Guernsey County, Ohio, (the County) as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of Guernsey Industries, the County's only discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us and our opinion, insofar as it relates to the amounts discretely presented for Guernsey Industries, is based on the report of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Guernsey Industries were not audited by the other auditors in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Guernsey County, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund types, nonexpendable trust fund and its discretely presented component unit for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2000 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.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

July 24, 2000

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Guemsey County, Ohio
 Combined Balance Sheet
 All Fund Types, Account Groups and Discretely Presented Component Unit
 December 31, 1999

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
<u>Assets and Other Debits:</u>						
<u>Assets:</u>						
Equity in Pooled Cash and Cash Equivalents	\$3,262,655	\$6,325,071	\$520,931	\$228,051	\$718,957	\$548,093
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0	0	0
Investments	0	0	0	0	0	0
<u>Receivables:</u>						
Taxes	0	0	0	0	0	0
Special Assessments	0	0	0	0	0	0
Sales Tax	701,314	0	103,000	0	0	0
Accounts	18,010	39,602	0	0	230,328	0
Intergovernmental	160,067	958,824	0	13,638	0	0
Interfund	22,146	0	0	0	0	0
Accrued Interest	161,942	0	0	0	0	0
Due from Other Funds	1,193,373	3,860,864	1,006,018	0	0	0
Prepaid Items	100,876	17,637	0	0	4,297	0
Materials and Supplies Inventory	29,639	96,027	0	0	63,604	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0	3,879,260	0
<u>Other Debits:</u>						
Amount Available in Debt Service Fund for Retirement of General Obligations Bonds	0	0	0	0	0	0
Amount Available in Debt Service Fund for Retirement of Special Assessment Bonds	0	0	0	0	0	0
Amount to be Provided for Retirement of General Obligation Bonds	0	0	0	0	0	0
Amount to be Provided for Retirement of Special Assessment Debt	0	0	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0	0	0
Total Assets and Other Debits	<u>\$5,650,022</u>	<u>\$11,298,025</u>	<u>\$1,629,949</u>	<u>\$241,689</u>	<u>\$4,896,446</u>	<u>\$548,093</u>

Fiduciary Fund Types	Account Groups		Totals Primary Government (Memorandum Only)	Component Unit	Totals Reporting Entity (Memorandum Only)
	General Fixed Assets	General Long-term Obligations			
\$1,975,230	\$0	\$0	\$13,578,988	\$0	\$13,578,988
315,529	0	0	315,529	72,417	387,946
0	0	0	0	26,028	26,028
26,735,808	0	0	26,735,808	0	26,735,808
1,872,983	0	0	1,872,983	0	1,872,983
0	0	0	804,314	0	804,314
0	0	0	287,940	18,352	306,292
279,046	0	0	1,411,575	0	1,411,575
0	0	0	22,146	0	22,146
0	0	0	161,942	0	161,942
2,500	0	0	6,062,755	0	6,062,755
0	0	0	122,810	0	122,810
0	0	0	189,270	24,221	213,491
0	26,127,160	0	30,006,420	83,724	30,090,144
0	0	516,034	516,034	0	516,034
0	0	107,897	107,897	0	107,897
0	0	5,502,079	5,502,079	0	5,502,079
0	0	597,593	597,593	0	597,593
0	0	1,264,705	1,264,705	0	1,264,705
<u>\$31,181,096</u>	<u>\$26,127,160</u>	<u>\$7,988,308</u>	<u>\$89,560,788</u>	<u>\$224,742</u>	<u>\$89,785,530</u>

(continued)

Guemsey County, Ohio
 Combined Balance Sheet
 All Fund Types, Account Groups and Discretely Presented Component Unit
 December 31, 1999
 (Continued)

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
Liabilities, Fund Equity and Other Credits:						
<u>Liabilities:</u>						
Accounts Payable	\$81,516	\$134,173	\$0	\$0	\$9,400	\$0
Contracts Payable	0	10,586	0	0	0	0
Accrued Wages Payable	9,797	157,888	0	0	1,040	0
Compensated Absences Payable	8,483	48,815	0	0	47,247	0
Retainage Payable	0	700	0	0	0	0
Interfund Payable	0	0	0	0	22,146	0
Due to Other Funds	0	85,370	0	0	0	0
Intergovernmental Payable	296,430	929,644	0	0	58,589	0
Claims Payable	0	0	0	0	0	226,200
Deferred Revenue	1,154,679	3,465,423	1,006,018	0	0	0
Due to Others	0	0	0	0	0	0
Undistributed Monies	0	0	0	0	0	0
OPWC Loan Payable	0	0	0	0	0	0
OWDA Loan Payable	0	0	0	0	949,771	0
Capital Leases Payable	0	0	0	0	0	0
Special Assessment Debt with Governmental Commitment	0	0	0	0	0	0
General Obligation Bonds Payable	0	0	0	0	647,098	0
Total Liabilities	1,550,905	4,832,599	1,006,018	0	1,735,291	226,200
Fund Equity, Net Assets and Other Credits:						
Investment in General Fixed Assets	0	0	0	0	0	0
Contributed Capital	0	0	0	0	2,978,461	0
Retained Earnings:						
Unreserved	0	0	0	0	182,694	321,893
Fund Balance:						
Reserved for Encumbrances	31,657	35,302	0	0	0	0
Reserved for Claimants	48,707	0	0	0	0	0
Reserved for Endowment	0	0	0	0	0	0
Reserved for Inventory	29,639	96,027	0	0	0	0
Unreserved, Undesignated	3,989,114	6,334,097	623,931	241,689	0	0
Net Assets:						
Unrestricted	0	0	0	0	0	0
Total Fund Equity, Net Assets and Other Credits	4,099,117	6,465,426	623,931	241,689	3,161,155	321,893
Total Liabilities, Fund Equity, Net Assets and Other Credits	\$5,650,022	\$11,298,025	\$1,629,949	\$241,689	\$4,896,446	\$548,093

See accompanying notes to the general purpose financial statements

Fiduciary Fund Types	Account Groups		Totals Primary Government (Memorandum Only)	Component Unit	Totals Reporting Entity (Memorandum Only)
	General Fixed Assets	General Long-term Obligations			
\$0	\$0	\$0	\$225,089	\$2,721	\$227,810
0	0	0	10,586	0	10,586
0	0	0	168,725	0	168,725
0	0	1,017,698	1,122,243	0	1,122,243
0	0	0	700	0	700
0	0	0	22,146	0	22,146
5,977,385	0	0	6,062,755	0	6,062,755
24,139,572	0	25,314	25,449,549	769	25,450,318
0	0	0	226,200	0	226,200
0	0	0	5,626,120	18,973	5,645,093
31,080	0	0	31,080	0	31,080
851,969	0	0	851,969	0	851,969
0	0	179,099	179,099	0	179,099
0	0	0	949,771	0	949,771
0	0	42,594	42,594	0	42,594
0	0	705,490	705,490	0	705,490
0	0	6,018,113	6,665,211	0	6,665,211
<u>31,000,006</u>	<u>0</u>	<u>7,988,308</u>	<u>48,339,327</u>	<u>22,463</u>	<u>48,361,790</u>
0	26,127,160	0	26,127,160	0	26,127,160
0	0	0	2,978,461	0	2,978,461
0	0	0	504,587	0	504,587
0	0	0	66,959	0	66,959
0	0	0	48,707	0	48,707
20,000	0	0	20,000	0	20,000
0	0	0	125,666	0	125,666
161,090	0	0	11,349,921	0	11,349,921
0	0	0	0	202,279	202,279
<u>181,090</u>	<u>26,127,160</u>	<u>0</u>	<u>41,221,461</u>	<u>202,279</u>	<u>41,423,740</u>
<u>\$31,181,096</u>	<u>\$26,127,160</u>	<u>\$7,988,308</u>	<u>\$89,560,788</u>	<u>\$224,742</u>	<u>\$89,785,530</u>

Guernsey County, Ohio
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
 All Governmental Fund Types and Expendable Trust Fund
 For the Year Ended December 31, 1999

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<u>Revenues:</u>			
Taxes	\$1,030,508	\$2,950,834	\$0
Sales Tax	4,261,999	0	493,000
Charges for Services	1,219,698	1,033,273	0
Licenses and Permits	12,986	49,391	0
Fines and Forfeitures	114,679	363,095	0
Intergovernmental	1,243,231	15,630,621	0
Special Assessments	0	0	79,851
Interest	554,733	25,877	2,449
Rent	135,708	10,140	105,291
Other	47,054	242,342	0
Total Revenues	<u>8,620,596</u>	<u>20,305,573</u>	<u>680,591</u>
<u>Expenditures:</u>			
Current:			
General Government:			
Legislative and Executive	2,746,207	292,958	0
Judicial	1,699,116	267,005	0
Public Safety	2,238,812	538,008	0
Public Works	97,745	3,792,821	0
Health	33,502	4,234,751	0
Human Services	208,778	9,808,781	0
Economic Development and Assistance	0	725,781	0
Other	983,464	0	595
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	7,487	29,495	399,131
Interest and Fiscal Charges	2,812	4,987	411,768
Total Expenditures	<u>8,017,923</u>	<u>19,694,587</u>	<u>811,494</u>
Excess of Revenues Over (Under) Expenditures	<u>602,673</u>	<u>610,986</u>	<u>(130,903)</u>
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	28,484	996,000	10,364
Proceeds of Loans	0	0	0
Operating Transfers Out	(1,002,125)	(107,841)	(364)
Total Other Financing Sources (Uses)	<u>(973,641)</u>	<u>888,159</u>	<u>10,000</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(370,968)	1,499,145	(120,903)
Fund Balances at Beginning of Year - Restated (Note 3)	4,454,811	5,115,872	744,834
Increase (Decrease) in Reserve for Inventory	<u>15,274</u>	<u>(149,591)</u>	<u>0</u>
Fund Balances at End of Year	<u>\$4,099,117</u>	<u>\$6,465,426</u>	<u>\$623,931</u>

See accompanying notes to the general purpose financial statements

Capital Projects	Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)
\$0	\$0	\$3,981,342
0	0	4,754,999
0	0	2,252,971
0	0	62,377
0	0	477,774
616,779	0	17,490,631
0	0	79,851
5,975	4,995	594,029
28,084	0	279,223
0	0	289,396
<u>650,838</u>	<u>4,995</u>	<u>30,262,593</u>
0	0	3,039,165
0	0	1,966,121
0	0	2,776,820
0	0	3,890,566
0	0	4,268,253
0	225	10,017,784
0	0	725,781
0	0	984,059
745,208	0	745,208
0	0	436,113
0	0	419,567
<u>745,208</u>	<u>225</u>	<u>29,269,437</u>
(94,370)	4,770	993,156
10,000	0	1,044,848
71,173	0	71,173
0	0	(1,110,330)
<u>81,173</u>	<u>0</u>	<u>5,691</u>
(13,197)	4,770	998,847
254,886	93,075	10,663,478
0	0	(134,317)
<u>\$241,689</u>	<u>\$97,845</u>	<u>\$11,528,008</u>

Guernsey County, Ohio
 Combined Statement of Revenues, Expenditures, and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 All Governmental Fund Types and Expendable Trust Fund
 For the Year Ended December 31, 1999

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<u>Revenues:</u>			
Taxes	\$937,721	\$1,030,508	\$92,787
Sales Tax	3,450,000	4,227,432	777,432
Charges for Services	1,089,200	1,261,257	172,057
Licenses and Permits	10,360	12,986	2,626
Fines and Forfeitures	85,000	115,026	30,026
Intergovernmental	1,188,456	1,218,570	30,114
Special Assessments	0	0	0
Interest	510,249	768,708	258,459
Rent	153,900	135,708	(18,192)
Other	15,019	47,442	32,423
Total Revenues	<u>7,439,905</u>	<u>8,817,637</u>	<u>1,377,732</u>
<u>Expenditures:</u>			
Current:			
General Government:			
Legislative and Executive	4,051,034	2,789,209	1,261,825
Judicial	1,888,859	1,702,173	186,686
Public Safety	2,312,236	2,297,903	14,333
Public Works	116,022	98,987	17,035
Health	41,213	34,850	6,363
Human Services	213,980	210,459	3,521
Economic Development and Assistance	0	0	0
Other	1,030,471	983,464	47,007
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	7,487	7,487	0
Interest and Fiscal Charges	26,374	2,812	23,562
Total Expenditures	<u>9,687,676</u>	<u>8,127,344</u>	<u>1,560,332</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,247,771)</u>	<u>690,293</u>	<u>2,938,064</u>
<u>Other Financing Sources (Uses):</u>			
Proceeds of Loans	0	0	0
Operating Transfers In	0	28,484	28,484
Operating Transfers Out	(1,221,274)	(1,002,125)	219,149
Total Other Financing Sources (Uses)	<u>(1,221,274)</u>	<u>(973,641)</u>	<u>247,633</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(3,469,045)</u>	<u>(283,348)</u>	<u>3,185,697</u>
Fund Balances at Beginning of Year	3,398,655	3,398,655	0
Prior Year Encumbrances Appropriated	101,481	101,481	0
Fund Balances at End of Year	<u>\$31,091</u>	<u>\$3,216,788</u>	<u>\$3,185,697</u>

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$2,680,780	\$2,950,834	\$270,054	\$0	\$0	\$0
0	0	0	468,000	468,000	0
747,281	1,000,373	253,092	0	0	0
50,000	49,391	(609)	0	0	0
403,972	361,899	(42,073)	0	0	0
16,478,405	15,543,125	(935,280)	0	0	0
0	0	0	77,676	79,851	2,175
8,539	24,446	15,907	0	2,449	2,449
10,140	10,140	0	62,750	105,291	42,541
104,848	243,011	138,163	3,540	0	(3,540)
<u>20,483,965</u>	<u>20,183,219</u>	<u>(300,746)</u>	<u>611,966</u>	<u>655,591</u>	<u>43,625</u>
592,336	292,432	299,904	0	0	0
621,077	269,506	351,571	0	0	0
737,949	556,724	181,225	0	0	0
4,299,370	3,809,585	489,785	0	0	0
5,079,126	4,271,614	807,512	0	0	0
12,884,167	9,764,567	3,119,600	0	0	0
1,131,551	725,980	405,571	0	0	0
0	0	0	595	595	0
0	0	0	0	0	0
29,495	29,495	0	871,977	399,131	472,846
4,987	4,987	0	412,812	411,768	1,044
<u>25,380,058</u>	<u>19,724,890</u>	<u>5,655,168</u>	<u>1,285,384</u>	<u>811,494</u>	<u>473,890</u>
<u>(4,896,093)</u>	<u>458,329</u>	<u>5,354,422</u>	<u>(673,418)</u>	<u>(155,903)</u>	<u>517,515</u>
0	0	0	0	0	0
754,665	996,000	241,335	10,488	10,364	(124)
<u>(738,108)</u>	<u>(107,841)</u>	<u>630,267</u>	<u>(364)</u>	<u>(364)</u>	<u>0</u>
<u>16,557</u>	<u>888,159</u>	<u>871,602</u>	<u>10,124</u>	<u>10,000</u>	<u>(124)</u>
(4,879,536)	1,346,488	6,226,024	(663,294)	(145,903)	517,391
4,631,919	4,631,919	0	666,834	666,834	0
52,355	52,355	0	0	0	0
<u>(\$195,262)</u>	<u>\$6,030,762</u>	<u>\$6,226,024</u>	<u>\$3,540</u>	<u>\$520,931</u>	<u>\$517,391</u>

(continued)

Guernsey County, Ohio
 Combined Statement of Revenues, Expenditures, and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 All Governmental Fund Types and Expendable Trust Fund
 For the Year Ended December 31, 1999
 (Continued)

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$0	\$0	\$0
Sales Tax	0	0	0
Charges for Services	0	0	0
Licenses and Permits	0	0	0
Fines and Forfeitures	0	0	0
Intergovernmental	738,691	603,141	(135,550)
Special Assessments	0	0	0
Interest	180	5,920	5,740
Rent	30,000	28,084	(1,916)
Other	0	0	0
Total Revenues	<u>768,871</u>	<u>637,145</u>	<u>(131,726)</u>
<u>Expenditures:</u>			
Current:			
General Government:			
Legislative and Executive	0	0	0
Judicial	0	0	0
Public Safety	0	0	0
Public Works	0	0	0
Health	0	0	0
Human Services	0	0	0
Economic Development and Assistance	0	0	0
Other	0	0	0
Capital Outlay	1,095,418	747,150	348,268
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	<u>1,095,418</u>	<u>747,150</u>	<u>348,268</u>
Excess of Revenues Over (Under) Expenditures	<u>(326,547)</u>	<u>(110,005)</u>	<u>216,542</u>
<u>Other Financing Sources (Uses):</u>			
Proceeds of Loans	60,200	71,173	10,973
Operating Transfers In	10,000	10,000	0
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	<u>70,200</u>	<u>81,173</u>	<u>10,973</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(256,347)</u>	<u>(28,832)</u>	<u>227,515</u>
Fund Balances at Beginning of Year	256,347	256,347	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balances at End of Year	<u>\$0</u>	<u>\$227,515</u>	<u>\$227,515</u>

See accompanying notes to the general purpose financial statements

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$3,618,501	\$3,981,342	\$362,841
0	0	0	3,918,000	4,695,432	777,432
0	0	0	1,836,481	2,261,630	425,149
0	0	0	60,360	62,377	2,017
0	0	0	488,972	476,925	(12,047)
0	0	0	18,405,552	17,364,836	(1,040,716)
0	0	0	77,676	79,851	2,175
4,000	6,188	2,188	522,968	807,711	284,743
0	0	0	256,790	279,223	22,433
0	0	0	123,407	290,453	167,046
<u>4,000</u>	<u>6,188</u>	<u>2,188</u>	<u>29,308,707</u>	<u>30,299,780</u>	<u>991,073</u>
0	0	0	4,643,370	3,081,641	1,561,729
0	0	0	2,509,936	1,971,679	538,257
0	0	0	3,050,185	2,854,627	195,558
0	0	0	4,415,392	3,908,572	506,820
0	0	0	5,120,339	4,306,464	813,875
94,827	225	94,602	13,192,974	9,975,251	3,217,723
0	0	0	1,131,551	725,980	405,571
0	0	0	1,031,066	984,059	47,007
0	0	0	1,095,418	747,150	348,268
0	0	0	908,959	436,113	472,846
0	0	0	444,173	419,567	24,606
<u>94,827</u>	<u>225</u>	<u>94,602</u>	<u>37,543,363</u>	<u>29,411,103</u>	<u>8,132,260</u>
<u>(90,827)</u>	<u>5,963</u>	<u>96,790</u>	<u>(8,234,656)</u>	<u>888,677</u>	<u>9,123,333</u>
0	0	0	60,200	71,173	10,973
0	0	0	775,153	1,044,848	269,695
0	0	0	(1,959,746)	(1,110,330)	849,416
0	0	0	(1,124,393)	5,691	1,130,084
(90,827)	5,963	96,790	(9,359,049)	894,368	10,253,417
90,826	90,826	0	9,044,581	9,044,581	0
0	0	0	153,836	153,836	0
<u>(\$1)</u>	<u>\$96,789</u>	<u>\$96,790</u>	<u>(\$160,632)</u>	<u>\$10,092,785</u>	<u>\$10,253,417</u>

Guernsey County, Ohio
 Combined Statement of Revenues,
 Expenses and Changes in Fund Equity/Fund Balance
 All Proprietary Fund Types and Non-Expendable Trust Fund
 For the Year Ended December 31, 1999

	Proprietary Fund Types		Fiduciary Fund Type	Totals
	Enterprise	Internal Service	Non-Expend- able Trust	(Memorandum Only)
<u>Operating Revenues:</u>				
Charges for Services	\$1,487,869	\$1,541,037	\$0	\$3,028,906
Tap-In Fees	47,750	0	0	47,750
Interest	0	0	4,501	4,501
Other Operating Revenues	6,058	0	0	6,058
Total Operating Revenues	<u>1,541,677</u>	<u>1,541,037</u>	<u>4,501</u>	<u>3,087,215</u>
<u>Operating Expenses:</u>				
Personal Services	272,649	0	0	272,649
Fringe Benefits	97,719	0	0	97,719
Contractual Services	702,596	166,775	0	869,371
Materials and Supplies	117,258	0	1,466	118,724
Claims	0	1,261,255	0	1,261,255
Depreciation	185,722	0	0	185,722
Other Operating Expenses	37,468	0	0	37,468
Total Operating Expenses	<u>1,413,412</u>	<u>1,428,030</u>	<u>1,466</u>	<u>2,842,908</u>
Operating Income (Loss)	<u>128,265</u>	<u>113,007</u>	<u>3,035</u>	<u>244,307</u>
<u>Non-Operating Revenues (Expenses):</u>				
Interest Income	6,489	0	0	6,489
Other Non-Operating Revenues	5,775	0	0	5,775
Interest and Fiscal Charges	<u>(114,257)</u>	<u>0</u>	<u>0</u>	<u>(114,257)</u>
Total Non-Operating Revenues (Expenses)	<u>(101,993)</u>	<u>0</u>	<u>0</u>	<u>(101,993)</u>
Income (Loss) Before Operating Transfers	26,272	113,007	3,035	142,314
Operating Transfers In	87,628	0	0	87,628
Operating Transfers Out	<u>(22,146)</u>	<u>0</u>	<u>0</u>	<u>(22,146)</u>
Net Income	91,754	113,007	3,035	207,796
Depreciation on Fixed Assets Acquired by Contributed Capital	1,630	0	0	1,630
Retained Earnings/Fund Balance at Beginning of Year	<u>89,310</u>	<u>208,886</u>	<u>80,210</u>	<u>378,406</u>
Retained Earnings/Fund Balance at End of Year	<u>182,694</u>	<u>321,893</u>	<u>83,245</u>	<u>587,832</u>
Contributed Capital at Beginning of Year	2,578,278	0	0	2,578,278
Changes During the Year:				
Donations	130,460	0	0	130,460
General Fund Revenues	271,353	0	0	271,353
Depreciation of Fixed Assets Acquired by Contributed Capital	<u>(1,630)</u>	<u>0</u>	<u>0</u>	<u>(1,630)</u>
Net Changes During the Year	<u>400,183</u>	<u>0</u>	<u>0</u>	<u>400,183</u>
Contributed Capital at End of Year	<u>2,978,461</u>	<u>0</u>	<u>0</u>	<u>2,978,461</u>
Total Fund Equity at End of Year	<u>\$3,161,155</u>	<u>\$321,893</u>	<u>\$83,245</u>	<u>\$3,566,293</u>

See accompanying notes to the general purpose financial statements

Guernsey County, Ohio
Statement of Activities
Component Unit
For the Year Ended December 31, 1999

<u>Unrestricted Net Assets Revenue:</u>	
Sales	\$343,726
Interest	2,384
Donations	2,951
Workers' Compensation Insurance Refund	347
Contributions: Guernsey County Board of Mental Retardation/Developmental Disabilities	<u>22,391</u>
Total Operating Revenues	371,799
Direct Materials and Supplies	<u>108,748</u>
	<u>263,051</u>
<u>Operating Expenses:</u>	
Wages	132,064
Depreciation	22,779
Employee Welfare	2,299
Levy Donations	4,241
160 Board Expense	2,580
Insurance - General	8,837
Insurance - Industrial	351
Utilities	1,899
Federal Income Tax	100
Advertising	4,993
Licenses	522
Professional Fees	9,181
Family Resources	34,515
Vehicle Expense	1,881
Equipment Rental	195
Repairs - Equipment	2,170
Dues and Subscriptions	861
Office Supplies and Postage	474
Other Supplies	8,788
Payroll Taxes	9,839
In-Kind Contribution	<u>22,391</u>
Total Operating Expenses	<u>270,960</u>
	(7,909)
Net Assets Released from Restrictions	<u>0</u>
Decrease in Unrestricted Net Assets	(7,909)

See accompanying notes to the general purpose financial statements

Guernsey County, Ohio
 Combined Statement of Cash Flows
 All Proprietary Fund Types and Non-Expendable Trust Fund
 For the Year Ended December 31, 1999

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Non- Expend- able Trust	
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>				
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$1,488,074	\$1,541,037	\$0	\$3,029,111
Cash Payments for Employee Services and Benefits	(388,876)	0	0	(388,876)
Cash Payments for Goods and Services	(788,139)	(166,775)	(1,466)	(956,380)
Cash Payments for Claims	0	(1,280,765)	0	(1,280,765)
Other Operating Revenue	6,058	0	0	6,058
Other Operating Expenses	(37,468)	0	0	(37,468)
Other Non-Operating Revenue	5,775	0	0	5,775
Net Cash Provided by (Used for) Operating Activities	<u>285,424</u>	<u>93,497</u>	<u>(1,466)</u>	<u>377,455</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Operating Transfers In	87,628	0	0	87,628
Operating Transfers Out	(22,146)	0	0	(22,146)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>65,482</u>	<u>0</u>	<u>0</u>	<u>65,482</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Payments for Capital Acquisitions	(3,915)	0	0	(3,915)
Principal Payments	(81,947)	0	0	(81,947)
Interest Payments	(114,257)	0	0	(114,257)
Net Cash Used for Capital and Related Financing Activities	<u>(200,119)</u>	<u>0</u>	<u>0</u>	<u>(200,119)</u>
<u>Cash Flows from Investing Activities:</u>				
Receipts of Interest	6,489	0	4,501	10,990
Net Cash Provided by Investing Activities	<u>6,489</u>	<u>0</u>	<u>4,501</u>	<u>10,990</u>
Net Increase in Cash and Cash Equivalents	157,276	93,497	3,035	253,808
Cash and Cash Equivalents at Beginning of Year	<u>561,681</u>	<u>454,596</u>	<u>80,210</u>	<u>1,096,487</u>
Cash and Cash Equivalents at End of Year	<u>\$718,957</u>	<u>\$548,093</u>	<u>\$83,245</u>	<u>\$1,350,295</u>

Guemsey County, Ohio
 Combined Statement of Cash Flows
 All Proprietary Fund Types and Non-Expendable Trust Fund
 For the Year Ended December 31, 1999
 (Continued)

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non- Expend- able Trust</u>	
Reconciliation of Operating Income (Loss) to <u>Net Cash Provided by (Used for) Operating Activities:</u>				
Operating Income (Loss)	<u>\$128,265</u>	<u>\$113,007</u>	<u>\$3,035</u>	<u>\$244,307</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for)				
<u>Operating Activities:</u>				
Depreciation	185,722	0	0	185,722
Non-Operating Revenue	5,775	0	0	5,775
Interest	0	0	(4,501)	(4,501)
<u>Changes in Assets and Liabilities:</u>				
Increase in Accounts Receivable	(47,545)	0	0	(47,545)
Decrease in Prepaid Items	1,885	0	0	1,885
Decrease in Materials and Supplies Inventory	1,132	0	0	1,132
Increase in Accounts Payable	6,015	0	0	6,015
Increase in Accrued Wages and Benefits	464	0	0	464
Decrease in Claims Payable	0	(19,510)	0	(19,510)
Decrease in Compensated Absences	(7,622)	0	0	(7,622)
Increase in Due to Other Governments	11,333	0	0	11,333
Total Adjustments	<u>157,159</u>	<u>(19,510)</u>	<u>(4,501)</u>	<u>133,148</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>\$285,424</u></u>	<u><u>\$93,497</u></u>	<u><u>(\$1,466)</u></u>	<u><u>\$377,455</u></u>

Non-Cash Transactions:

During 1999, the Water and Sewer Enterprise Funds received non-cash contributions of \$401,813. This amount is derived from donated assets in the amount of \$130,460, and purchases of fixed assets by the General Fund in the amount of \$271,353.

Reconciliation:

Cash and Cash Equivalents - All Fiduciary Funds	\$2,290,759
Cash and Cash Equivalents - All Agency Funds and Expendable Trust	<u>(2,207,514)</u>
Cash and Cash Equivalents - Non-Expendable Trust Fund	<u><u>\$83,245</u></u>

See accompanying notes to the general purpose financial statements

Guemsey County, Ohio
Statement of Cash Flows
Component Unit
For the Year Ended December 31, 1999

	Component Unit
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$363,490
Cash Paid to Suppliers and Employees	(339,908)
Workers' Compensation Insurance Refund	347
Interest Received	1,247
Net Cash Provided by Operating Activities	25,176
<u>Cash Flows from Investing Activities:</u>	
Purchase of Equipment	(16,038)
Net Increase in Cash	9,138
Cash at Beginning of Year	63,279
Cash at End of Year	\$72,417
Reconciliation of Change in Net Assets to Net Cash	
<u>Provided by Operating Activities:</u>	
Change in Net Assets	(\$7,909)
Adjustments to Reconcile Change in Net Assets	
<u>to Net Cash Provided by Operating Activities:</u>	
Depreciation	22,779
Reinvested earning on short-term investments	(1,137)
<u>Increase (Decrease) in Assets:</u>	
Accounts and Grant Receivable	16,791
Inventory	(3,686)
<u>Increase (Decrease) in Liabilities:</u>	
Accounts Payable and accrued expenses	(1,684)
Deferred Income	22
Net Cash Provided by Operating Activities	\$25,176
<u>Supplemental Data:</u>	
Non-Cash Operating and Investing Activities:	
Gifts In-Kind	\$22,391

See accompanying notes to the general purpose financial statements

Guemsey County, Ohio
 Combined Statement of Revenues, Expenses and
 Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
 All Proprietary Fund Types and Non-Expendable Trust Fund
 For the Year Ended December 31, 1999

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$1,330,273	\$1,440,324	\$110,051
Interest	0	8,122	8,122
Tap-In Fees	47,750	47,750	0
Other Revenues	9,766	11,833	2,067
Total Revenues	<u>1,387,789</u>	<u>1,508,029</u>	<u>120,240</u>
<u>Expenses:</u>			
Personal Services	314,474	291,157	23,317
Fringe Expense	49,394	98,086	(48,692)
Contractual Services	747,159	681,157	66,002
Materials and Supplies	123,000	160,782	(37,782)
Claims Expense	0	0	0
Other Operating Expenses	376,434	42,993	333,441
Capital Outlay	72,700	3,915	68,785
Debt Service:			
Principal Retirement	117,937	81,947	35,990
Interest and Fiscal Charges	114,257	114,257	0
Total Expenses	<u>1,915,355</u>	<u>1,474,294</u>	<u>441,061</u>
Excess of Revenues Over (Under) Expenses	(527,566)	33,735	561,301
Operating Transfers In	36,205	87,628	51,423
Operating Transfers Out	<u>(22,146)</u>	<u>(22,146)</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses, Operating Transfers and Advances	(513,507)	99,217	612,724
Fund Equity at Beginning of Year	502,741	502,741	0
Prior Year Encumbrances Appropriated	<u>48,491</u>	<u>48,491</u>	<u>0</u>
Fund Equity at End of Year	<u>\$37,725</u>	<u>\$650,449</u>	<u>\$612,724</u>

(continued)

Guemsey County, Ohio
 Combined Statement of Revenues, Expenses and
 Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
 All Proprietary Fund Types and Non-Expendable Trust Fund
 For the Year Ended December 31, 1999
 (Continued)

	Internal Service		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<u>Revenues:</u>			
Charges for Services	\$1,543,138	\$1,541,037	(\$2,101)
Interest	0	0	0
Tap-In Fees	0	0	0
Other Revenues	0	0	0
Total Revenues	<u>1,543,138</u>	<u>1,541,037</u>	<u>(2,101)</u>
<u>Expenses:</u>			
Personal Services	0	0	0
Fringe Expense	0	0	0
Contractual Services	170,000	166,775	3,225
Materials and Supplies	0	0	0
Claims Expense	1,877,982	1,280,765	597,217
Other Operating Expenses	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenses	<u>2,047,982</u>	<u>1,447,540</u>	<u>600,442</u>
Excess of Revenues Over (Under) Expenses	(504,844)	93,497	598,341
Operating Transfers In	0	0	0
Operating Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses, Operating Transfers and Advances	(504,844)	93,497	598,341
Fund Equity at Beginning of Year	454,596	454,596	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Equity at End of Year	<u>(\$50,248)</u>	<u>\$548,093</u>	<u>\$598,341</u>

See accompanying notes to the general purpose financial statements

Non-Expendable Trust			Totals - Memorandum Only		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$2,873,411	\$2,981,361	\$107,950
0	4,501	4,501	0	12,623	12,623
0	0	0	47,750	47,750	0
0	0	0	9,766	11,833	2,067
<u>0</u>	<u>4,501</u>	<u>4,501</u>	<u>2,930,927</u>	<u>3,053,567</u>	<u>122,640</u>
0	0	0	314,474	291,157	23,317
0	0	0	49,394	98,086	(48,692)
0	0	0	917,159	847,932	69,227
0	1,466	(1,466)	123,000	162,248	(39,248)
0	0	0	1,877,982	1,280,765	597,217
0	0	0	376,434	42,993	333,441
0	0	0	72,700	3,915	68,785
0	0	0	117,937	81,947	35,990
0	0	0	114,257	114,257	0
<u>0</u>	<u>1,466</u>	<u>(1,466)</u>	<u>3,963,337</u>	<u>2,923,300</u>	<u>1,040,037</u>
0	3,035	3,035	(1,032,410)	130,267	1,162,677
0	0	0	36,205	87,628	51,423
<u>0</u>	<u>0</u>	<u>0</u>	<u>(22,146)</u>	<u>(22,146)</u>	<u>0</u>
0	3,035	3,035	(1,018,351)	195,749	1,214,100
80,210	80,210	0	1,037,547	1,037,547	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>48,491</u>	<u>48,491</u>	<u>0</u>
<u>\$80,210</u>	<u>\$83,245</u>	<u>\$3,035</u>	<u>\$67,687</u>	<u>\$1,281,787</u>	<u>\$1,214,100</u>

Guernsey County, Ohio
Notes to the General Purpose Financial Statements
December 31, 1999

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

Guernsey County, Ohio (The County), was created in 1810. The County is comprised of nineteen townships, one city, and ten villages. The County is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County who manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, County Municipal Court Judge, Common Pleas Judge (also serves as the Domestic Relations Judge), and Probate Court Judge (also serves as the Juvenile Court Judge).

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

A. Reporting Entity:

The County utilizes the standards of Governmental Accounting Standards Board Statement 14 for determining the reporting entity.

The reporting entity is comprised of the primary government, component unit and other organizations that are included to ensure that the financial statements of the County are not misleading.

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the County. For Guernsey County, this includes the Board of Mental Retardation and Developmental Disabilities, Children's Service Board, Soldiers' Relief Commission, Local Emergency Planning Committee (LEPC), Water and Sanitary Sewer Districts, Board of Mental Health and all departments and activities that are directly operated by the elected County Officials.

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

The component unit column in the combined financial statements identifies the financial data of the County's component unit, Guernsey Industries. It is discretely reported in a separate column to emphasize that it is legally separate from the County.

Guernsey Industries is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. The workshop, under a contractual agreement with the Guernsey County Board of Mental Retardation and Developmental Disabilities, provides sheltered employment for mentally retarded or handicapped adults in Guernsey County. The Guernsey County Board of MR/DD provides the workshop with staff salaries, transportation, equipment (except that used directly in the production of goods or rendering services), staff to administer and supervise training programs, and other funds as necessary for the operation of the workshop. Based on the significant services and resources provided by the County to the workshop and workshop's sole purpose of providing assistance to the retarded and handicapped adults of Guernsey County, the workshop is presented as a component unit of Guernsey County. Separately issued financial statements can be found from Guernsey Industries, Byesville, Ohio.

Guernsey County, Ohio
Notes to the General Purpose Financial Statements
December 31, 1999

The following potential component units have been excluded from the County's financial statements because the County is not financially accountable for these organizations nor are these entities for which the County approves the budget, the issuance of debt, or the levying of taxes:

Guernsey County District Public Library
GMN Educational Service Center
Guernsey Health Systems (Guernsey Health Foundation)
Pritchard-Laughlin Convention Center

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the separate agencies, boards, and commissions listed below, the County serves as fiscal agent but is not financially accountable for their operations. Accordingly, the activities of the following districts and agencies are presented as agency funds within the County's financial statements:

Guernsey County General Health District is governed by the Board of Health. The Board adopts its own budget, hires and fires its own staff, and operates autonomously from the County. Funding is based on a rate per taxable valuation, along with state and federal grants applied for by the District. The County cannot significantly influence the Health District's operations, nor is it obligated for the Health District's debt.

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

Guernsey County Law Library is operated by a non-profit association organized under State Statute. State Statutes require the County Commissioners to pay the salary of the Law Librarian and provide adequate, suitable facilities at County expense for the use as a county law library. The Board of County Commissioners is not involved in the selection of trustees or management of the Law Library. The County exercises no oversight responsibility. The County Auditor maintains the Law Library Agency Fund and collects monies paid by the courts for payment to the board of trustees of the law library.

The County is associated with certain organizations which are defined as Jointly Governed Organizations, Related Organizations, or Pools. These organizations are presented in Note 20, Note 21, and Note 22 to the General Purpose Financial Statements. The organizations are:

SouthEastern Ohio Joint Solid Waste Management District
Guernsey-Monroe-Noble Community Action Corporation (GMN)
Oakview Juvenile Rehabilitation District (OJRD)
Muskingum, Guernsey, Noble, Perry, and Morgan County Family Service Council
Mental Health and Recovery Services Board
South Eastern Narcotics Team (SENT)
Mid Eastern Ohio Regional Council (MEORC)

Guernsey County, Ohio
Notes to the General Purpose Financial Statements
December 31, 1999

Ohio Mid-Eastern Governments Association (OMEGA)
Cambridge - Guernsey County Visitors and Convention Bureau
The Area Office on Aging
Eastern Ohio Corrections Center
Guernsey County Convention Facilities Authority
Cambridge Metropolitan Housing Authority
Guernsey County Park District
Guernsey County Airport Authority
County Risk Shared Authority (CORSA)
County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

B. Fund Accounting:

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

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

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

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the County are financed. The acquisition, use and balances of the County's expendable financial resources and the related current liabilities (except those accounted for in the proprietary 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 the expendable trust fund or for major capital projects) that are legally restricted to expenditure for specified purposes.

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

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

Proprietary Fund Types:

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

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

Internal Service This fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit on a cost-reimbursement basis.

Fiduciary Fund Types:

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

Expendable Trust Fund This fund is accounted for in essentially the same manner as governmental funds.

Non-Expendable Trust Fund This fund is accounted for in essentially the same manner as proprietary funds; the principal of the trust must be preserved intact.

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

Account Groups:

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

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

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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 (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. The County applies Financial Accounting Standards Board statements and interpretations issued prior to November 30, 1989, to proprietary activities provided they do not conflict with Governmental Accounting Standards Board statements and interpretations. Information in the notes to the General Purpose Financial Statements relates in general to the Primary Government. Information related to the operation of Guernsey Industries, (component unit) is specifically identified.

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

A. Measurement Focus and Basis of Accounting:

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

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

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

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

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: earnings on investments, sales tax (see Note 8), federal and state grants and subventions and charges for current services. Major revenue sources not susceptible to accrual include licenses and permits, and fines and forfeitures, which are not considered measurable until received.

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The County reports deferred revenues on its Combined Balance Sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the Combined Balance Sheet and revenue is recognized. Special assessments are recorded as deferred revenue because they do not meet the availability criteria. Property taxes measurable as of December 31, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance 2000 operations, have also been recorded as deferred revenue.

The measurement focus of governmental fund accounting is 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 obligations 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 cost, such as depreciation, are not recognized in the governmental funds.

The proprietary funds and non-expendable trust fund are reported using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized at the time they are incurred, if measurable. Unbilled service charges receivable are recognized as revenue.

Guernsey Industries is a not-for-profit organization that follows the provisions of Statement of Financial Accounting (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

B. Budgetary Process:

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

The County did not budget for the Erven Bequest Non-Expendable Trust Fund. This fund was not budgeted due to the County not anticipating any financial activity. Budgetary information for Guernsey Industries (component unit) is not reported because it is not included in the entity for which "the appropriated budget" is adopted and the component unit does not maintain separate budgetary financial information.

Advances are not required to be budgeted; however, the County does budget for "Advances Out" and they are reflected in the budgetary schedules as budgeted.

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Tax Budget:

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

Estimated Resources:

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

Appropriations:

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

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

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the Non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Revised Code prohibits expenditures plus encumbrances from exceeding appropriations.

On the GAAP basis, encumbrances outstanding at year-end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds and reported in the Notes to the Financial Statements for proprietary funds.

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Lapsing of Appropriations:

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

C. Cash and Cash Equivalents and Investments

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

During 1999, investments were limited to STAR Ohio, federal agency securities, and United States Treasury Notes. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. In 1993 and 1994, which was prior to Senate Bill 81, the County's investment firm purchased Federal Home Loan Mortgage Corporation REMICS which are a type of derivative. These investments are held in the investment firm's pool on behalf of the County. No further information was made available related to credit risk or market risk.

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

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

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest Income earned in 1999 totaled \$605,019 for the primary government. Interest revenue credited to the General Fund during 1999 amounted to \$554,733, which includes \$366,124 assigned from other county funds. Interest income earned in 1999 totaled \$2,384 for the component unit.

The County has segregated bank accounts for monies held separate from the County's central bank account. These interest bearing depository accounts are presented in the Combined Balance Sheet as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited into the County treasury. The component unit money is also presented as "Cash and Cash Equivalents in Segregated Accounts".

For purposes of the Combined Statement of Cash Flows and for presentation on the Combined Balance Sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are considered to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

D. Receivables and Payables

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

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Using this criteria, the County has elected to not record child support arrearages within the Special Revenue and Agency fund types. 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.

E. Inventory of Supplies:

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. Reported supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventory of Guernsey Industries (component unit) is stated at the lower of cost or market value, on the first-in, first-out method.

F. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond December 31, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

G. Interfund Assets and Liabilities:

Amounts owed to a particular fund by another fund for goods or services rendered, and amounts to be distributed by agency funds to other funds of the County, are classified as "Due from Other Funds/Due to Other Funds" on the Combined Balance Sheet.

Short-term interfund loans or the short-term portion of advances are classified as "interfund receivables/payables".

H. Property, Plant, Equipment, and Depreciation:

1. General Fixed Assets Account Group

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost in the General Fixed Assets Account Group.

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

Guernsey County, Ohio
Notes to the General Purpose Financial Statements
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2. Enterprise Fund Fixed Assets

Property, plant, and equipment reflected in the enterprise funds and Guernsey Industries (component unit) are stated at historical cost (or estimated historical cost) and are updated for the cost of additions and retirements during the year. Depreciation has been provided on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Primary Government Estimated Lives</u>	<u>Component Unit</u>
Buildings	50 years	N/A
Machinery & Equipment	3-20 years	5-7 years
Furniture and Fixtures	3-20 years	N/A
Vehicles	5 years	3-5 years
Underground Lines	40 years	N/A

3. Valuation

County fixed asset values initially were determined at December 31, 1991, assigning original acquisition costs when such information was available. In cases when original costs were not practicably determinable, estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at estimated fair market value on the date donated. The Guernsey Industries (component unit) fixed asset values were determined at original acquisition costs when purchased.

I. Compensated Absences:

GASB Statement 16, "Accounting for Compensated Absences", specifies the methods used to accrue liabilities for leave benefits. 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 those the County has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' 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 resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the General Long-Term Obligations Account Group. In the proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J. Intergovernmental Revenues:

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

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K. Accrued and Long-Term Obligations:

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

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

L. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to enterprise funds that are not subject to repayment. These assets are recorded at their fair market value on the date contributed. Tap-in fees are recorded as contributed capital to the extent they exceed the actual costs of the connection to the waste water system. 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.

Because the County has not prepared financial statements in accordance with generally accepted accounting principles prior to 1992, the exact amount of contributed capital at December 31, 1991, pertaining to year prior to 1991 cannot be determined. Consequently, only those amounts that have been able to be identified specifically have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to the proprietary funds have been classified as retained earnings.

M. Reserves of Fund Equity:

The County records reservations for portions of fund balance which are legally segregated for specific future use or which do not represent available, spendable resources and, therefore, are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, inventory, unclaimed monies and endowment. The reserve for endowment represents the principal portion of the Non-Expendable Trust Fund cash and cash equivalents that may not be spent. By law, unclaimed monies are not available for appropriation until five years have elapsed.

N. Interfund Transactions:

During the course of normal operations the County had numerous transactions between funds. The most significant include operating transfers and reimbursements.

1. Transfers of resources from one fund to another fund through which resources are to be expended are recorded as operating transfers.
2. Reimbursements from one fund to another fund are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.

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O. Total Columns on General Purpose 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. Data in these columns do not present financial position, results of operations or cash flows in conformity with Generally Accepted Accounting Principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

When the title of a statement indicates a Component Unit is included, two total columns are presented. The first is captioned "Primary Government" to indicate that only those activities that comprise the County's legal entity have been included. The second is captioned reporting entity and includes the activity and operations of the County's legally separate discretely presented component unit, see Note 1. The total column on the statements which do not include a component unit have no additional caption.

P. Estimates

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

NOTE 3 - RESTATEMENT OF PRIOR YEAR FUND EQUITY

Certain adjustments have resulted in fund equity restatements. The following provides details of these adjustments and the resultant effect on fund equity by fund type as of December 31, 1998:

<u>Governmental Funds:</u>	<u>Previously Stated Balance December 31, 1998</u>	<u>Adjustments</u>	<u>Restated Balance at January 1, 1999</u>
General	\$4,699,811	(\$245,000)	\$4,454,811
Capital Projects	9,886	245,000	254,886

The fund balance in the General Fund was reduced by \$245,000 and the fund balance in the County Facilities Construction and Improvement Capital Projects fund was increased by \$245,000 due to the improper posting of an expenditure.

General fixed assets were restated by \$184,863 in the General Fixed Asset Account Group. General fixed assets increased from \$25,164,099 to \$25,348,962. General Long-term obligations were restated by \$19,697 in the General Long-term Obligation Account Group. Ohio Public Works Commission proceeds were received in 1998 which resulted in an OPWC Loan Payable. General Long-term obligations increased from \$8,257,907 to \$8,277,604.

NOTE 4 - RECONCILIATION OF OPERATIONS FROM BUDGET BASIS TO GAAP BASIS

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

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

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1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types and the expendable trust fund (GAAP basis). Material encumbrances are disclosed in the notes for proprietary fund types (GAAP basis).
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than on the balance sheet transactions (GAAP basis).
5. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
6. Principal and interest payments on debt obligations are reported in debt service funds on the operating statement (budget basis) rather than in the funds receiving the proceeds or responsible for making the debt payments (GAAP basis).
7. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.
8. The County has funds which are agency funds for budgetary reporting, but are included in the various governmental and proprietary funds for GAAP reporting purposes.

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 All Governmental Funds Types and Expendable Trust Fund					
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	(\$370,968)	\$1,499,145	(\$120,903)	(\$13,197)	\$4,770
Net Adjustment for Revenue Accruals	54,587	(114,621)	(25,000)	(13,157)	1,193
Unreported Cash	(74,666)	(7,733)	0	(536)	0
Change in Fair Value	217,120	0	0	0	0
Prepays	100,876	17,637	0	0	0
Net Adjustment for Expenditure Accruals	(113,644)	(1,916)	0	(1,942)	0
Encumbrances	<u>(96,653)</u>	<u>(46,024)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Budget Basis	<u>(\$283,348)</u>	<u>\$1,346,488</u>	<u>(\$145,903)</u>	<u>(\$28,832)</u>	<u>\$5,963</u>

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Net Income/Excess of Revenues Over (Under)
Expenses, Operating Transfers and Advances
All Proprietary Fund Types, Non-Expendable Trust Fund and Component Unit

	Enterprise	Internal Service	Non-Expendable Trust	Component Unit
GAAP Basis	\$91,754	\$113,007	\$3,035	(\$7,909)
Net Adjustment for Revenue Accruals	(45,622)	0	0	(371,799)
Unreported Cash	(290)	0	0	0
Prepays	4,297	0	0	0
Net Adjustment for Expense Accruals	7,340	(19,510)	0	379,708
Depreciation	185,722	0	0	0
Debt Principal Retirement	(81,947)	0	0	0
Capital Outlay	(3,915)	0	0	0
Encumbrances	(58,122)	0	0	0
Budget Basis	\$99,217	\$93,497	\$3,035	\$0

NOTE 5 - COMPLIANCE AND ACCOUNTABILITY

A. Legal Compliance:

The County made expenditures without obtaining the county auditor's prior certification in violation of Section 5705.41(D) of the Ohio Revised Code.

The County will more closely monitor budgetary procedures pertaining to violations of this nature in the future.

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
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) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) of this section or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio; and
10. Bankers acceptances for a 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 a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand:

At year end, the County had \$4,515 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".

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

Deposits:

At year-end, the carrying amount of the County's deposits was \$5,204,168, and the bank balance was \$6,338,696. Of the bank balance:

1. \$876,958 was covered by federal depository insurance;
2. \$5,461,738 was considered uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

Investments:

The County's investments are required to be categorized to give an indication of the level of risk assumed by the County at year-end. Category 1 includes investments that are insured or registered for which the securities are held by the County or the County's agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held in the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 1	Category 2	Category 3	Market Value
STAROhio			\$0	\$564,226
United States Treasury Notes			242,500	242,500
Federal Home Loan Bank Consolidated Bonds			4,602,370	4,602,370
Federal National Mortgage Association Notes			3,276,738	3,276,738
Totals				\$8,685,834

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

Guernsey County, Ohio
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	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement 9	\$13,894,517	\$0
Undeposited Cash	(4,515)	0
Investments:		
STAR Ohio	(564,226)	564,226
United States		
Treasury Notes	(242,500)	242,500
Federal Home Loan Bank		
Consolidated Bonds	(4,602,370)	4,602,370
Federal National Mortgage		
Association	<u>(3,276,738)</u>	<u>3,276,738</u>
GASB Statement 3	<u>\$5,204,168</u>	<u>\$8,685,834</u>

At year end, the carrying amount of Guernsey Industries (component unit) deposits was \$72,417 and the bank balance was \$76,099. The entire bank balance was covered by Federal Deposit Insurance. The Component Unit also had short term investments of \$26,028 that are carried at cost, which approximates market value. At December 31, 1999, these investments were primarily interest bearing bank certificates of deposit with maturity dates of greater than three months.

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Property tax revenue received during 1999 for real and public utility property taxes represents collections of 1998 taxes. Property tax payments received during 1999 for tangible personal property (other than public utility property) is for 1999 taxes.

1999 real property taxes are levied after October 1, 1999, on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 1999 real property taxes are collected in and intended to finance 2000.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 1999 public utility property taxes became a lien December 31, 1998, are levied after October 1, 1999, and are collected in 2000 with real property taxes.

1999 tangible personal property taxes are levied after October 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all County operations for the year ended December 31, 1999, was \$10.70 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 1999 property tax receipts were based are as follows:

Real Property	\$296,426,150
Public Utility Personal Property	50,809,300
Tangible Personal Property	<u>89,726,710</u>
Total Assessed Value	<u>\$436,962,160</u>

Guernsey County, Ohio
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Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

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

NOTE 8 - PERMISSIVE SALES AND USE TAX

On February 27, 1989, the County Commissioners adopted a resolution which imposed a one quarter of one percent Permissive Sales Tax (Piggy Back Tax). The sales tax came into effect on April 1, 1992, and expired on April 1, 1993. This sales tax was renewed for two consecutive one-year terms and expired on April 1, 1995. On August 1, 1993, the County Commissioners adopted a resolution which imposed an additional one-quarter of one percent Permissive Sales Tax bringing the total Permissive Sales Tax to one-half of one percent. On February 22, 1995, the County Commissioners adopted a resolution to combine the two one-quarter of one percent Permissive Sales Taxes to a one-half of one percent tax. The County Commissioners have renewed the one-half of one percent Permissive Sales Tax for the fifth consecutive year on February 16, 1999. This sales tax came into effect on April 1, 1999, and expired on March 31, 2000.

The revenues generated from the sales tax are used for the purpose of providing additional revenue for the County's General Fund and General Bond Retirement Fund.

Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County. Proceeds of the tax are credited to the General Fund and General Bond Retirement Fund. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue. Sales and use tax revenue for 1999 amounted to \$4,754,999.

NOTE 9 - RECEIVABLES

Receivables at December 31, 1999 consisted of taxes, accounts (billings for user charged services, including unbilled utility services), interfund, special assessments, accrued interest, outstanding court costs, and intergovernmental receivables arising from grants and shared revenues. All receivables are considered collectible in full. Special assessment delinquencies amount to \$118,945, which are considered collectible and are included in the receivable amount. Most other delinquent accounts receivable may be certified and collected as a special assessment, subject to foreclosure for nonpayment.

Guernsey County, Ohio
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A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
<u>General Fund:</u>	
COPS Reimbursement	\$19,445
Indigent Fees	68,820
Local Government	62,588
Mental Retardation/Mental Illness Reimbursement	2,351
Miscellaneous State Revenues	6,863
 Total General Fund	 160,067
<u>Special Revenue Funds:</u>	
Gasoline Tax	113,063
Motor Vehicle License Tax	73,723
Community Corrections Grant	17,763
FEMA Reimbursements	251,411
Litter Control Grant	7,220
State Victims Assistance	16,544
Local Emergency Planning Grant	1,128
Foster Care Maintenance Reimbursements	45,144
Unit Funding	132,672
Early Start Reimbursement	8,481
ECP Grant Reimbursement	17,999
MR/DD Title XX	8,614
Excess Costs Reimbursements	33,391
CAFS Reimbursements	83,521
Lunch Reimbursements	1,531
Contract Services - Noble County	15,467
ECORTC Reimbursement	94,260
Miscellaneous Reimbursements	36,892
 Total Special Revenue Funds	 958,824
<u>Capital Projects Fund:</u>	
FEMA Reimbursements	13,638
 Total Capital Projects Fund	 13,638
<u>Agency Funds:</u>	
Local Government	176,931
Motor Vehicle License Tax	24,408
Gasoline Tax	77,707
 Total Agency Funds	 279,046
 Grand Total	 \$1,411,575

Guernsey County, Ohio
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NOTE 10 - FIXED ASSETS

A summary of the enterprise funds of the primary government and Guernsey Industries (component unit) fixed assets at December 31, 1999 follows:

	Primary Government	Component Unit
Land	\$17,280	\$0
Buildings	688,838	0
Improvements other than Buildings	653,431	0
Furniture and Fixtures	4,640	0
Machinery and Equipment	205,778	99,757
Vehicles	208,444	121,936
Underground Pipelines	4,555,999	0
Construction in Progress	<u>0</u>	<u>0</u>
Total	6,334,410	221,693
Less Accumulated Depreciation	<u>(2,455,150)</u>	<u>(137,969)</u>
Net Fixed Assets	<u>\$3,879,260</u>	<u>\$83,724</u>

A summary of the changes in general fixed assets during 1999 follows:

	Restated Balance January 1, 1999	Additions	Reductions	Balance December 31, 1999
Land	\$582,763	\$0	\$0	\$582,763
Buildings	13,468,600	105,985	14,310	13,560,275
Improvements other than Buildings	4,314,942	142,488	18,773	4,438,657
Furniture and Fixtures	638,844	50,960	19,567	670,237
Equipment	3,425,234	480,567	139,835	3,765,966
Vehicles	1,718,405	275,502	26,336	1,967,571
Underground Pipelines	1,141,691	0	0	1,141,691
Construction in Progress	<u>58,483</u>	<u>0</u>	<u>58,483</u>	<u>0</u>
Total	<u>\$25,348,962</u>	<u>\$1,055,502</u>	<u>\$277,304</u>	<u>\$26,127,160</u>

NOTE 11 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; employee injuries, and natural disasters. By contracting with the County Risk Sharing Authority (CORSA) for liability, crime, and property insurance, the County has addressed these various types of risk.

CORSA, a non-profit corporation sponsored by the County Commissioners Association of Ohio, was created to provide affordable liability, property casualty, and crime insurance coverage for its members. CORSA was established May 12, 1987, and has grown to forty-eight members.

Under the CORSA program for general liability, auto liability, error and omission for public officials, and law enforcement liability, the County has \$6,000,000 of total liability coverage for each loss with a \$2,500 deductible per loss. Property damage is on a replacement cost basis for a buildings and contents and electronic data processing equipment.

Guernsey County, Ohio
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In addition, the County maintains replacement cost insurance through CORSA on other property including the following: \$1,000,000 for valuable papers and extra expenses, \$100,000 for motortruck cargo, \$100,000,000 for flood and earthquake damage, and \$3,000,000 for automatic acquisition. Contractors equipment, miscellaneous inland marine, and auto physical damage are insured for their actual cash value under CORSA.

Settled claims have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

With the exception of workers' compensation, health, dental, vision, and life insurances, all other insurance is held with CORSA. The County pays all elected official bonds by statute.

The County contracts with Medical Benefits to provide employees with medical insurance through a self-insurance program. The County maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss on this program.

The claims liability of \$226,200 reported in the Health Insurance Internal Service Fund at December 31, 1999 is based on the requirements of Governmental Accounting Standards Board Statement 10 which requires that a liability for unpaid claims costs, including estimates of costs related to incurred but not reported (IBNR) claims, be reported. The claims liability is based on an estimate calculated by Medical Benefits Administrators, Inc. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the funds' claims liability in 1998 and 1999 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payment</u>	<u>Balance at End of Year</u>
1998	\$182,930	\$1,073,387	\$1,010,607	\$245,710
1999	245,710	1,261,255	1,280,765	226,200

For 1999 the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (see Note 22). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating Counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management , Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any participant leaving the Plan allows the representative of the Plan to access loss experience for three years following the last year of participation.

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NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. Public Employees Retirement System:

All County full-time employees, other than certified teachers, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement benefits, survivor benefits, health care benefits 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 which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

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 and the County is required to contribute 9.35 percent. For law enforcement employees, the employee contribution is 9 percent and the employer contribution is 12.5 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The County's required contributions to PERS for the years ended December 31, 1999, 1998, and 1997 were \$1,329,547, \$1,019,390, and \$1,009,487, respectively. The full amount has been contributed for 1997 and 1998. Seventy-eight percent has been contributed for 1999 with the remainder being reported as a fund liability.

B. State Teachers Retirement System:

Certified teachers employed by the school for the Mental Retarded/Developmentally Disabled Board 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 basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the County is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. 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 for pension obligations to STRS for the years ended December 31, 1999, 1998, and 1997 were \$41,272, \$26,424, and \$36,185, respectively. The full amount has been contributed for 1999, 1998, and 1997.

Guernsey County, Ohio
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NOTE 13 - POST-EMPLOYMENT BENEFITS

A. Public Employees Retirement System:

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

Benefits are funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care, and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS was 118,062. The County's actual contributions for 1999 which were used to fund OPEB were \$496,445.

During 1997, PERS adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2 percent of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health coverage.

B. State Teachers Retirement System:

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System (STRS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. 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. For 1999, the board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the County this amount equaled \$26,615 during 1999.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,783 million at June 30, 1999. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000. There were 95,796 eligible benefit recipients.

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Notes to the General Purpose Financial Statements
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NOTE 14 - OTHER EMPLOYER BENEFITS

A. Deferred Compensation Plans:

County employees and elected officials may participate in either 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 (CCAO). During 1997 and 1998, the CCAO and the State of Ohio, respectively, implemented Governmental Accounting Standards Board (GASB) Statement Number 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans". Under the new guidelines, assets of the plans are held in trust for the exclusive benefit of the participants and beneficiaries. The County has no fiduciary accountability for these plans. 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.

B. Compensated Absences:

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. Accumulated, unused vacation time and accumulated, unused sick leave is paid to a terminated employee at varying rates depending on length of service and department policy. The amount of accumulated vacation and sick leave of employees paid from governmental funds has been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability is recorded in the General Long-Term Obligations Account Group. Vacation and sick leave for employees paid from the proprietary funds are recorded as an expense and liability of those funds.

C. Medical, Vision, Dental and Life Benefits

On September 1, 1998, the County contracted for two years with Medical Benefits to provide employees with medical insurance through a self-insured program. The County maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. The third party administrator, Medical Benefits, reviews and pays the claims. The County and employees share the cost of these premiums.

On September 1, 1998, the County contracted for two years with Medical Benefits to provide employees of the engineer's department and the sheriff's department with dental and vision insurance. The County pays 100 percent for engineer employees and the County and sheriff employees share the cost of their coverage. The County also contracted to provide all other employees with vision insurance.

Also, on September 1, 1998, the County Commissioners contracted to provide life insurance for two years with Medical Benefits. All County employees are eligible to receive life insurance coverage up to a maximum of \$20,000.

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Employees of the Children's Services department do not participate in the County's self-insurance program. They are provided with life and health insurance through United Health Care of Ohio. The monthly premiums for these coverages are based on sex, age, marital status, and number of dependents. Both the County and the employees share the cost of the premiums.

Employees of the Board of Mental Retardation and Developmental Disabilities do not participate in the County's self-insurance program. They are provided with life, health, dental and vision insurance through Medical Benefits. The Board and employees share in the cost of these plans.

NOTE 15 - CAPITAL LEASES - LESSEE DISCLOSURE

In the current and prior years, the County has entered into capitalized leases for a vehicle and five copiers. Each lease meets 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 are reflected as debt service expenditures in the General Purpose Financial Statements for the governmental funds. The items acquired by lease have been capitalized in the General Fixed Assets Account Group in the amount of \$78,764, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the General Long-Term Obligations Account Group. Principal payments in 1999 totaled \$17,062.

Future minimum lease payments through 2003 are as follows:

<u>Year</u>	<u>Amount</u>
2000	21,169
2001	12,045
2002	10,836
2003	<u>3,945</u>
Total	47,995
Less: Amount Representing Interest	<u>(5,401)</u>
Present Value of Net Minimum Lease Payments	<u>\$42,594</u>

Guernsey County, Ohio
Notes to the General Purpose Financial Statements
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NOTE 16 - LONG-TERM OBLIGATIONS

Changes in the County's long-term obligations during the year consisted of the following:

	<u>Outstanding 12/31/98</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/99</u>
<u>General Long-Term Obligations:</u>				
<u>Special Assessments Bonds:</u>				
Rolling Hills Paving I 1988 6.375% Bond	\$131,800	\$0	\$9,800	\$122,000
Rolling Hills Paving II 1988 6.375% Bond	44,192	0	3,700	40,492
Northgate Sewer 1987 7.25%	81,000	0	9,000	72,000
Stop Nine Sanitary Sewer 1983 5%	56,800	0	700	56,100
Sundew & Zane Waterline 1996 4.95%	83,136	0	2,817	80,319
Cedar Hills Sewer 1996 4.95%	160,420	0	6,241	154,179
Eastmoor Sewer 1998 4.5%	<u>186,000</u>	<u>0</u>	<u>5,600</u>	<u>180,400</u>
Total Special Assessment Bonds	<u>743,348</u>	<u>0</u>	<u>37,858</u>	<u>705,490</u>
<u>General Obligations Bonds:</u>				
Rolling Hills Paving II 1988 6.375% Bond	5,108	0	0	5,108
Public Improvement 1992 5.75% Bond	6,255,000	0	360,000	5,895,000
Public Improvement 1996 4.95%	<u>119,278</u>	<u>0</u>	<u>1,273</u>	<u>118,005</u>
Total General Obligations Bonds	<u>6,379,386</u>	<u>0</u>	<u>361,273</u>	<u>6,018,113</u>
Compensated Absences	<u>940,640</u>	<u>553,620</u>	<u>476,562</u>	<u>1,017,698</u>
Pension Obligations	<u>26,728</u>	<u>25,314</u>	<u>26,728</u>	<u>25,314</u>
Capital Leases	<u>59,656</u>	<u>0</u>	<u>17,062</u>	<u>42,594</u>
Ohio Public Works Commission Promissory Notes	<u>127,846</u>	<u>71,173</u>	<u>19,920</u>	<u>179,099</u>
Total General Long-Term Obligations	<u>\$8,277,604</u>	<u>\$650,107</u>	<u>\$939,403</u>	<u>\$7,988,308</u>

Guernsey County, Ohio
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Enterprise Funds Obligations:

General Obligations Bonds:

Kimbolton Waterline 1992 5.75% Bond	\$135,000	\$0	\$1,400	\$133,600
North Salem Waterline 1994 5% Bond	436,100	0	5,100	431,000
County Water Building Bond	<u>92,167</u>	<u>0</u>	<u>9,669</u>	<u>82,498</u>
Total General Obligation Bonds	<u>663,267</u>	<u>0</u>	<u>16,169</u>	<u>647,098</u>
Water Fund OWDA Loan	<u>1,015,549</u>	<u>0</u>	<u>65,778</u>	<u>949,771</u>
Total Enterprise Funds Obligations	<u>1,678,816</u>	<u>0</u>	<u>81,947</u>	<u>1,596,869</u>
Total All Long-Term Obligations	<u>\$9,956,420</u>	<u>\$650,107</u>	<u>\$1,021,350</u>	<u>\$9,585,177</u>

The County has \$6,018,113 in general obligation bonds outstanding as of December 31, 1999, which are intended to be repaid from rental income from the Department of Human Services and Welfare Department, and sales and use tax revenues. The County has \$705,490 in special assessment bonds outstanding which will be paid from special assessment revenue. In the event the special assessments for the Rolling Hills Paving Bonds, Northgate Sewer Bonds, Stop Nine Sanitary Sewer Bonds, Sundew and Zane Waterline Bonds, Cedar Hills Sewer Bonds, and Eastmoor Sewer Bonds are not paid by the property owners, the County would be required to pay the bonds. The County had \$42,594 in outstanding capital leases at December 31, 1999, of which \$24,091 will be paid from the General Fund for various office equipment, \$5,282 will be repaid from the Children Services Special Revenue Fund for a vehicle, \$2,981 will be repaid from the Real Estate Assessment Special Revenue Fund for a copier, and \$10,240 will be repaid from the Joint Training Partnership Act Special Revenue Fund for a copier. The enterprise general obligations bonds and OWDA loan will be repaid from water revenues. The Ohio Public Works Commission Loan will be repaid from the Road Maintenance Special Revenue Fund. Compensated absences and the pension obligations will be repaid from the fund which the employees's salaries are paid.

Principal and interest requirements to retire general obligation bonds outstanding for the primary government at December 31, 1999 are as follows:

<u>Year</u>	<u>Enterprise General Obligation Bond</u>	<u>Governmental General Obligation Bonds</u>	<u>Total Primary Government</u>
2000	\$50,363	\$738,478	\$788,841
2001	50,307	742,290	792,597
2002	50,236	733,980	784,216
2003	50,249	739,433	789,682
2004	50,241	732,770	783,011
2005-2009	208,793	3,566,720	3,775,513
2010-2014	180,380	1,261,638	1,442,018
2015-2019	180,316	25,833	206,149
2020-2024	180,180	0	180,180
2025-2029	180,228	0	180,228
2030-2032	108,115	0	108,115
Total	<u>\$1,289,408</u>	<u>\$8,541,142</u>	<u>\$9,830,550</u>

Guernsey County, Ohio
Notes to the General Purpose Financial Statements
December 31, 1999

Principal and interest requirements to retire special assessment bonds outstanding at December 31, 1999 are as follows:

<u>Year</u>	<u>Amount</u>
2000	\$77,766
2001	77,287
2002	76,529
2003	75,898
2004	75,186
2005-2009	319,050
2010-2014	193,073
2015-2019	101,731
2020-2024	17,360
2025-2029	17,280
2030-2034	13,880
Total	<u>\$1,045,040</u>

Principal and interest requirements to retire the OWDA loan are as follows:

<u>Year</u>	<u>Amount</u>
2000	\$145,905
2001	145,905
2002	145,905
2003	145,905
2004	145,905
2005-2009	729,525
Total	<u>\$1,459,050</u>

Principal requirements to retire the OPWC loans are as follows:

<u>Year</u>	<u>Amount</u>
2000	\$24,463
2001	27,473
2002	27,473
2003	24,633
2004	21,793
2005-2009	50,254
2010	3,010
Total	<u>\$179,099</u>

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County. The Ohio Revised Code further provides that the total voted and unvoted net debt of the County less the same exempt debt shall never exceed a sum equal to 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.

The effects of the debt limitations described above at December 31, 1999, are a margin on unvoted debt of \$3,608,318 and an overall debt margin of \$10,414,630.

Guernsey County, Ohio
Notes to the General Purpose Financial Statements
December 31, 1999

NOTE 17 - GENERAL LONG-TERM BONDS ADVANCE REFUNDING

Effective November 1, 1992, the County entered into an Escrow Trust Agreement with Star Bank. The agreement provided that the County deposit \$6,571,795 from bond proceeds into an irrevocable trust with the bank for the payment to the final maturity of outstanding unvoted general obligation bonds issued in 1988 and 1989. The funds deposited, together with interest thereon, are sufficient to pay annual principal and interest payments on the bonds issued in 1988 and 1989. As of December 31, 1999, the bonds were fully repaid and no amounts remained outstanding.

NOTE 18 - INTERFUND TRANSACTIONS

Interfund balances at December 31, 1999, consist of the following individual fund receivables and payables:

<u>Due from/Due to Other Funds</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	<u>\$1,193,373</u>	<u>\$0</u>
Special Revenue Funds:		
Public Assistance	38,578	21,440
Mental Retardation	2,322,949	0
County Health Levy	347,265	0
County Home	30,511	0
Children Services	711,378	0
Senior Citizens Levy	407,082	0
Child Support Enforcement Agency	0	63,930
JTPA	<u>3,101</u>	<u>0</u>
Total Special Revenue Funds	<u>3,860,864</u>	<u>85,370</u>
Special Assessment Bond		
Retirement Fund:	<u>1,006,018</u>	<u>0</u>
Agency Funds:		
County Health	2,500	0
Undivided Tax	0	4,000
Undivided Property Tax	<u>0</u>	<u>5,973,385</u>
Total Agency Funds	<u>2,500</u>	<u>5,977,385</u>
Total Due from/Due to Other Funds	<u>\$6,062,755</u>	<u>\$6,062,755</u>
<u>Interfund Receivables/Payable</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	<u>\$22,146</u>	<u>\$0</u>
Water Enterprise Fund	<u>0</u>	<u>22,146</u>
Total Interfund Receivable/Payable	<u>\$22,146</u>	<u>\$22,146</u>

Guernsey County, Ohio
Notes to the General Purpose Financial Statements
December 31, 1999

NOTE 19 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The County maintains two enterprise funds which are intended to be self-supported through user fees charged for services provided to consumers for water and sewer services. The component unit, Guernsey Industries, provides various services for the mentally retarded and developmentally disabled. Financial segment information for the year ended December 31, 1999, is as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total Primary Government</u>	<u>Component Unit</u>	<u>Total Reporting Entity</u>
Operating Revenues	\$1,438,864	\$102,813	\$1,541,677	\$371,799	\$1,913,476
Operating Expenses before Depreciation	1,131,806	95,884	1,227,690	248,181	1,475,871
Depreciation Expense	169,070	16,652	185,722	22,779	208,501
Operating Income (Loss) Decrease in Unrestricted Net Assets	137,988	(9,723)	128,265	(7,909)	120,356
Net Non-Operating Revenues (Expenses)	(101,993)	0	(101,993)	0	(101,993)
Operating Transfers In	82,472	5,156	87,628	0	87,628
Operating Transfers Out	22,146	0	22,146	0	22,146
Net Income (Loss)/ Decrease in Net Assets	96,321	(4,567)	91,754	(7,909)	83,845
Current Capital Contributions	186,563	215,250	401,813	0	401,813
Additions to Property, Plant and Equipment	190,478	215,250	405,728	16,039	421,767
Net Working Capital	830,258	95,753	926,011	118,555	1,044,566
Total Assets	4,259,995	636,451	4,896,446	224,742	5,121,188
Bonds and Other Long- Term Liabilities Payable from Revenue	1,596,869	0	1,596,869	0	1,596,869
Total Equity/Net Assets	2,531,852	629,303	3,161,155	202,279	3,363,434
Encumbrances Outstanding at December 31, 1999	50,755	7,367	58,122	0	58,122

Guernsey County, Ohio
Notes to the General Purpose Financial Statements
December 31, 1999

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS

A. SouthEastern Ohio Joint Solid Waste Management District

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

The Joint Solid Waste District is governed and operated through three groups. An eighteen member board of directors, comprised of three commissioners from each county, is responsible for the District's financial matters. Financial records were maintained by Muskingum County until May 1993 at which time Noble County assumed the responsibility. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. Although the County contributed amounts to the District at the time of its creation, no contributions were received from the County in 1999. No future contributions by the County are anticipated. A thirty-one member policy committee, comprised of five members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the policy committee. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

B. Guernsey-Monroe-Noble Community Action Corporation (GMN)

The Guernsey-Monroe-Noble Community Action Corporation (GMN) is a non-profit organization formed to plan, conduct and coordinate programs designed to combat social and economic problems and to help eliminate conditions of poverty within Guernsey, Monroe and Noble Counties. The agency is governed by an eighteen member board which consists of three commissioners from each county, three business owners from each county and three low income individuals elected by each county. The three business owners are nominated by other local business owners and the three low income individuals are nominated by local town council meetings. The agency receives federal and state monies which are applied for and received by, and in the name of, the Board of Directors. Continued existence of the Community Action Agency is not dependent upon the County's continued participation, nor does the County have an equity interest in the agency. The agency is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on the County.

C. Oakview Juvenile Rehabilitation District (OJRD)

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

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

Guernsey County, Ohio
Notes to the General Purpose Financial Statements
December 31, 1999

D. Muskingum, Guernsey, Noble, Perry, and Morgan County Family Service Counsel

Muskingum, Guernsey, Noble, Perry, and Morgan County Family Service Counsel provides services to multi-need youth in Muskingum, Guernsey, Noble, Perry and Morgan Counties. Members of the Counsel include the Muskingum County Health Department, Zanesville City Health Department, Muskingum County Board of Mental Retardation and Developmental Disabilities, the regional office of the Department of Youth Services, the Muskingum County Juvenile Court, the Muskingum, Guernsey, Noble, Perry and Morgan County Mental Health Boards, and the Muskingum County Department of Human Services. The operation of the Counsel is controlled by an advisory committee which consists of a representative from each agency. The County made no contributions during 1999. The continued existence of the Counsel is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the Counsel. The Counsel had no outstanding debt.

E. Mental Health and Recovery Services Board

The Mental Health and Recovery Services Board is a jointly governed organization. Participants are Muskingum, Coshocton, Guernsey, Perry, Morgan, and Noble Counties. The board has responsibility for development, coordinated continuation and ongoing modernization, funding, monitoring, and evaluation of community-based mental health and substance abuse programming. The Board is managed by an eighteen member board of trustees; two appointed by the Guernsey County Commissioners, eight appointed by the commissioners of the other participating counties, four by the director of the State Director of Alcohol and Drug Addiction, and four appointed by the Director of the State Department of Mental Health. The Board exercises total control, including budgeting, appropriating, contracting, and designating management.

During 1999, Guernsey County did not contribute any revenue through a levy. The revenues are provided by levies from other member counties, and state and federal grants awarded to the multi-county board. Continued existence of the Board is not dependent on County's continued participation. The County has no equity interest in, or financial responsibility for the Board. The Board has no outstanding debt.

F. South Eastern Narcotics Team (SENT)

SENT is a multi-jurisdictional drug task force with the primary goal of combating major narcotic traffickers in Monroe, Belmont, Carroll, Guernsey, Harrison and Tuscarawas Counties. It is jointly governed among the participating counties and cities. A grant is received from the State of Ohio of which the participating entities must match twenty-five percent. SENT is comprised by thirty-two members. Each member's control over the operation of SENT is limited to its representation of the Board. The County made no contributions to SENT during 1999.

G. Mid Eastern Ohio Regional Council (MEORC)

The Mid Eastern Ohio Regional Council of Governments (MEORC) is a jointly governed organization which serves fourteen counties in Ohio. MEORC provides services to the mentally retarded and developmentally disabled residents in the participating counties. The Council is made up of the superintendents of each county's Board of Mental Retardation and Developmental Disabilities. Revenues are generated by fees and state grants. Although the County contributed to the Council upon its creation, the County made no contributions to the Council during 1999. No future contributions by the County are anticipated. Continued existence of the Council is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the Council. The Council has no outstanding debt.

Guernsey County, Ohio
Notes to the General Purpose Financial Statements
December 31, 1999

H. Ohio Mid-Eastern Governments Association (OMEGA)

Ohio Mid-Eastern Governments Association (OMEGA) is organized as an agency of the local governments by agreement among the membership. OMEGA is comprised of Belmont, Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Tuscarawas, and Columbiana Counties and other political subdivisions in the counties. OMEGA was formed to aid and assist the participating counties in the application for Appalachian Regional Commission and Economic Development grant monies. OMEGA's governing board is comprised of a total of three members from each county which appoints an executive board consisting of one person from each member county to supervise the administrative functions of OMEGA. The executive board elects officers, appoints an executive director and its own fiscal officer. The Board exercises total control, including budgeting, appropriating, contracting, and designating management. During 1999, Guernsey County voluntarily contributed \$2,455 to OMEGA. The continued existence of the Association is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the Association. OMEGA has no outstanding debt.

I. Cambridge-Guernsey County Visitors and Convention Bureau

The Bureau is organized under State Statute by agreement between the Guernsey County Commissioners, the Cambridge Area Chamber of Commerce, and The Cambridge-Guernsey Community Improvement Corporation who acts as the fiscal agent for the Bureau. The Bureau operates the Guernsey County Tourist Information Center. The Bureau is governed by a seven member Board of Directors. The Board is comprised of one member of the Guernsey County Board of Commissioners, one member appointed by the Guernsey County Board of Commissioners, the president of the Guernsey Innkeeper's Association, one member appointed by the Guernsey County Innkeeper's Association, the president of the Chamber of Commerce, one member appointed by the Chamber of Commerce, and the executive vice president of the Chamber of Commerce. The Board exercises total control, including budgeting, appropriating, contracting, and designating management. The County collects and distributes a three percent hotel/motel lodging tax to the Bureau. The County has no equity interest in, or financial responsibility for the Bureau. The Bureau has no outstanding debt.

J. The Area Office on Aging

The Area office on Aging is a regional council of governments that assists nine counties, including Guernsey County in providing services to senior citizens in the Council's service area. The Council is governed by a board of directors comprised of one representative appointed by each participating county. The board has total control over budgeting, personnel, and all other financial matters. The continued existence of the Council is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the Council. The Council has no outstanding debt.

Guernsey County, Ohio
Notes to the General Purpose Financial Statements
December 31, 1999

K. Eastern Ohio Correctional Center

The Eastern Ohio Correctional Center (EOCC) is a six county facility created pursuant to the Ohio Revised Code Section 2301.51. EOCC serves Belmont, Carroll, Columbiana, Guernsey, Harrison, and Jefferson Counties. The EOCC was formed in 1987 to offer drug treatment, education, work release, community services, and other rehabilitation services to convicted felons within the six counties. The EOCC is governed by a ten member board comprised of two common pleas court judges from Belmont, Carroll, Columbiana, and Jefferson Counties and one common pleas court judge from Guernsey and Harrison Counties. The common pleas judges appoint a citizens advisory board to assist in the operations of the EOCC. The board has total control over budgeting, personnel, and financial matters. The EOCC receives funding in the form of state grant monies which are used to provide the various services of the EOCC. Jefferson County serves as fiscal agent for EOCC. During 1999, the EOCC received no monies from Guernsey County. The continued existence of the EOCC is not dependent on the County's continued participation and the County does not have an equity interest in or a financial responsibility for the EOCC. The EOCC has no outstanding debt.

NOTE 21 - RELATED ORGANIZATIONS

A. Guernsey County Convention Facilities Authority

This Authority (CFA) was created pursuant to State Statutes for the purpose of constructing, equipping, and operating a convention facility in Guernsey County. The Authority operates under the direction of an eleven member appointed board of directors. This board consists of six members appointed by Guernsey County, three members appointed by the Mayor of the City of Cambridge, and two members appointed by the remaining municipal corporations located within the County. The board contracted with a private group for the construction and operation of the Pritchard-Laughlin Civic Center; this center is controlled by a private board of directors which are self-appointing and have total control over the operation of the center including budgeting, appropriating, contracting, and designation of management. The CFA levied a three percent hotel/motel tax that is collected and distributed directly to the Center by the Guernsey County Commissioners. The County is prohibited from contributing to the operations of the CFA by state law.

B. Cambridge Metropolitan Housing Authority

The Cambridge Metropolitan Housing Authority is a nonprofit organization established to provide adequate public housing for low income individuals and was created pursuant to state statutes. The Authority is operated by a five member board. Two members are appointed by the mayor of the largest city in the County, one member is appointed by the common pleas court judge, and one member is appointed by the County Commissioners. The Authority receives funding from the Federal Department of Housing and Urban Development. The Board sets its own budget and selects its own management, and the County is not involved in the management or operation. The County is not financially accountable for the Authority.

C. Guernsey County Park District

The Guernsey County Park District is governed by a three member Park District Board of Commissioners appointed by the Probate Judge of the County. State Statute provides that the County Auditor and Treasurer are Ex-officio members of the Park District Board of Commissioners and designates the County Auditor as fiscal officer of the commission. The County Commissioners do not have the ability to significantly influence operations, designate management, approve budgets, nor is the County responsible for funding deficits. The County maintains an agency fund for the District's operation since the County serves as fiscal agent for the District.

Guernsey County, Ohio
Notes to the General Purpose Financial Statements
December 31, 1999

D. Guernsey County Airport Authority

The Guernsey Airport Authority is governed by a five-member Board. The original Board was appointed by the Guernsey County Commissioners, and the Commissioners approve members to fill vacancies upon recommendation of the current Authority Board. The Authority derives its revenues from hangar rental, state and federal grants received directly by the Authority, and interest. The County is not financially accountable for the Authority; the County cannot impose its will on the Authority; and no financial benefit/burden relationship exists between the County and the Authority.

NOTE 22 - POOLS

A. County Risk Sharing Authority (CORSA)

The County Risk Sharing Authority, Inc. (CORSA) is a public entity risk pool among forty-eight counties in Ohio. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing the CORSA insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member County has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no equity interest in or a financial responsibility for CORSA. Any additional premium or contribution amounts and estimates of losses are not reasonably determinable. The County's payment for insurance to CORSA in 1999 was \$148,053.

B. County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

The County is participating in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool.

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at the meeting held in the month of December each year. No participant can have more than one member of the group executive committee in any year, and each elected member shall be a County Commissioner.

Guernsey County, Ohio
Notes to the General Purpose Financial Statements
December 31, 1999

NOTE 23 - RELATED PARTY TRANSACTIONS

Guernsey Industries, a discretely presented component unit of Guernsey County, received contributions from the County for facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of its programs. These contributions are reflected as operating revenues and operating expenses at cost or fair market value as applicable, in the general purpose financial statements. In 1999, these contributions were \$22,391. Additional habilitative services provided directly to workshop clients by Guernsey County amounted to \$1,747,232 during 1999.

NOTE 24 - FOOD STAMPS

The County's Department of Human Services (Welfare) distributes, through contracting issuance centers, federal food stamps to entitled recipients within Guernsey County. The receipt and issuance of these stamps have the characteristics of a federal grant. However, the Department of Human Services merely acts in an intermediary capacity. Therefore, the inventory value of these stamps is not reflected in the accompanying financial statements as the only economic interest related to these stamps rests with the ultimate recipient. The County's Department of Human Services had on hand for distribution \$32,385 as of December 31, 1999.

NOTE 25 - CONTINGENT LIABILITIES

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

NOTE 26 - SUBSEQUENT EVENT

On February 16, 2000, the County Commissioners approved the renewal of the County's one-half of one percent Permissive Sales Tax for the sixth consecutive year. This sales tax will come into effect April 1, 2000 and will expire on March 31, 2001.

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GUERNSEY COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 1999

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Food Distribution Program	N/A	10.550	\$0	\$1,227
Child Nutrition Cluster:				
School Breakfast Program	05-PU-99	10.553	3,628	0
National School Lunch Program	03/04-PU-99	10.555	9,636	0
Total Child Nutrition Cluster			13,264	0
Total Passed Through Ohio Department of Education			13,264	1,227
<i>Direct Program:</i>				
FmHA Housing Preservation	N/A	10.433	24,544	0
Total United States Department of Agriculture			37,808	1,227
<u>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Passed Through Ohio Department of Development:</i>				
Community Development Block Grants	B-C-97-028-1	14.228	314,688	0
	B-F-96-028-1	14.228	74	0
	B-F-97-028-1	14.228	107,574	0
	B-F-98-028-1	14.228	90,648	0
Total Community Development Block Grants			512,984	0
Total United States Department of Housing and Urban Development			512,984	0
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Health:</i>				
Special Education Grants for Infants and Families with Disabilities	N/A	84.181	87,629	0
<i>Passed Through Ohio Department of Education:</i>				
Special Education Cluster:				
Special Education Grants to States (Title VI-B)	6B-SF-99P	84.027	12,802	0
Special Education Preschool Grants	PG-S1-99P	84.173	6,530	0
Total Special Education Cluster			19,332	0
Innovative Education Program Strategies (Title VI)	C2-S1-99	84.298	80	0
Total Passed Through Ohio Department of Education			19,412	0
Total United States Department of Education			107,041	0

GUERNSEY COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 1999
(Continued)

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
<u>UNITED STATES DEPARTMENT OF JUSTICE</u>				
<i>Direct Programs:</i>				
COPS Universal Hiring Program	N/A	16.710	68,056	0
COPS More	N/A	16.710	<u>114,375</u>	<u>0</u>
Total COPS			182,431	0
<i>Passed Through Ohio Department of Criminal Justice Services:</i>				
Byrne Formula Grant Program	98-LE-LEB-3058	16.579	831	0
	97-LE-LEB-3058	16.579	<u>13,160</u>	<u>0</u>
Total Byrne Formula Grant Program			13,991	0
Total United States Department of Justice			<u>196,422</u>	<u>0</u>
<u>UNITED STATES DEPARTMENT OF LABOR</u>				
<i>Passed Through Joint Training Partnership of Southeast Ohio (SDA #31):</i>				
JTPA Cluster:				
Joint Training Partnership Act:				
Title II A 77% PY98	0-98-31-00-00	17.250	168,598	0
Title II A 5% PY98	1-98-31-00-00	17.250	9,176	0
Title II A 5% PY99	1-99-31-00-00	17.250	4,791	0
Title II A 8% PY98	4-98-31-00-00	17.250	15,048	0
Title II A 8% PY99	4-99-31-00-00	17.250	7,522	0
Title II B PY98	5-98-31-00-00	17.250	76,599	0
Title II B PY99	5-99-31-00-00	17.250	200,526	0
Title II C PY98	Y-98-31-00-00	17.250	53,542	0
Title II C PY99	Y-99-31-00-00	17.250	<u>36,309</u>	<u>0</u>
Total Joint Training Partnership Act			572,111	0
Employment and Training Assistance - Dislocated Workers:				
EDWAA PY98	A-98-31-00-00	17.246	113,969	0
EDWAA PY99	A-99-31-00-00	17.246	84,794	0
EDWAA Incentive	B-98-31-00-00	17.246	44,964	0
Flood Grant	W-99-31-00-00	17.246	<u>59,184</u>	<u>0</u>
Total Employment and Training Assistance			302,911	0
Total United States Department of Labor - JTPA Cluster			<u>875,022</u>	<u>0</u>

GUERNSEY COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 1999
(Continued)

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
<u>FEDERAL HIGHWAY ADMINISTRATION</u>				
<i>Passed Through Ohio Department of Transportation:</i>				
Highway Planning and Construction	N/A	20.205	163,473	0
Total Federal Highway Administration			163,473	0
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>				
Social Services Block Grant (Title XX)	N/A	93.667	55,318	0
Medical Assistance Program (Medicaid, Title XIX)	N/A	93.778	380,635	0
Total United States Department of Health and Human Services			435,953	0
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>				
<i>Passed Through Ohio Department of Public Safety - Emergency Management Agency:</i>				
Emergency Management Assistance	N/A	83.534	17,237	0
Disaster Assistance - County Commissioners	DR-1227	83.544	462,372	0
Disaster Assistance - County Engineer	DR-1227	83.544	112,890	0
Total Disaster Assistance			575,262	0
Total Federal Emergency Management Agency			592,499	0
Total Federal Awards Expenditures			\$2,921,202	\$1,227

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

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GUERNSEY COUNTY
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 1999

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of Guernsey County's (the County) federal award programs. The Schedule has been prepared on the cash basis of accounting, except expenditures of assistance passed through the Ohio Bureau of Employment Services Job Training Partnership Programs are presented on an accrual basis.

NOTE B - SUBRECIPIENTS

The County passes-through certain federal assistance received from Ohio Department of Development to other governments. As described in Note A, the County records expenditures of federal awards to subrecipients when paid in cash, except expenditures paid to JTPA subrecipients are recognized on an accrual basis.

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

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the United States Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the United States Department of Agriculture are commingled with state grants. It is assumed federal monies are expended first. At December 31, 1999, the County had no significant food commodities in inventory.

NOTE D - MATCHING REQUIREMENTS

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

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

The County had established a revolving loan program to provide low-interest loans to businesses for renovations and improvements. The Federal Department of Housing and Urban Development (HUD) granted money for these loans to the County, and they were passed through the Ohio Department of Development. No additional loan money was granted to the County during 1999. Loans repaid, including interest, were used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by County loan agreements but were not included as expenditures on the Schedule of Federal Awards Expenditures.

These loans are secured by the building and/or property. At December 31, 1999, the gross amount of loans outstanding under this program were \$26,376.

GUERNSEY COUNTY
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 1999
(Continued)

NOTE F - DISASTER ASSISTANCE PROGRAM

For the County Commissioner's Federal Emergency Management Agency (FEMA) grant, the Schedule of Federal Awards Expenditures includes \$170,744 in federal expenditures, which was approved by FEMA in 2000 but was spent by the County in 1999.



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

Guernsey County
128 East 8th Street, Suite 101
Cambridge, Ohio 43725

To the Board of County Commissioners:

We have audited the accompanying financial statements of Guernsey County, Ohio, (the County) as of and for the year ended December 31, 1999, and have issued our report thereon dated July 24, 2000, in which we noted that the financial statements of Guernsey Industries, the County's discretely presented component unit, were not audited in accordance with *Government Auditing Standards* and accordingly this report does not extend to that component unit. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 1999-61030-001. We also noted certain immaterial instances of noncompliance that we have reported to management of Guernsey County in a separate letter dated July 24, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting 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 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. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 1999-61030-002.

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

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

July 24, 2000



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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**

Guernsey County
128 East 8th Street, Suite 101
Cambridge, Ohio 43725

To the Board of County Commissioners:

Compliance

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

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 1999-61030-003 through 1999-61030-005. We also noted a certain instance of noncompliance that does not require inclusion in this report that we have reported to the management of Guernsey County in a separate letter dated July 24, 2000.

Internal Control Over Compliance

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

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

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

July 24, 2000

GUERNSEY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 1999

1. SUMMARY OF AUDITORS' RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(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?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	Yes
(d)(1)(vii)	Major Programs (list):	Community Development Block Grants - CFDA #14.228 Public Safety Partnership and Community Policing Grants - CFDA #16.710 JTPA Cluster - CFDA #17.250 & 17.246 Medical Assistance Program - CFDA #93.778 Public Assistance Grants - CFDA #83.544
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: ≥\$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

GUERNSEY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 1999
(Continued)

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

FINDING NUMBER 1999-61030-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

- A. Then and Now Certificate - This exception provides that, if the fiscal officer can certify that both at the time the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Fiscal officers may prepare so-called "blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding 3 months or running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

In addition to these blanket certificates, a subdivision may also make expenditures and contracts from a specific line-item appropriation account in a specified fund over \$5,000 upon certification of the fiscal officer for most professional services, fuel, oil, food items and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the fiscal year or in the case of counties, beyond the quarterly spending plan established by the county commissioners.

The County Auditor's prior certification was not obtained for 45 percent of the transactions we tested, and there was no evidence of a "Then and Now" certificate being used by the County Auditor. These included purchases from various County departments, most notably from the Sheriff's Department, Human Services, County Home, Children Services, Courthouse Maintenance, and Board of Elections. Also, some appropriation line items had more than one blanket purchase order outstanding at a time.

We recommend the County obtain prior certification for all disbursements. Also, we recommend the County only issue one blanket purchase order per appropriation line item.

GUERNSEY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 1999
(Continued)

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

FINDING NUMBER 1999-61030-002

Reportable Condition

Review of the self insurance account reconciliation indicated that this account is not being reconciled on a monthly basis to the bank account. Not performing a monthly reconciliation of the self insurance account could result in irregularities occurring without being detected.

We recommend the County Auditor establish procedures to verify the self insurance account is being reconciled on a monthly basis. This will facilitate the verification of the account and the self insurance activity for the County.

3. FINDINGS FOR FEDERAL AWARDS

FINDING NUMBER 1999-61030-003

CFDA Title and Number	Job Training Partnership Act CFDA# 17.250
Federal Award Number / Year	Title II/1998
Federal Agency	Department of Labor
Pass-Through Agency	Joint Training Partnership of Southeast Ohio (SDA #31)

Noncompliance Citation & Questioned Cost

Joint Training Partnership of Southeast Ohio (SDA #31) Policy Letter 04-98 and Ohio Rev. Code Section 307.86 state competitive bidding is required of counties for expenditures in excess of \$15,000.

The Guernsey County JTPA purchased workstations for \$18,990 which were not competitively bid.

We recommend the Guernsey County JTPA competitively bid all JTPA grant expenditures in excess of \$15,000.

We are questioning costs amounting to \$18,990 for purchases which the Guernsey County JTPA did not follow the required procurement procedures.

GUERNSEY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 1999
(Continued)

3. FINDINGS FOR FEDERAL AWARDS
(Continued)

FINDING NUMBER 1999-61030-004

CFDA Title and Number	Community Development Block Grants (CDBG) CFDA# 14.228
Federal Award Number/Year	CDBG Formula Program/1997 & 1998; Community Housing Improvement Program/1997
Federal Agency	Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance Citation

The State of Ohio, Department of Development, *Office of Housing and Community Partnership Financial Management Rules and Regulations Handbook*, Section (A)(3)(f) requires the grantee to develop a cash management system to ensure compliance with the fifteen Day Rule regarding the prompt disbursement of funds. This rule states that funds drawn down 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.

For the Community Housing Improvement Program, draw downs amounting to as much as \$122,000 were not disbursed within \$5,000 for as many as 92 days. For the Community Development Block Grant Formula funding, draw downs amounting to as much as \$90,400 were not disbursed within \$5,000 for as many as 39 days.

We recommend the County develop and monitor a cash management system so as to ensure compliance with the fifteen Day Rule relating to the prompt disbursement of funds.

FINDING NUMBER 1999-61030-005

CFDA Title and Number	Public Safety Partnership and Community Policing Grants (COPS) / CFDA# 16.710
Federal Award Number/Year	98CMWX1638 (COPS MORE) / 1998
Federal Agency	Department of Justice
Pass-Through Agency	N/A

GUERNSEY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 1999
(Continued)

3. FINDINGS FOR FEDERAL AWARDS
(Continued)

FINDING NUMBER 1999-61030-005
(Continued)

Noncompliance Citation

28 C.F.R. Section 66.21(c) (1999) states that grantees shall be paid in advance, provided they maintain or demonstrate the willingness and the ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee.

When COPS MORE funds were requested, they were requested as reimbursements instead of advances. These funds were received, and then the disbursements were made. In two instances, the funds were received and disbursed on the same day. In the other instance, the federal funds were not completely disbursed for 57 days. This was caused by a miscommunication within the Sheriff's Department.

Under the COPS MORE grant, grantees are required to submit annual interest earned on the federal money in excess of \$250. However, interest earned on the County's advances was less than \$250; therefore, no interest was required to be paid back to the U.S. Department of Justice.

We recommend all requests for payment indicate the appropriate type of request (reimbursement or advance). We also recommend requests for advances only be made when the County is ready to make the disbursement.

GUERNSEY COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 1999

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-61030-001	Ohio Rev. Code Section 5705.41(D) - Certain purchases were not certified by the County Auditor prior to County departments making the contracts or ordering the expenditure of money.	No	Not Corrected; the noncompliance citation is repeated for 1999 (Finding Number 1999-61030-001).
1998-61030-002	The Child Support Enforcement Agency (CSEA) Department experienced difficulty in reconciling the Support Enforcement Tracking System (SETS) to the bank account during 1998 especially when the majority of cases were downloaded to the SETS system. The County also encountered various errors in relation to disbursements made by the SETS system. These conditions resulted in the SETS account not being reconciled to the bank on a monthly basis.	Yes	
1998-61030-003	The County did not test their hardware or operating systems which ran their financial applications nor obtain any assurances as to Year 2000 compliance.	Yes	
1998-61030-004	The County's procurement files for the Joint Training Partnership Act (JTPA) purchases did not adequately document the required written procurement information according to JTPA Policy Letter 6-95 and JTPA of Southeast Ohio (SDA #31) Policy Letter 03-96.	Yes	
1998-61030-005	Certain JTPA expenditures were not evidenced by adequate documentation in accordance with JTPA Policy Letter 6-95 (which incorporates the requirements of OMB Circular A-87).	Yes	

**GUERNSEY COUNTY
CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 1999**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
1999-61030-001	The County Auditor's bookkeeping department plans to personally discuss improving encumbering procedures with the applicable County departments. In addition, the Auditor's bookkeeping department plans to closely monitor the situation.	Ongoing	Tony Brown, County Auditor
1999-61030-002	The County has been in contact with the Local Government Services division of the Auditor of State's office to obtain consulting services in reconciling their self insurance account monthly.	September 2000	Tony Brown, County Auditor
1999-61030-003	Joint Training Partnership of Southeast Ohio (SDA #31) Policy Letter 04-98 is no longer applicable to the County as of June 30, 2000 because the County's JTPA programs ceased to exist as of this date. New programs are being administered by the Department of Human Services.	N/A	Maria Schockling, Director
1999-61030-004	The County contracts with the City of Cambridge's Economic and Community Development Office to administer the County's Community Development Block Grants. The Director and City Housing Specialist plan to monitor the timing of the draw downs more closely.	Ongoing	County Commissioners
1999-61030-005	The entire approved amount for the COPS MORE grant has been received and expended. There was a miscommunication in the Sheriff's department regarding the timing of the requests for payment. The Sheriff's department is now aware of this requirement for future reference.	N/A	Sergeant Steve Channell



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GUERNSEY COUNTY FINANCIAL CONDITION

GUERNSEY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 21, 2000**