FINANCIAL CONDITION
LAWRENCE COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999

JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

LAWRENCE COUNTY
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REPORT OF INDEPENDENT ACCOUNTANTS

Lawrence County
111 South 4th Street
Ironton, Ohio 45638

To the Board of County Commissioners:

We have audited the accompanying general purpose financial statements of Lawrence 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 Creating Housing Opportunities in a Community Environment Successfully, Inc, (CHOICES) and Tri-State Industries, which represent all of the assets and revenues of the component units columns. We did not audit the financial statements of River Valley Health Systems which represents 52% and 95% respectively, of the assets and revenues of the Proprietary Fund Type. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for CHOICES, Tri-State, and River Valley Health Systems, is based on the reports of the other auditors. The other auditors of the River Valley Health System's financial statements expressed substantial doubts about the Hospital's ability to continue as a going concern.

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 Creative Housing Opportunities in a Community Environment Successfully, Inc, (CHOICES) and Tri-State 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 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 report and the report of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Lawrence County, Ohio, as of December 31, 1999, and the results of its operations and the cash flows of its Proprietary Fund Type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 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 Receipts and Expenditures as listed in the table of contents, 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.

As discussed in Note 2 to the general purpose financial statements, Lawrence County has elected to not record Child Support arrearages within Special Revenue and Agency Fund Types and Court receivables within the Agency Fund Type. These amounts, while potentially significant, are not considered measurable, and because collections are often significantly in arrears, the County is unable to determine a reasonable value for them.

Jim Petro
Auditor of State

July 31, 2000

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LAWRENCE COUNTY, OHIO

Combined Balance Sheet
All Fund Types, Account Groups and
Discretely Presented Component Units
December 31, 1999 - Primary Government
June 30, 1999 - Component Units

	Governmental Fund Types				Proprietary Fund Type
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
Assets and Other Debits:					
Assets:					
Equity in Pooled Cash and Cash Equivalents	$2,222,530	$5,857,367	$137,598	$984,127	$282,443
Segregated Accounts:					
Cash and Cash Equivalents	0	76,586	0	0	672,691
Property and Other Taxes Receivable	32,233	0	0	0	0
Sales Tax Receivable	922,427	0	0	0	0
Accounts Receivable	2,229	7,010	0	0	5,472,450
Interfund Receivable	19,561	0	0	0	0
Special Assessments	0	0	0	0	0
Accrued Interest Receivable	0	760	0	0	0
Loans Receivable	0	608,185	0	0	0
Materials and Supplies Inventory	14,835	35,997	0	0	279,600
Due from Other Funds	1,973,084	1,080,161	27,135	0	0
Intergovernmental Receivable	50,461	649,151	0	0	19,556
Prepaid Items	17,051	24,980	0	0	119,639
Restricted Assets:					
Cash and Cash Equivalents Whose Use is Limited	0	0	0	0	1,473,460
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0	28,737,506
Other Debits:					
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0	0
Total Assets	$5,254,411	$8,340,197	$164,733	$984,127	$37,057,345

Fiduciary Fund Types	Account Groups			Component Units		
Trust and Agency	General Fixed Assets	General Long-Term Obligation	Totals Primary Government (Memorandum Only)	Choices	Tri-State Industries	Totals Reporting Entity (Memorandum Only)
$1,048,089	$0	$0	$10,532,154	$5,917	$105,172	$10,643,243
428,002	0	0	1,177,279	0	0	1,177,279
20,470,691	0	0	20,502,924	0	0	20,502,924
0	0	0	922,427	0	0	922,427
0	0	0	5,481,689	0	61,870	5,543,559
0	0	0	19,561	0	0	19,561
301,574	0	0	301,574	0	0	301,574
0	0	0	760	0	0	760
0	0	0	608,185	0	0	608,185
0	0	0	330,432	0	2,611	333,043
0	0	0	3,080,380	0	0	3,080,380
423,243	0	0	1,142,411	0	0	1,142,411
0	0	0	161,670	0	947	162,617
0	0	0	1,473,460	0	0	1,473,460
0	21,794,015	0	50,531,521	229,778	457,174	51,218,473
0	0	164,733	164,733	0	0	164,733
0	0	4,853,655	4,853,655	0	0	4,853,655
$22,671,599	$21,794,015	$5,018,388	$101,284,815	$235,695	$627,774	$102,148,284

(Continued)

LAWRENCE COUNTY, OHIO

Combined Balance Sheet
All Fund Types, Account Groups and
Discretely Presented Component Units
December 31, 1999 - Primary Government
June 30, 1999 - Component Units
(Continued)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity and Other Credits:				
Liabilities:				
Accounts Payable	$134,065	$427,233	$0	$0
Contracts Payable	0	0	0	12,077
Accrued Wages and Benefits	95,315	202,245	0	0
Compensated Absences Payable	19,121	204,662	0	0
Deposits Held and Due to Others	0	0	0	0
Undistributed Monies	0	0	0	0
Early Retirement Incentive Payable	0	212,608	0	0
Due to Other Funds	0	121,607	0	0
Intergovernmental Payable	93,291	1,041,037	0	0
Deferred Revenue	1,877,612	1,072,119	0	0
Interfund Payable	0	19,561	0	0
Accrued Interest Payable	0	0	0	977
Notes Payable	0	0	0	150,000
Capital Leases Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
OWDA Loans Payable	0	0	0	0
Long-Term Obligations	0	0	0	0
Accrued Malpractice Coverage	0	0	0	0
Other Accrued Liabilities	0	0	0	0
Total Liabilities	2,219,404	3,301,072	0	163,054
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved, Undesignated (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	115,290	420,888	0	7,140
Reserved for Inventory	14,835	35,997	0	0
Reserved for Unclaimed Monies	118,890	0	0	0
Reserved for Debt Service	0	0	164,733	0
Reserved for Noncurrent Loans Receivable	0	608,185	0	0
Unreserved, Undesignated	2,785,992	3,974,055	0	813,933
Total Fund Equity and Other Credits	3,035,007	5,039,125	164,733	821,073
Total Liabilities, Fund Equity and Other Credits	$5,254,411	$8,340,197	$164,733	$984,127

See accompanying notes to the general purpose financial statements

Fiduciary Fund Types	Account Groups			Component Units		
Trust and Agency	General Fixed Assets	General Long-Term Obligation	Totals Primary Government (Memorandum Only)	Choices	Tri-State Industries	Totals Reporting Entity (Memorandum Only)
$0	$0	$0	$6,294,465	$0	$18,868	$6,313,333
0	0	0	41,201	0	0	41,201
0	0	0	2,332,686	0	0	2,332,686
0	0	1,729,889	1,998,005	0	0	1,998,005
1,519,181	0	0	1,519,181	0	0	1,519,181
142,882	0	0	142,882	0	0	142,882
0	0	156,327	368,935	0	0	368,935
2,958,773	0	0	3,080,380	0	0	3,080,380
17,999,381	0	0	19,140,284	0	0	19,140,284
0	0	0	2,949,731	0	0	2,949,731
0	0	0	19,561	0	0	19,561
0	0	0	178,195	0	0	178,195
0	0	159,949	1,293,898	33,725	314,651	1,642,274
0	0	2,223	1,388,431	0	0	1,388,431
0	0	2,970,000	2,970,000	0	0	2,970,000
0	0	0	4,676,673	0	0	4,676,673
0	0	0	5,075,630	0	0	5,075,630
0	0	0	212,500	0	0	212,500
0	0	0	131,674	0	0	131,674
22,620,217	0	5,018,388	53,814,312	33,725	333,519	54,181,556
0	21,794,015	0	21,794,015	0	0	21,794,015
0	0	0	14,869,303	233,802	0	15,103,105
0	0	0	1,695,865	(31,832)	294,255	1,958,288
0	0	0	543,318	0	0	543,318
0	0	0	50,832	0	0	50,832
0	0	0	118,890	0	0	118,890
0	0	0	164,733	0	0	164,733
0	0	0	608,185	0	0	608,185
51,382	0	0	7,625,362	0	0	7,625,362
51,382	21,794,015	0	47,470,503	201,970	294,255	47,966,728
$22,671,599	$21,794,015	$5,018,388	$101,284,815	$235,695	$627,774	$102,148,284

LAWRENCE 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				Fiduciary Fund Type	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Totals (Memorandum Only)
Revenues:						
Property and Other Taxes	$1,713,803	$1,037,644	$0	$100,000	$0	$2,851,447
Permissive Sales Tax	6,054,013	0	0	0	0	6,054,013
Charges for Services	1,118,404	331,365	0	0	0	1,449,769
Licenses and Permits	8,591	316,535	0	0	0	325,126
Fines and Forfeitures	202,732	166,027	0	68,904	0	437,663
Intergovernmental	1,569,016	16,975,635	0	496,126	0	19,040,777
Interest	397,104	100,047	1,343	3,217	2,072	503,783
Rent	1,250	19,660	190,604	0	0	211,514
Donations and Contributions	0	11,068	0	0	0	11,068
Other	175,404	332,799	0	0	0	508,203
Total Revenues	11,240,317	19,290,780	191,947	668,247	2,072	31,393,363
Expenditures:						
Current:						
General Government:						
Legislative and Executive	4,444,324	248,498	0	0	0	4,692,822
Judicial	2,154,549	358,157	0	0	0	2,512,706
Public Safety	1,593,779	1,630,000	0	0	0	3,223,779
Public Works	258,444	3,203,281	0	0	0	3,461,725
Health	65,253	3,438,462	0	0	0	3,503,715
Human Services	214,276	10,514,736	0	0	0	10,729,012
Conservation and Recreation	59,517	0	0	0	0	59,517
Economic Development and Assistance	0	317,118	0	0	0	317,118
Transportation	0	31,084	0	0	0	31,084
Other	215,873	0	0	0	0	215,873
Capital Outlay	0	0	0	1,677,455	0	1,677,455
Debt Service:						
Principal Retirement	2,298	212,608	294,990	0	0	509,896
Interest and Fiscal Charges	2,502	0	157,981	4,607	0	165,090
Total Expenditures	9,010,815	19,953,944	452,971	1,682,062	0	31,099,792
Excess of Revenues Over (Under) Expenditures	2,229,502	(663,164)	(261,024)	(1,013,815)	2,072	293,571
Other Financing Sources (Uses):						
Proceeds of Bonds	170,000	0	0	630,000	0	800,000
Operating Transfers In	173,607	1,509,697	289,832	938,649	0	2,911,785
Operating Transfers Out	(1,765,704)	(1,171,976)	(2,317)	0	0	(2,939,997)
Total Other Financing Sources (Uses)	(1,422,097)	337,721	287,515	1,568,649	0	771,788
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	807,405	(325,443)	26,491	554,834	2,072	1,065,359
Fund Balances at Beginning of Year	2,238,078	5,374,089	138,242	266,239	49,310	8,065,958
Decrease in Reserve for Inventory	(10,476)	(9,521)	0	0	0	(19,997)
Fund Balances at End of Year	$3,035,007	$5,039,125	$164,733	$821,073	$51,382	$9,111,320

See accompanying notes to the general purpose financial statements

LAWRENCE COUNTY, OHIO

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

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property and Other Taxes	$1,713,803	$1,713,803	$0
Permissive Sales Tax	5,912,903	5,912,903	0
Charges for Services	1,139,368	1,139,368	0
Licenses and Permits	8,591	8,591	0
Fines and Forfeitures	292,087	292,087	0
Intergovernmental	1,624,714	1,624,714	0
Interest	397,569	397,569	0
Rent	0	0	0
Donations and Contributions	0	0	0
Other	135,157	135,157	0
Total Revenues	11,224,192	11,224,192	0
Expenditures:			
Current:			
General Government:			
Legislative and Executive	4,545,520	4,545,520	0
Judicial	2,218,519	2,218,519	0
Public Safety	1,655,168	1,655,168	0
Public Works	260,060	260,060	0
Health	30,790	30,790	0
Human Services	219,172	219,172	0
Conservation and Recreation	59,650	59,650	0
Economic Development and Assistance	0	0	0
Transportation	0	0	0
Other	215,873	215,873	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	9,204,752	9,204,752	0
Excess of Revenues Over (Under) Expenditures	2,019,440	2,019,440	0
Other Financing Sources (Uses):			
Proceeds of Notes	0	0	0
Proceeds of Bonds	170,000	170,000	0
Advances In	0	0	0
Advances Out	(17,549)	(17,549)	0
Operating Transfers In	173,607	173,607	0
Operating Transfers Out	(1,925,254)	(1,925,254)	0
Total Other Financing Sources (Uses)	(1,599,196)	(1,599,196)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	420,244	420,244	0
Fund Balances at Beginning of Year	1,366,441	1,366,441	0
Prior Year Encumbrances Appropriated	173,222	173,222	0
Fund Balances at End of Year	$1,959,907	$1,959,907	$0

(Continued)

LAWRENCE COUNTY, OHIO

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

	Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property and Other Taxes	$1,037,644	$1,037,644	$0
Permissive Sales Tax	0	0	0
Charges for Services	302,183	360,048	57,865
Licenses and Permits	317,650	317,650	0
Fines and Forfeitures	151,325	163,595	12,270
Intergovernmental	17,575,602	17,575,602	0
Interest	99,481	100,047	566
Rent	24,154	24,154	0
Donations and Contributions	11,068	11,068	0
Other	333,812	412,764	78,952
Total Revenues	19,852,919	20,002,572	149,653
Expenditures:			
Current:			
General Government:			
Legislative and Executive	274,221	274,221	0
Judicial	362,750	361,284	1,466
Public Safety	1,584,805	1,659,847	(75,042)
Public Works	3,432,442	3,432,442	0
Health	3,519,152	3,519,152	0
Human Services	10,755,037	10,755,037	0
Conservation and Recreation	0	0	0
Economic Development and Assistance	338,400	388,393	(49,993)
Transportation	34,105	34,105	0
Other	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	20,300,912	20,424,481	(123,569)
Excess of Revenues Over (Under) Expenditures	(447,993)	(421,909)	26,084
Other Financing Sources (Uses):			
Proceeds of Notes	0	0	0
Proceeds of Bonds	0	0	0
Advances In	17,549	17,549	0
Advances Out	0	0	0
Operating Transfers In	1,509,697	1,509,697	0
Operating Transfers Out	(1,171,976)	(1,171,976)	0
Total Other Financing Sources (Uses)	355,270	355,270	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(92,723)	(66,639)	26,084
Fund Balances at Beginning of Year	4,678,357	4,678,357	0
Prior Year Encumbrances Appropriated	771,237	771,237	0
Fund Balances at End of Year	$5,356,871	$5,382,955	$26,084

Debt Service Funds			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
$0	$0	$0	$100,000	$100,000	$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	68,531	68,531	0
0	0	0	970,132	970,132	0
0	0	0	0	0	0
1,343	1,343	0	3,217	3,217	0
191,320	191,320	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
192,663	192,663	0	1,141,880	1,141,880	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	2,755,291	2,755,291	0
1,120,361	1,120,361	0	0	0	0
550,405	550,405	0	0	0	0
1,670,766	1,670,766	0	2,755,291	2,755,291	0
(1,478,103)	(1,478,103)	0	(1,613,411)	(1,613,411)	0
0	0	0	150,000	150,000	0
0	0	0	630,000	630,000	0
0	0	0	0	0	0
0	0	0	0	0	0
1,544,597	1,544,597	0	894,443	894,443	0
0	0	0	(380,000)	(380,000)	0
1,544,597	1,544,597	0	1,294,443	1,294,443	0
66,494	66,494	0	(318,968)	(318,968)	0
161,785	161,785	0	629,215	629,215	0
0	0	0	609,749	609,749	0
$228,279	$228,279	$0	$919,996	$919,996	$0

(Continued)

LAWRENCE COUNTY, OHIO

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

	Expendable Trust Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property and Other Taxes	$0	$0	$0
Permissive Sales Tax	0	0	0
Charges for Services	0	0	0
Licenses and Permits	0	0	0
Fines and Forfeitures	0	0	0
Intergovernmental	0	0	0
Interest	1,766	2,072	306
Rent	0	0	0
Donations and Contributions	0	0	0
Other	0	0	0
Total Revenues	1,766	2,072	306
Expenditures:			
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
Conservation and Recreation	0	0	0
Economic Development and Assistance	0	0	0
Transportation	0	0	0
Other	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	0	0	0
Excess of Revenues Over (Under) Expenditures	1,766	2,072	306
Other Financing Sources (Uses):			
Proceeds of Notes	0	0	0
Proceeds of Bonds	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,766	2,072	306
Fund Balances at Beginning of Year	49,311	49,311	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balances at End of Year	$51,077	$51,383	$306

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
$2,851,447	$2,851,447	$0
5,912,903	5,912,903	0
1,441,551	1,499,416	57,865
394,772	394,772	0
1,413,544	1,425,814	12,270
19,200,316	19,200,316	0
503,376	504,248	872
215,474	215,474	0
11,068	11,068	0
468,969	547,921	78,952
32,413,420	32,563,379	149,959
4,819,741	4,819,741	0
2,581,269	2,579,803	1,466
3,239,973	3,315,015	(75,042)
3,692,502	3,692,502	0
3,549,942	3,549,942	0
10,974,209	10,974,209	0
59,650	59,650	0
338,400	388,393	(49,993)
34,105	34,105	0
215,873	215,873	0
2,755,291	2,755,291	0
1,120,361	1,120,361	0
550,405	550,405	0
33,931,721	34,055,290	(123,569)
(1,518,301)	(1,491,911)	26,390
150,000	150,000	0
800,000	800,000	0
17,549	17,549	0
(17,549)	(17,549)	0
4,122,344	4,122,344	0
(3,477,230)	(3,477,230)	0
1,595,114	1,595,114	0
76,813	103,203	26,390
6,885,109	6,885,109	0
1,554,208	1,554,208	0
$8,516,130	$8,542,520	$26,390

LAWRENCE COUNTY, OHIO

Combined Statement of Revenues, Expenses and Changes
in Fund Equity -Proprietary Fund Type for the Year Ended December 31, 1999
and Discretely Presented Component Units for the Fiscal Year Ended June 30, 1999

	Proprietary Fund Type	Component Units		Totals
	Enterprise	Choices	Tri-State Industries	Reporting Entity (Memorandum Only)
Operating Revenues:				
Charges for Services	$1,595,744	$0	$500,449	$2,096,193
Patient Services	28,900,620	0	0	28,900,620
Rental Income	0	18,545	0	18,545
Contributions from County	2,774,367	0	33,215	2,807,582
Other Operating Revenues	400,294	0	1,550	401,844
Total Operating Revenues	33,671,025	18,545	535,214	34,224,784
Operating Expenses:				
Personal Services	18,840,424	0	61,154	18,901,578
Contractual Services	7,801,454	0	12,328	7,813,782
Fringe Benefits	60,210	0	0	60,210
Materials and Supplies	5,236,636	6,099	286,608	5,529,343
Interest Expense	790,245	3,033	0	793,278
Bad Debt	1,924,974	0	0	1,924,974
Depreciation	2,373,335	5,912	24,350	2,403,597
Other	1,425,957	7,932	102,614	1,536,503
Total Operating Expenses	38,453,235	22,976	487,054	38,963,265
Operating Income (Loss)	(4,782,210)	(4,431)	48,160	(4,738,481)
Non-Operating Revenues (Expenses):				
Interest Income	0	243	2,299	2,542
Loss on Disposal of Fixed Assets	(13)	0	0	(13)
Interest and Fiscal Charges	0	0	(36,436)	(36,436)
Restricted Contributions	175	0	0	175
Other Non-Operating Revenues	54,570	0	785	55,355
Total Non-Operating Revenues (Expenses)	54,732	243	(33,352)	21,623
Income (Loss) Before Operating Transfers	(4,727,478)	(4,188)	14,808	(4,716,858)
Operating Transfers - In	28,212	0	0	28,212
Net Income (Loss)	(4,699,266)	(4,188)	14,808	(4,688,646)
Retained Earnings/Fund Balance at Beginning of Year	6,395,131	(27,644)	279,447	6,646,934
Retained Earnings/Fund Balance at End of Year	1,695,865	(31,832)	294,255	1,958,288
Contributed Capital at Beginning of Year	14,494,073	190,387	0	14,684,460
Contributions During the Year:				
Intergovernmental	375,230	43,415	0	418,645
Contributed Capital at End of Year	14,869,303	233,802	0	15,103,105
Total Fund Equity at End of Year	$16,565,168	$201,970	$294,255	$17,061,393

See accompanying notes to the general purpose financial statements

LAWRENCE COUNTY, OHIO

Combined Statement of Revenues, Expenses and
Changes in Fund Equity - Budget and Actual (Budget Basis)
Proprietary Fund Type
For the Year Ended December 31, 1999

	Enterprise Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	$1,490,926	$1,490,926	$0
Grants	426,722	426,722	0
Other Operating Revenues	3,169	3,169	0
Total Revenues	1,920,817	1,920,817	0
Expenses:			
Personal Services	397,752	397,752	0
Fringe Benefits	60,210	60,210	0
Contractual Services	259,744	259,744	0
Materials and Supplies	298,216	298,264	(48)
Other Operating Expenses	7,468	7,468	0
Capital Outlay	366,687	366,687	0
Total Expenses	1,390,077	1,390,125	(48)
Excess of Revenues Over/(Under) Expenses	530,740	530,692	48
Other Financing Soursces/(Uses):			
Transfers - Out	(645,114)	(645,114)	0
Total Other Financing Sources/(Uses)	(645,114)	(645,114)	0
Excess of Revenues Over/(Under) Expenses and Other Financing Uses	(114,374)	(114,422)	48
Fund Equity at Beginning of Year	339,827	339,827	0
Prior Year Encumbrances Appropriated	21,238	21,238	0
Fund Equity at End of Year	$246,691	$246,643	($48)

See accompanying notes to the general purpose financial statements

LAWRENCE COUNTY, OHIO

Combined Statement of Cash Flows
Proprietary Fund Type for the Year Ended December 31, 1999 and
Discretely Presented Component Units for the Year Ended June 30, 1999

	Proprietary Fund Type	Component Units		Totals Reporting Entity
	Enterprise	Choices	Tri-State Industries	(Memorandum Only)
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities:				
Cash Received from Patients and Third Party Payors	$27,699,481	$0	$488,822	$28,188,303
Cash Received from Customers	1,547,674	18,545	0	1,566,219
Cash Payments to Employees for Services and Benefits	(13,459,733)	(14,032)	(47,946)	(13,521,711)
Cash Payments to Suppliers for Goods and Services	(18,047,858)	0	(293,735)	(18,341,593)
Other Operating Revenues	2,979,709	0	1,550	2,981,259
Non-Operating Revenues	0	243	785	1,028
Other Operating Expenses	(7,468)	(3,033)	(83,607)	(94,108)
Net Cash Provided by Operating Activities	711,805	1,723	65,869	779,397
Cash Flows from Non-Capital Financing Activities				
Operating Transfers In	28,212	0	0	28,212
Unrestricted Contributions	30,195	43,415	0	73,610
Net Cash Provided by Non-Capital Financing Activities	58,407	43,415	0	101,822
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(1,333,517)	(43,321)	(19,666)	(1,396,504)
Proceeds from Notes	0	38,293	324,500	362,793
Debt Additions	742,650	0	0	742,650
Grants	426,722	0	0	426,722
Principal Paid on OWDA Loans	(214,247)	0	0	(214,247)
Interest Paid on OWDA Loans	(365,879)	0	0	(365,879)
Principal Paid on Long-Term Debt	(962,971)	(40,158)	(319,574)	(1,322,703)
Interest Paid on LongTerm Debt and Capital Leases	(432,653)	0	(36,436)	(469,089)
Payments on Capital Lease Obligations	(270,318)	0	0	(270,318)
Net Cash Used for Capital and Related Financing Activities	(2,410,213)	(45,186)	(51,176)	(2,506,575)
Cash Flows from Investing Activities:				
Interest on Investments	72,712	0	2,299	75,011
Net Cash Provided by Investing Activities	72,712	0	2,299	75,011
Net Increase (Decrease) in Cash and Cash Equivalents	(1,567,289)	(48)	16,992	(1,550,345)
Cash and Cash Equivalents at Beginning of Year	3,995,883	5,965	88,180	4,090,028
Cash and Cash Equivalents at End of Year	$2,428,594	$5,917	$105,172	$2,539,683

(Continued)

LAWRENCE COUNTY, OHIO

Combined Statement of Cash Flows
Proprietary Fund Type for the Year Ended December 31, 1999 and
Discretely Presented Component Unit for the Year Ended June 30, 1999
(Continued)

	Proprietary Fund Type	Component Units		Totals Reporting Entity (Memorandum Only)
	Enterprise	Choices	Tri-State Industries	
Reconcilation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	($4,782,210)	($4,189)	$48,160	($4,738,239)
Operating Grant for Specific Activity	175	0	0	175
Interest Expense	790,245	0	0	790,245
Depreciation Expense	2,373,335	5,912	24,350	2,403,597
Non-Operating Revenues	0	0	785	785
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	322,963	0	(11,627)	311,336
(Increase) Decrease in Inventory	156,572	0	(1,318)	155,254
Decrease in Prepaids	14,467	0	0	14,467
Increase in Accounts Payable	1,529,888	0	5,519	1,535,407
Increase in Accrued Liabilities	356,523	0	0	356,523
Increase in Accrued Salaries	1,808	0	0	1,808
Increase in Compensated Absences	5,168	0	0	5,168
Decrease in Contracts Payable	(52,418)	0	0	(52,418)
Decrease in Due to Other Governments	(4,711)	0	0	(4,711)
Net Cash Provided by Operating Activities	$711,805	$1,723	$65,869	$779,397

See accompanying notes to the general purpose financial statements

1. Reporting Entity and Basis of Presentation

Lawrence County, Ohio (The County), was settled in 1797, and it was formally established on December 20, 1816 as a County by taking portions of Gallia and Scioto Counties. The County is comprised of fourteen townships. The County is governed by a board of three Commissioners elected by the voters of the County. Other elected officials that manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, two Common Pleas Court Judges, and one Judge for the Probate and Juvenile Courts.

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 administrator 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 units and other organizations that are included to ensure that the financial statements of the County are not misleading.

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Lawrence County, this includes the Board of Mental Retardation and Developmental Disabilities, the Union-Rome Sewer District, the Lawrence County General Hospital, 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 organization's governing board and (1) The County is able to significantly influence the programs or services performed or provided by the organization; or (2) The County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the County in that the County approves the budget, the issuance of debt or the levying of taxes.

The component unit columns in the combined financial statements identifies the financial data of the County's component units, Creating Housing Opportunities in a Community Environment Successfully (CHOICES), Inc. and Tri-State Industries, Inc. They are discretely reported in separate columns to emphasize that they are legally separate from the County.

CHOICES, Inc., is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. The organization assists in providing housing for persons with mental retardation or developmental disabilities. The Lawrence County Board of Mental Retardation and Developmental Disabilities (MR/DD) obtains grants to subsidize the purchase of houses for CHOICES, Inc. CHOICES, Inc. then rents the houses to mentally retarded or developmentally disabled tenants. Based on the significant resources provided by the County to CHOICES, Inc. and CHOICES' sole purpose of providing housing to mentally retarded or developmentally disables persons in Lawrence County, CHOICES, Inc. is presented as a component unit of Lawrence County. CHOICES, Inc. operates on a fiscal year ending June 30. The operating statement of CHOICES, Inc. is presented at the object level. Separately issued financial statements can be obtained from CHOICES, Inc., Coal Grove, Ohio.

Tri-State Industries, Inc., is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. The workshop, under a contractual agreement with the Lawrence County Board of Mental Retardation and Developmental Disabilities (MR/DD) provides sheltered employment for mentally retarded or handicapped adults in Lawrence County. The Lawrence 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 the workshop's sole purpose of providing assistance to the retarded and handicapped adults of Lawrence County, the workshop is presented as a component unit of Lawrence County. Tri-State Industries, Inc. operates on a fiscal year ending June 30. The operating statement of Tri-State Industries, Inc. is presented at the object level. The workshop is required only to report operating information at the program level; however, since it operates under a single program, object level information is presented to provide more comprehensive financial information. Separately issued financial statements can be obtained from Tri-State Industries, Inc., Coal Grove, Ohio.

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.

Lawrence County Agricultural Society
The Lawrence County Educational Service Center
The Lawrence County Joint Vocational School
The Lawrence County Law Library
The Lawrence County Historical Society
The Lawrence County Extension Service
The Lawrence County Economic Development Corporation
The Lawrence County Domestic Violence Task Force, Inc.
The Lawrence County Council on Aging
The Lawrence County Airpark

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 activity of the following districts and agencies is presented as agency funds within the County's financial statements:

Lawrence 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.

Lawrence County Health District is governed by a five member Board of Health which oversees the operation of the Health District. The Board is appointed by an advisory council comprised of the president of the township trustees, mayors of participating municipalities and one County Commissioner. The Board has sole budgetary authority, and controls surpluses and deficits. The County is not legally obligated for the Health District's debt. Funding is based on a rate per taxable valuation, along with state and federal grants applied for by the District.

The Local Emergency Planning Commission is established by the State Emergency Response Commission, which designates Emergency Planning Districts within the State. Commission members are recommended by the County Commissioners and appointed by the State Emergency Response Commission. The Commission receives operating resources in the form of grants from the State.

The County is involved with the following organizations which are defined as jointly governed organizations. Additional financial information concerning the jointly governed organizations is presented in Note 19.

Adams, Lawrence, Scioto Alcohol, Drug Addiction, and Mental Health Services Board
Private Industry Council
Southeast Ohio Emergency Medical Services
Ironton-Lawrence County Community Action Organization
The KYOVA Interstate Planning Commission
Ohio Valley Regional Development Commission

The County is involved in the following organization which is defined as a public entity shared risk pool. Additional information concerning the public entity shared risk pool is presented in Note 20.

Buckeye Joint-County Self-Insurance Council

The County is involved in the following organization which is defined as a joint venture. Additional financial information concerning the joint venture is presented in Note 21.

Scioto-Lawrence Counties Joint Solid Waste District

The County is involved with the following organization which is defined as a related organization. Additional financial information concerning the related organization is presented in Note 22.

Briggs-Lawrence County Library

B. Basis of Presentation - Fund Accounting

The County (primary government), CHOICES, Inc. and Tri-State Industries (component units) use funds and account groups to report on their financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain 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 proprietary funds and trust funds) are accounted for through governmental funds. The following are the County's governmental fund types:

General Fund

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

Special Revenue Funds

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

Debt Service Fund

This fund is used to account for the accumulation of financial resources for, and the payment of, general long-term debt principal, interest and related costs and special assessment long-term debt principal, interest and related costs.

Capital Projects Funds

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

Proprietary Fund Type

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

Enterprise Funds

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

Fiduciary Fund Types

These funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. 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.

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 debt of the County, except that accounted for in the proprietary funds.

2. Summary of Significant Accounting Policies

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. The County applies Financial Accounting Standards Board Statements and Interpretations issued prior to November 30, 1989 to proprietary activities, provided they do not contradict or conflict with Governmental Accounting Standards Board Statements and Interpretations.

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 the expendable trust fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

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

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

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current 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 7), federal and state grants and shared revenues, 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.

The County reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet, and revenue is recognized. Property taxes measurable as of December 31, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance 1999 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 on expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due, and costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The proprietary funds, CHOICES and Tri-State Industries are reported using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. Unbilled service charges receivable are recognized as revenue at year end.

B. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation 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 and the River Valley Health System Enterprise Fund, legally are required to be budgeted and appropriated. The primary 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. Budgetary information for CHOICES and Tri-State Industries, Inc. is not reported because they are not included in the entity for which "the appropriated budget" is adopted, and do not maintain separate budgetary financial records.

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 statement 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 Ohio 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 expendable trust funds, and are reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations

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

C. Cash and Cash Equivalents

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 repurchase agreements, which are reported at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 1999 amounted to $397,104**,** which includes $332,210 assigned from other County funds.

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.

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. Cash and Cash Equivalents Whose Use is Limited

Cash and cash equivalents whose use is limited include assets set aside by the Hospital Board of Trustees for future capital improvements, over which the Board of Trustees retains control and may at its discretion subsequently use for other purposes.

E. 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.

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

F. Inventory of Supplies

Inventories of governmental and proprietary funds are stated at cost while inventories of Tri-State Industries 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 and component unit 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.

G. 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 payment, and an expenditure/expense is reported in the year in which services are consumed.

H. Interfund Assets and Liabilities

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

Amounts owed to a particular fund by another fund in the County 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."

I. 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 acquisitions 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.

2. Enterprise Fund Fixed Assets

Property, plant, and equipment reflected in the enterprise funds and by Tri-State industries and CHOICES 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:

Description	Primary Government Estimated Lives	Tri-State Industries Estimated Lives	CHOICES Estimated Lives
Buildings and Plants	50 years	40 years	30 years
Improvements other than Buildings	35 years	N/A	N/A
Furniture and Fixtures	15-25 years	N/A	N/A
Vehicles	5 years	5 years	N/A
Equipment	5-10 years	5-15 years	N/A

3. Valuation

The primary government's 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. Tri-State Industries' asset values were determined at original acquisition cost when purchased.

J. Compensated Absences

The County has implemented the provisions of Governmental Accounting Standards Board Statement No. 16 "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the county will compensate the employees for the benefits through paid time off or some other means. Sick leave befits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits. 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 the governmental funds, the County records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The County records a liability for accumulated unused sick leave for all public assistance fund employees after one year of service and all other departments' employees after ten years of service. 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. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Intergovernmental Revenues

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

L. Net Patient Service Revenue

New patient service revenues are reported at the estimated net amounts realizable from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

M. Charity Care

The Hospital provides care to patients who meet criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenues.

N. Accrued and Long-term Liabilities

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than forty-five 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.

O. Capitalization of Interest

The County's policy is to capitalize net interest on proprietary fund construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project and the interest earned from temporary investment on the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 1999 interest costs incurred on construction projects in proprietary funds were not material.

P. Contributed Capital

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

Q. 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. Undesignated fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, inventory, loans and unclaimed monies. By law unclaimed monies are not available for appropriation until five years have elapsed.

R. Medical Malpractice and Comprehensive Self-Insurance

The Hospital recognizes estimated asserted and unasserted malpractice claims in the period of occurrence, based on its past claims experience.

S. Interfund Transactions

During the course of normal operations the County makes 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.

T. 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 that a component unit is included, two total columns are presented. The first is captioned primary government to indicate that only those activities that comprise the County's legal entity have been included. The second is captioned reporting entity and includes the activity and operations of the County's legally separate discretely presented component unit. See Note 1. The total column on statements which do not include a component unit has no additional caption.

U. 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.

3. Budgetary Basis of Accounting

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

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis), All Governmental Fund Types and Expendable Trust Fund and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis), Proprietary Fund Type 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:

1. Revenues received by year end and not posted to cash (budget basis) are recorded as revenue (GAAP basis).

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

3. Outstanding year end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis). 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 as 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 non-hospital debt obligations are reported in debt service funds on the operating statements (budget basis) rather than in the funds receiving those proceeds or responsible for making the debt payments (GAAP basis).

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
Governmental Funds Types and Expendable Trust Fund

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	$807,405	($325,443)	$26,491	$554,834	$2,072
Net Adjustment For Revenue Accruals	(16,125)	711,792	716	473,633	0
Note Proceeds	0	0	0	150,000	0
Net Adjustment for Expenditure Accruals	(22,703)	25,303	0	(1,063,989)	0
Debt Principal Retirement	0	0	(825,371)	0	0
Prepaids	17,051	24,980	0	0	0
Interest and Fiscal Charges	0	0	(392,424)	0	0
Transfers - In	0	0	1,254,765	(44,206)	0
Transfers - Out	(159,550)	0	2,317	(380,000)	0
Advances - In	0	17,549	0	0	0
Advances - Out	(17,549)	0	0	0	0
Encumbrances	(188,285)	(520,820)	0	(9,240)	0
Budget Basis	$420,244	($66,639)	$66,494	($318,968)	$2,072

Net Income/(Loss)
Excess of Revenues Over Expenses and Operating Transfers
Proprietary Fund Type

	Enterprise
GAAP Basis	(4,699,266)
Net Adjustment for Revenue Accruals	321,904
Net Adjustment for Expense Accruals	(81,701)
Capital Outlay	(366,687)
Depreciation	980,095
Interest and Fiscal Charges	358,804
Prepaids	119,639
Transfers - In	(28,212)
Transfers - Out	(645,114)
Loss on Sale of Fixed Assets	13
Encumbrances	(26,818)
Excess of Net Income for Non Budgeted Fund	3,952,921
Budget Basis	(114,422)

4. Accountability and Compliance

A. Fund Deficits

The following funds had a deficit fund balance/retained earnings as of December 31, 1999:

	Deficit Fund Balance/Retained Earnings
Special Revenue Funds:	
Family and Children First	$22
Public Assistance	672,600
Youth Services	4,120
Cops in Shops	8,501
Hazard Mitigation #1	26,159
Hazard Mitigation #2	59,631
Capital Projects Funds:	
Real Estate	147,084
Enterprise Funds:	
Union-Rome Sewer	2,886,851

The deficits in the Special Revenue and Capital Projects Funds are largely the result of the recognition of liabilities in accordance with generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. The deficit in the Union-Rome Sewer Enterprise Fund is largely the result of the reporting of contributed capital and sewer rates that do not cover the true cost of operating the sewer system. Management is evaluating how to resolve this issue.

B. Legal Compliance

The following accounts had expenditures plus encumbrances in excess of appropriations contrary to section 5705.41, Revised Code:

	Excess
Special Revenue Funds:	
Law Enforcement Trust Fund	
Public Safety	
Other	$20,825
Commissary Fund	
Public Safety	
Other	54,217
Revolving Loan Fund	
Economic Development and Assistance	
Other	49,993

5. Deposits and Investments

A. Primary Government

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;

5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer's investment pool (STAR Ohio);

8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;

9. High grade commercial paper 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. Payments 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.

Deposits
At year-end, the carrying amount of the County's deposits was $5,232,893, and the bank balance was $8,631,563. Of the bank balance:

1. $1,412,100 was covered by federal depository insurance;

2. $739,375 was collateralized with securities held by the pledging financial institution’s trust department or agent in the County’s name;

3. $6,480,088 was considered uninsured and uncollateralized even though securities for collateral were held by the pledging financial institutions' trust department in the County's name and all State statutory requirements for the deposit of money had been followed. Non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC;

Investments
Category 1 includes investments that are insured or registered for which the securities are held by the County or its agent in the County’s name. Category 2 includes

uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's name.

	Category 1	Category 2	Category 3	Carrying Value	Market Value
Repurchase Agreements	$0	$0	$7,950,000	$7,950,000	$8,109,000

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 entitled "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	$13,182,893	$0
Investments:		
Repurchase Agreements	(7,950,000)	7,950,000
GASB Statement 3	$5,232,893	$7,950,000

B. Component Units

At year end, the carrying amount of Tri-State Industries' deposits was $105,172, and the bank balance was $43,942. The bank balance was covered by federal depository insurance.

At year end, the carrying amount of CHOICES' deposits was $5,917, and the bank balance was $6,316. The bank balance was covered by federal depository insurance.

6. 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 collection 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 intended to finance 2000.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility 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 assessed value for the taxes collected in 1999 was $616,507,000 of which real property represented 78 percent ($483,201,570) of the total, public utility property represented 12 percent

($75,854,730) of the total, and tangible personal property represented 9 percent ($57,450,700) of the

total. The full tax rate for all County operations for taxes collected in 1999, was $5.60 per $1,000 of assessed valuation.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due by 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 by 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.

7. Permissive Sales and Use Tax

In 1967, in accordance with Section 5739.02 of the Revised Code, counties were authorized to levy an excise tax of one half of one percent to one percent. The tax must be levied pursuant to a resolution of the county commissioners and a copy of the resolution sent to the tax commissioner no later than sixty days prior to the effective date of the tax.

The tax commissioner shall within forty-five days after the end of each month certify to the director of budget and management the amount of the proceeds of such tax or taxes paid to the treasurer of state during that month to be returned to the county. The director then provides for payment to the county treasurer on or before the twentieth day of the month on which certification is made.

In February 1983, the tax commissioners adopted by resolution a one percent Permissive Sales and Use Tax, and in April 1998 a one half percent Permissive Sales and Use Tax, as allowed by Sections 5739.02 and 5742.02, Revised Code. Amounts that will be received within the available period are accrued as revenue. Sales and use tax revenue for 1999 amounted to $6,054,013, and is recorded in the General Fund.

8. Receivables

A. Primary Government

Receivables at December 31, 1999, consisted of taxes, loans, interest, special assessments, court costs, accounts (billings for user charged services, including unbilled utility and medical services), and intergovernmental receivables arising from grants and shared revenues. Delinquent utility accounts receivable may be certified and collected as a special assessment, subject to foreclosure for nonpayment, and are therefore considered fully collectible. Receivables for medical services rendered and other receivables related to the hospital have been reduced by $2,092,000 to allow for bad debt.

A summary of the principal items of intergovernmental receivables follows:

	Amount
General Fund:	
Housing of Prisoners	$3,920
Reimbursement EMA Expenses	12,150
Estate Tax Salary	1,024
IVD Contract	25,295
Security Evan Newman Group Home	105
Indigent Defense	7,648
Miscellaneous State Grants	319
Total General Fund	50,461
Special Revenue Funds:	
Childrens Services Subsidy	146,908
MVGT Township Reimbursement	216,551
Cops in Shops	9,099
HEARTS Grant	23,939
MRDD Bus Reimbursement	55,000
MRDD Reimburse Grant	102,466
Human Service Grants	7,326
Sheriff's Highway Safety	7,885
Tuberculosis Grant	1,032
Violence Against Women Grant	15,004
Common Pleas In-House Mediator Grant	16,810
Common Pleas Security Grant	23,000
Group and Shelter Home Support Services	24,131
Total Special Revenue Funds	649,151
Enterprise Fund:	
Ohio Public Works Commission Grant	19,556
Agency Funds:	
Libraries Local Government Support	180,082
Local Government	119,308
Gasoline Tax	57,257
Motor Vehicle License Tax	28,135
Undivided Revenue Assistance	38,461
Total Agency Funds	423,243
Grand Total	$1,142,411

B. Component Units

Tri-State Industries, Inc. uses the allowance method of accounting for doubtful accounts. All accounts were considered to be fully collectible at June 30, 1999; therefore, no allowance for doubtful accounts has been recorded. CHOICES, Inc. had no receivables as of June 30, 1999.

9. Concentration of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third party payor agreements. The mix of receivables from patient and third party payors at December 31, 1999 was as follows:

Federal Government: Medicare	42%
State of Ohio: Medicaid, Workers Compensation	31%
Commercial Insurance, self-pay and Other	27%
Total	100%

10. Fixed Assets

A summary of the enterprise funds' and component units' fixed assets at December 31, 1999 follows:

	Primary Government	CHOICES	Tri-State Industries
Land	$1,233,239	$42,476	$0
Buildings	11,996,735	213,223	430,000
Improvements Other than Buildings	23,745,140	0	0
Furniture, Fixtures, Machinery and Equipment	14,965,580	0	214,048
Vehicles	483,407	0	0
Construction in Progress	368,386	0	0
Total	52,792,487	255,699	644,048
Less: Accumulated Depreciation	(24,054,981)	(25,921)	(186,874)
Net Fixed Assets	$28,737,506	$229,778	$457,174

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

	Balance January 1, 1999	Additions	Reductions	Balance December 31, 1999
Land	$766,366	$35,124	$0	$801,490
Buildings	11,435,013	205,823	1,000	11,639,836
Improvements Other than Buildings	1,500,720	114,979	0	1,615,699
Furniture, Fixtures, Machinery and Equipment	3,984,601	562,134	171,474	4,375,261
Vehicles	2,931,394	423,813	211,835	3,143,372
Construction in Progress	76,103	210,857	68,603	218,357
Total	$20,694,197	$1,552,730	$452,912	$21,794,015

11. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; employee injuries and natural disasters. By contracting with Buckeye Joint-County Self-Insurance Council (BJCSIC) for auto, crime, liability and property insurance, the County has addressed these various types of risk.

The County has general and auto liability coverage of $1,000,000 per occurrence, uninsured motorists coverage of $12,500 per person with a total of $25,000 per accident, public official errors and omission liability coverage of $300,000 per occurrence, law enforcement liability coverage of $1,000,000 per occurrence and a $2,000,000 aggregate, and crime insurance coverage of $100,000 per occurrence. The County's property insurance is on a replacement cost basis for a blanket amount of $23,853,100 on buildings and contents and includes the following: data processing equipment with a $1,000 deductible, valuable papers and records, and extra expense amounts of $25,000 each for the County Courthouse and the Children's Shelter. Comprehensive boiler and machinery coverage is carried in the amount of $9,000,000 with a $500 deductible.

At the balance sheet date, the Hospital carried claims made basis malpractice insurance coverage of $1,000,000 per claim and $3,000,000 aggregate, plus excess liability coverage of $1,000,000.

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

12. Defined Benefit Pension Plans

A. <u>Public Employees Retirement System:</u>

All County full-time employees, other than teachers, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report 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 County's required contributions to PERS for the years ended December 31, 1999, 1998, and 1997 were $3,018,609, $3,022,974, and $4,514,625,, respectively. The full amount has been contributed for 1998 and 1997. 92 percent has been contributed for 1999 with the remainder being reported as a liability within the general long-term obligations account group.

B. State Teachers Retirement System:

Certified teachers employed by the school for the Mental Retarded/Developmentally Disabled participate in the State Teachers Retirement System of Ohio (STRS), 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; for fiscal year 1999, 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 $33,844,$50,837 and $74,421, respectively. The full amount has been contributed for 1998 and 1997. 92 percent has been contributed for 1999 with the remainder being reported as a fund liability.

C. Social Security System

Effective July 1, 1991, all officials not otherwise covered by a State Retirement System have an option to choose social security or the appropriate state system. As of December 31, 1999, none have elected social security.

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 for the year 1999. 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 $523,599,346. 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 $1,090,644.

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 fiscal year 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 $45,126 during 1999.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was $2,156 million at June 30, 1998. For the year ended June 30, 1998, net health care costs paid by STRS were $219,224,000. There were 91,999 eligible benefit recipients.

14. Other Employer Benefits

A. Compensated Absences

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service with the County. Accumulated, unused sick leave and compensatory time is paid to a terminated employee at varying rates depending on length of service and department policy. As of December 31, 1999 the liability for compensated absences was $1,998,005 for the County.

B. Employee Insurance

The County contracts annually with Central Benefits Insurance Company for employee health insurance. The County pays eighty-five percent of the monthly health insurance premiums. The following departments' health insurance premiums are paid one hundred percent by the County: Public Assistance, Board of Elections, and Engineer supervisors and office workers. The union employees in the County Engineer's Office have contracted their health insurance through Ohio Conference Teamsters. The County pays 93.58 percent of their monthly insurance premium. The County contracts for life insurance coverage through Central Benefits Insurance Company. The County pays the same premium percentages for the life insurance except for the County Engineer's office union employees' premiums which are completely paid by the County.

C. Early Retirement Incentive

The Lawrence County Department of Human Services has an Early Retirement Incentive program. Participation was open to employees who were qualified for retirement with the years purchased and agreed to retire within ninety days after notification that credit had been purchased.

15. Capital Leases - Lessee Disclosure

In prior years, the County has entered into capitalized leases for copying equipment, office equipment, postage machines, and hospital equipment. The County entered into no new capital leases in 1999. 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 and as a reduction in a liability in the Proprietary Funds. Equipment acquired by lease has been capitalized in the general fixed assets account group in the amount of $165,411, 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 toward all capital leases for the Governmental Funds during 1999 totaled $2,298. Principal payments toward all capital leases for the Proprietary Funds during 1999 totaled $270,318.

Equipment acquired by lease by the Hospital has been capitalized in the Enterprise Fund in an amount equal to the present value of the future minimum lease payments at the time of acquisition. Accumulated amortization of Enterprise Fund capital leases was $1,847,150 at December 31, 1999. The Hospital Enterprise fund leases certain equipment under various non-cancelable capital leases expiring through 2004. The following is a schedule by year of future minimum lease payments together with the related present values:

Governmental Capital Leases:	
Year Ending December 31,	
2000	$2,393
Net Minimum Lease Payments	2,393
Less: Amount Representing Interest	(170)
Present Value of Net Minimum Lease Payments	$2,223

Proprietary Capital Leases:	
Year Ending December 31,	
2000	$546,671
2001	475,055
2002	321,988
2003	222,517
2004	58,818
Net Minimum Lease Payments	1,625,049
Less: Amount Representing Interest	(238,841)
Present Value of Net Minimum Lease Payments	$1,386,208

16. Long-Term Debt

Changes in the County's general long-term obligations during 1999 consist of the following:

General Long-Term Obligations:

	Outstanding 12/31/98	Additions	Reductions	Outstanding 12/31/99
Court Facilities 1990 7.3% General Obligation Bonds	$120,000	$0	$60,000	$60,000
Limited Tax 1992 5.1% General Obligation Bonds	160,000	0	35,000	125,000
Human Services 1993 4-6.5% General Obligation Bonds	1,580,000	0	65,000	1,515,000
Child Support Enforcement 1995 6.2% General Obligation Bonds	160,000	0	20,000	140,000
Real Estate Assessment 1996 6.25% General Obligation Bonds	425,000	0	95,000	330,000
Various Purpose Bonds 1999 4.90% General Obligation Bonds	0	800,000	0	800,000
Subtotal General Obligation Bonds	2,445,000	800,000	275,000	2,970,000
OPWC Promissory Note 1995 0.00%	169,949	0	10,000	159,949
Capital Leases	4,521	0	2,298	2,223
Early Retirement Incentive	0	368,935	212,608	156,327
Compensated Absences	1,629,024	347,808	246,943	1,729,889
Total General Long-Term Obligations	$4,248,494	$1,516,743	$746,849	$5,018,388

Enterprise Fund Obligations:

	Outstanding 12/31/98	Additions	Reductions	Outstanding 12/31/99
Sewer 1991 7.11% OWDA Loan	$362,180	$0	$15,937	$346,243
Sewer 1988 9.78% OWDA Loan	3,243,063	0	117,826	3,125,237
Sewer 1988 2.00% OWDA Loan	1,285,677	0	80,484	1,205,193
Subtotal OWDA Loans	4,890,920	0	214,247	4,676,673
Sewer 1995 0.00% OPWC Promissory Note	1,038,070	0	54,121	983,949
Hospital 1992A 5.00% Ohio Hospital Facilities Revenue Bonds	2,058,000	0	67,000	1,991,000
Hospital 1992B 5.00% Ohio Hospital Facilities Revenue Bonds	1,716,305	479,706	0	2,196,011
Hospital 8.09% $1,053 Monthly Installments Secured by Mortgage on 2412 South Sixth Street	22,360	0	11,234	11,126

Hospital 7% $62,996 Monthly Installments Secured by Real Estate and Equipment	1,073,466	0	703,087	370,379
Hospital 9.50% $239 Monthly Installments Secured by Mortgage on 2310 South Ninth Street	17,320	0	1,203	16,117
Hospital 8.00% $849 Monthly Installments with a Balloon Payment of $42,735 Secured by Mortgage on 2308 South Ninth Street	52,027	0	6,255	45,772
Hospital 8.00% $1,365 Monthly Installments Secured by Mortgage on Parcel No. 37-001-0500.000 State Route 141	64,366	0	9,644	54,722
Hospital 7.50% $1,187 Monthly Installments Secured by Mortgage on 802 Kemp Avenue	94,814	0	5,486	89,328
Hospital - Quarterly interest payments at prime - Secured by Mortgage on 2124 South Eighth Street State Route 141	46,000	0	0	46,000
Hospital 9.00% Ben Roach and Robert Mullens	70,175	35,000	0	105,175
Hospital Monthly interest payments at 1.5% under prime, secured by certificate of deposit	0	150,000	0	150,000
Subtotal Other Long-Term Liabilities	5,214,833	664,706	803,909	5,075,630
Total Enterprise Obligations	$11,143,823	$664,706	$1,072,277	$10,736,252

Numerous capital leases have been entered into by the hospital for the acquisition of equipment. At December 31, 1999 the liability for these leases was $1,386,208. The lease payments are made from operating revenues of the hospital enterprise fund.

The court facility bond was used to construct a court building. The debt will be retired from property taxes levied by the County.

The limited tax general obligation bond was used for various County purposes. The debt will be retired from property taxes levied by the County.

The human services bond was used to repay notes for the purchase and restoration of an office building for the Department of Human Services. This debt is being retired with lease payments made by the County Department of Human Services.

The child support enforcement bond was used to repay notes from the purchase and restoration of an office building for the Child Support Enforcement Agency. This debt is being retired with lease payments made by the Child Support Enforcement Agency.

The real estate assessment bonds were used to pay for the County's property reappraisal. The debt will be retired from property taxes.

The County received an Ohio Public Works Commission loan to improve storm drainage in the eastern part of the County. The debt will be paid from property taxes.

Annual debt service requirements to maturity for general obligation debt, including interest of $1,064,470 are as follows:

Year Ending December 31	General Obligation Bonds	OPWC Note
2000	$525,263	$4,998
2001	458,557	9,997
2002	465,940	9,997
2003	295,687	9,997
2004	290,168	9,997
2005-2009	1,353,655	49,985
2010-2014	645,200	49,985
2015-2016	0	14,993
Total	$4,034,470	$159,949

The County will pay compensated absences and early retirement incentive payments out of the fund from which employees salaries are paid. Capital lease obligations will be paid from the fund that maintains custody of the related asset.

The County received three OWDA loans to construct a waste water treatment plant. The debt will be paid from revenues derived by the County from the operation of the waste water enterprise fund.

The County received an Ohio Public Works Commission loan to make improvements on its waste water treatment plant. The debt will be paid from revenues derived by the County from the operation of the waste water enterprise fund.

The Sewer enterprise fund debt service requirements to maturity, including $2,900,841 of interest, are as follows:

Year Ending December 31	OWDA Loans	OPWC Loan
2000	$582,950	$27,059
2001	582,949	54,117
2002	582,949	54,117
2003	582,950	54,117
2004	582,949	54,117
2005-2009	2,914,746	270,585
2010-2014	1,748,021	270,585
2015-2019	0	199,252
	$7,577,514	$983,949

The Hospital Enterprise fund issued Ohio Hospital Facilities Revenue Bonds to be used for the Intensive Care Unit. The debt will be retired from operating revenues of the Hospital. The Hospital also has mortgages on several houses that are used for office buildings. These long-term obligations, secured by mortgages, will be retired from operating revenues of the Hospital.

The annual requirement to amortize all debt outstanding, not including interest, for the Hospital Enterprise fund as of December 31,1999 is as follows:

Year Ending December 31	Bonds	Mortgage Notes
2000	$138,000	$754,468
2001	144,000	23,776
2002	152,000	25,699
2003	159,000	23,383
2004	167,000	12,667
2005-2009	972,000	48,626
2010-2014	1,237,000	0
2015-2019	1,218,011	0
	$4,187,011	$888,619

The County's overall legal debt margin was $61,618,019 at December 31, 1999.

17. Notes Payable

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

		Outstanding 12/31/98	Issued	Retired	Outstanding 12/31/99
General Fund:					
County Building	4.45%	$160,000	$0	$160,000	$0
Capital Project Funds:					
Equipment Acquisition	4.40%	230,000	0	230,000	0
Equipment Acquisition	4.00%	150,000	0	150,000	0
Real Estate Acquisition	4.57%	0	150,000	0	150,000
Total Capital Project Funds		380,000	150,000	380,000	150,000
Enterprise Funds:					
Sewer Improvement	4.50%	27,000	0	27,000	0
Total		$567,000	$150,000	$567,000	$150,000

18. Interfund Transactions

Due from other funds and due to other funds, and interfund receivables and interfund payables at December 31, 1999, consist of the following individual balances:

	Due From	Due To	Interfund Receivable	Interfund Payable
General Fund	$1,973,084	$0	$19,561	$0
Special Revenue Funds				
Mental Retardation and Developmental Disabilities	1,072,119	0	0	0
Motor Vehicle Gasoline Tax		23,452	0	0
Family and Children First	0	0	0	0
Child Support Enforcement Agency	8,042	29,544	0	0
Violence Against Women Act	0	0	0	2,012
Cops on Shops	0	0	0	17,549
Public Assistance	0	68,611	0	0
Total Special Revenue Funds	1,080,161	121,607	0	19,561
Bond Retirement Fund	27,135	0	0	0
Agency Funds				
Soil Special	0	1,000	0	0
Undivided Property Tax	0	2,949,731	0	0
Alimony and Child Support	0	8,042	0	0
Total Agency Funds	0	2,958,773	0	0
Total All Funds	$3,080,380	$3,080,380	$19,561	$19,561

19. Jointly Governed Organizations

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

The ADAMH Board is responsible for the delivery of comprehensive mental health and substance abuse services in Adams, Lawrence, and Scioto counties. The Board provides no direct services but contracts for their delivery. The Board's function is to assess needs, and to plan, monitor, fund, and evaluate the services provided. The Board is managed by eighteen members, two appointed by the Commissioners of Adams County; three by the Commissioners of Lawrence County; five by the Commissioners of Scioto County; four by the Ohio Department of Drugs and Alcohol; and four by the Ohio Department of Mental Health. Each participating county's influence is limited to the number of members each appoints to the board. The Board exercises total control of the budgeting, appropriation, contracting, and management.

No contributions were provided to the Board by Lawrence County during 1999. Revenues are provided by state and federal grants awarded to the multi-county board. Continued existence of the Board is not dependent on the County's continued participation, no debt exists, and the County does not have an equity interest in the Board.

B. Private Industry Council

The PIC is a jointly governed organization consisting of representatives from the private and public sectors of Athens, Gallia, Hocking, Lawrence, Meigs, Perry, and Vinton Counties appointed by the County Commissioners from each county. The advisory council is the

Governing Board of the PIC. The Board sets policies for the private industry council. State grants are received from the Ohio Bureau of Employment Services in the name of the Ironton- Lawrence County Community Action Organization, which acts as the council's administrative agent. The grants are disbursed among the participating counties based on population. The County does not have any financial interest or responsibility. No contributions were provided to the Board by Lawrence County during 1999.

C. Southeast Ohio Emergency Medical Services

The EMS was organized to provide emergency medical services to four counties in southeast Ohio. A twelve member board of directors governs the service. Each county appoints three members to the Board of Directors, upon approval of the current board members. The Board of Directors, in conjunction with the finance director, budget and approve expenditures, retain responsibility for surpluses and deficits, and are responsible for any debt incurred. The EMS is not dependent upon Lawrence County for its continued existence, and the County does not maintain an equity interest. In 1999, the County paid $909,928 to the EMS for services provided to the County.

D. Ironton-Lawrence County Community Action Organization

The Ironton-Lawrence County Community Action Organization (CAO) is an IRS 501C3 non-profit organization established to plan, develop, and coordinate programs and services designed to combat problems of poverty and seek the elimination of the conditions of poverty that affect the residents of Lawrence County. The CAO administers Community Development and Litter Control Block Grants for Lawrence County as well as similar grants for the City of Ironton. The CAO Board is comprised of public officials from the County, municipalities, villages, and townships within the County. Other members are representatives of the poor in the area served and officials or members of the private sector of the community. The CAO controls its own operations and budget. In 1999, the County paid the CAO $35,000 for services provided to the County.

E. The KYOVA Interstate Planning Commission

The KYOVA Interstate Planning Commission was established by joint resolution adopted by the State of West Virginia and Ohio. The objectives and policies of the Commission are prescribed in the West Virginia State Code, Chapter 8, Articles 4C-4 and the Ohio Revised Code, Section 713.30 et seq. Membership is comprised of elected or appointed county and municipal officials or their officially appointed designees as determined by the three county governing bodies of Cabell and Wayne Counties, West Virginia, and Lawrence County, Ohio, and by the governing bodies of the cities of Huntington, West Virginia, and Ironton, Ohio. The Commission is not dependent upon Lawrence County for its continued existence. In 1999, the County made no contributions to the Commission.

F. Ohio Valley Regional Development Commission

The Ohio Valley Regional Development Commission is a jointly governed organization that serves a twelve county economic development planning district in southern Ohio. The commission was formed to influence favorably the future economic, physical and social development of Adams, Brown, Clermont, Fayette, Gallia, Highland, Jackson, Lawrence, Pike, Ross, Scioto, and Vinton Counties. Membership is comprised of elected and appointed county, municipal and township officials or their officially appointed designees, as well as members of the private sector, community action agencies and regional planning commissions. The commission is not dependent upon Lawrence County for its existence. In 1999 the County made $2,750 in contributions to the commission.

20. Public Entity Shared Risk Pool

Buckeye Joint-County Self-Insurance Council

The Buckeye Joint-County Self-Insurance Council is a public entity shared risk pool that serves Athens, Hocking, Jackson, Lawrence, Meigs, Monroe, Morgan, Noble, Perry, Pike, Vinton, and Washington counties. The Council was formed as an Ohio non-profit corporation for the purpose of establishing an shared risk pool to provide general liability, law enforcement, professional, and fleet insurance. Member counties provide operating resources to the corporation based on actuarially determined rates.

The degree of control exercised by any participating government is limited to its representation on the Board. The Governing Board is composed of at least one County Commissioner from each of the participating counties. The Governing Board annually elects officers which include a President, Vice President, Second Vice President and two Governing Board Members. The expenditures and investment of funds by the officers must be approved by the Governing Board unless specific limits have been set by the Governing Board to permit otherwise.

Lawrence County does not have any ongoing financial interest or responsibility. The agreement between the County and the Council indicates that a voluntary withdrawal or termination by the County shall constitute a forfeiture of any pro rata share of the Council reserve fund. In the event of the termination of the Council, current members shall be paid in an amount they have contributed to the Council as of the last month of the Council's existence. Current calculation of the potential residual interest is therefore not possible. During 1999, Lawrence County paid $177,251 to the Council for insurance coverage.

21. Joint Venture

The Scioto-Lawrence Counties Joint Solid Waste District

The Scioto-Lawrence Counties Joint Solid Waste District is jointly operated by Scioto and Lawrence Counties for the purpose of making disposal of waste in the two-county area more comprehensive in terms of recycling, incinerating and landfilling. The Board of Directors consists of nine members, including one County Commissioner from each County. Maintenance of the financial records pertaining to the operation of the Solid Waste District rotates between the two counties every third year. Lawrence County maintained the records in 1999.

Lawrence County contributed $13,760 to the District during 1999. Continued existence of the District is dependent upon the County’s continued participation; however, the County does not have an equity interest in the District. The District is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit or burden on the County. The financial activity of the District is presented as an agency fund due to the County serving as fiscal agent.

22. Related Organization

Briggs-Lawrence County Library

The Briggs-Lawrence County Library is statutorily created as a separate and distinct political subdivision of the State. The Library is governed by a six member Board of Trustees appointed by the Judge of the Court of Common Pleas. While the County Budget Commission approves the budget and any tax levies the Library desires to place on the ballot, these are ministerial functions. The Trustees adopt their own appropriations, hire and fire their own staff, authorize the Library expenditures and do not rely on the County to finance deficits.

23. Food Stamps

The County's Department of Human Services (Welfare) distributes, through a contracting issuance center, federal food stamps to entitled recipients within Lawrence County. The receipt and issuance of the 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 $427,730 of federal food stamps at December 31, 1999.

24. Charity Care

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy. The following information measures the level of charity care provided during the year ended December 31, 1999.

Charges foregone, based on established rates	$143,785
Estimated costs and expenses incurred to provide charity care	$99,427
Equivalent percentage of charity care charges to Hospital total, based on established rates	.29%

25. Segment Information for Enterprise Funds

The government maintains two enterprise funds which are intended to be self-supported through user fees charged for services provided to consumers for sewer and water services, and medical care. Financial segment information for the year ended December 31, 1999 is as follows:

	Sewer	Hospital	Total
Operating Revenues	$1,598,913	$32,072,112	$33,671,025
Depreciation Expense	980,095	1,393,240	2,373,335
Operating Income (Loss)	(774,544)	(4,007,666)	(4,782,210)
Net Non-Operating Revenues (Expenses)	(13)	54,745	54,732
Operating Transfers - In	28,212	0	28,212
Net Income (Loss)	(746,345)	(3,952,921)	(4,699,266)
Additions to Fixed Assets	552,554	(1,346,062)	(793,508)
Net Working Capital	716,802	(422,506)	294,296
Total Assets	17,928,643	19,128,702	37,057,345
Long-Term Liabilities Payable from Revenue	5,660,622	6,806,012	12,466,634
Total Equity	11,982,452	4,582,716	16,565,168
Encumbrances Outstanding at December 31, 1999	26,818	0	26,818

26. Contingent Liabilities

A. Primary Government

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.

One of the pending lawsuits against the County is in regards to allegations that Lawrence County did not properly apply FEMA regulations and is in the discovery stage. At this point it is difficult to determine the potential liability of the County due to the unusual nature of the case. This case is set for trial in December 2000. Due to the nature of the claim, a realistic amount is difficult to determine.

There are several other lawsuits pending against the County. The prosecuting attorney's office is uncertain as to the exact outcome of the lawsuits, but does not estimate any liability on the County's part.

The hospital is party to several routine lawsuits incidental to its operation. It is not possible at the present time to estimate the ultimate legal and financial liability, if any, of the hospital with respect to such lawsuits.

B. Component Units

As of June 30, 1999, there is no pending litigation against Tri-State Industries, Inc. or CHOICES, Inc.

27. Related Party Transactions

Tri-State Industries, Inc., a discretely presented component unit of Lawrence 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 value as applicable, in the general purpose financial statements. In 1999, these contributions were $1,103,598.

28. Supplemental Cash Flow Information

The cost of equipment financed under capital lease obligations was $623,280 in 1999.

29. Estimates and Concentrations

Certain Significant Estimates: Allowance for Uncollectible Accounts - Management's estimate of uncollectible patient accounts is based largely on the Hospital's collection experience during prior years. It is at least reasonably possible that management's estimate of uncollectible accounts will change during the next year.

Accounts Payable to Third-Party Agencies - Management's estimates of third-party reimbursement settlements are complex and involve a large proportion of the Hospital's operations. It is at least reasonably possible that management's estimates of accounts payable to third-party agencies will change during the next year.

Significant Business Concentrations: Third-Party Payors - Medicare and Medicaid accounted for approximately 63% of the Hospital's net patient service revenue during 1999.

30. Contractual Commitments

As of December 31, 1999, the County had contractual purchase commitments as follows:

Company	Project	Amount Remaining on Contract
H. K. Contracting Group	SEOEMS Bldg. #11 - Construction	$145,000
Larry E. Ellis Architect Inc.	Board of Elections Renovation - Architect Services	$2,561
McDaniel Electric Co.	SEOEMS Bldg. #11 - Electric Services	$17,899
Meade Construction	Board of Elections Renovation - Construction	$204,703
New Millennium Construction	Group Home Rehab. Building	$6,135
Ohio Dept. of Transportation	Joint County Road Repair	$1,124,000
Robert L. Dalton, Architect	SEOEMS Bldg. #13 - Architect Services	$2,614
Shaw, Weiss and DeNaples	Athalia Sanitary Sewer	$12,500
Shaw, Weiss and DeNaples	Gardner Lane San. Sewer Ph. 2	$232,759
Shaw, Weiss and DeNaples	High Ave. Storm Sep. Phase 1	$183,784
Shaw, Weiss and DeNaples	Pemberton Ave. Storm Sewer Rehab.	$231,850
Shaw, Weiss and DeNaples	North Huntington Heights Sewer	$4,850
United Plumbing and Heating	SEOEMS Bldg. #11 - Mechanical	$37,500

LAWRENCE COUNTY
SCHEDULE OF FEDERAL AWARDS, RECEIPTS AND EXPENDITURES
DECEMBER 31, 1999

Federal Grantor/ Pass Through Grantor Program Title	Pass-Through Entity's Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
Passed Through Ohio Department of Education:						
Food Distribution Program	N/A	10.550	$	$7,105	$	$7,105
Nutrition Cluster:						
National School Breakfast Program	05PU-99	10.553	17,812		17,812	
National School Lunch Program	04PU-99	10.555	29,316		29,316	
Total Nutrition Cluster			47,128		47,128	
Total U.S. Department of Agriculture			47,128	7,105	47,128	7,105
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Passed Through Ohio Department of Development:						
Commuinty Development Block Grant Small Cities Program	BC970401	14.228	90,000		89,990	
	BF980401		248,400		208,375	
Total Community Development Block Grant			338,400		298,365	
Total U.S. Department of Housing and Urban Development			338,400		298,365	
U.S. DEPARTMENT OF JUSTICE						
Direct Program:						
Criminal Justice Block Grant Sheriff Forestry	N/A	16.573	13,119		12,576	
Total U.S. Department of Justice			13,119		12,576	
FEDERAL EMERGENCY MANAGEMENT AGENCY						
Passed Through Ohio Department of Emergency Management:						
Public Assistance Grants-Federal Emergency Management Agency	DSR 33629	83.544	134,787		134,787	
Total Federal Emergency Management Agency			134,787		134,787	
U.S. DEPARTMENT OF EDUCATION						
Passed Through Ohio Department of Education:						
Special Education Cluster:						
Handicapped - State Grants VIB	6BSF-96	84.027	45,719		45,248	
Handicapped - Preschool Grant VIB	PGS1-96	84.173	36,829		21,294	
Total Special Education Cluster			82,548		66,542	
Innovative Programs - VI	C281-97	84.298	905		2,293	
Passed Through Ohio Department of Health:						
Special Education Grants-Early Intervention (HEARTS)	831-C	84.181	95,755		94,190	
Total U.S. Department of Education			179,208		163,025	
U.S. DEPARTMENT OF HEALTH ADMINISTRATION/ HUMAN SERVICES						
Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:						
Comprehensive Community Mental Health Services-Child Abuse Training	N/A	93.104	1,752		3,248	
Social Services Block Grant Title XX	MR 44	93.667	86,350		99,617	
Medical Assistance Program-Title XIX	N/A	93.778	141,869		209,978	
Total U.S. Department of Health Administration/ Human Services			229,971		312,843	
Total Federal Awards, Receipts and Expenditures			**$942,613**	**$7,105**	**$968,724**	**$7,105**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) is a summary of the activity of the County's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - SUBRECIPIENTS

The County passes-through certain federal assistance received from the Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As described in Note A, the County records expenditures of federal awards to subrecipients when paid in cash.

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 provisions of contracts or grant agreements, and that performance goals are achieved.

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities disbursed. Monies from the U.S. 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 - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The County has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Department of Development (ODOD). The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards, Receipts and Expenditures. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the schedule.

These loans are collateralized by mortgages on the property. At December 31, 1999, the gross amount of loans outstanding under this program was $608,185 and is exhibited on the Combined Balance Sheet in the Special Revenue Fund Type as Loans Receivable. No new loans were made during calendar year 1999.

NOTE E - 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 F - TITLE XIX

The expenditures for this program were determined by using actual reimbursements received for expenditures made during 1999.

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

Lawrence County
111 South 4th Street
Ironton, Ohio 45638

To The Board of County Commissioners:

We have audited the general purpose financial statements of Lawrence County, Ohio, (the County) as of and for the year ended December 31, 1999, and have issued our report thereon dated July 31, 2000. We did not audit the financial statements of Creating Housing Opportunities in a Community Environment Successfully, Inc. (CHOICES) and Tri-State Industries, the County's discretely presented component units, or River Valley Health Systems. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the general purpose financial statements, insofar as it relates to the amounts included for CHOICES, Tri-State Industries, and River Valley Health Systems, is based on the reports of the other auditors. The other auditor's of the River Valley Health System's financial statements expressed substantial doubts about the Hospital's ability to continue as a going concern. 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. The financial statements of CHOICES and Tri-State Industries were not audited in accordance with *Government Auditing Standards* and accordingly this report does not extend to those component units.

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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 1999-60744-001 and 1999-60744-002. We also noted certain immaterial instances of noncompliance that we have reported to the management of the County in a separate letter dated July 31, 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 certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 1999-60744-003, 1999-60744-004 and 1999-60744-005.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. Of the reportable conditions described above, we considered items 1999-60744-004 and 1999-60744-005 to be material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the County in a separate letter dated July 31, 2000.

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

Jim Petro
Auditor of State

July 31, 2000

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Jim Petro, Auditor of State

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

Lawrence County
111 South 4th Street
Ironton, Ohio 45638

To the Board of County Commissioners:

Compliance

We have audited the compliance of Lawrence 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. 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.

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

Jim Petro
Auditor of State

July 31, 2000

LAWRENCE COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 1999

1. SUMMARY OF AUDITOR'S 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)?**	Yes
(d)(1)(ii)	**Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(iii)	**Was there any reported material non-compliance 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?**	No
(d)(1)(vii)	**Major Programs (list):**	Community Development Block Grant, CFDA #14.228 - Small Cities Program Medical Assistance Program (Medicaid) CFDA # 93.778
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	No

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

FINDING NUMBER 1999-60744-001

Finding for Adjustment

Ohio Rev. Code Section 1907.20 (C) states, in part, the Clerk of a County Court shall receive and collect all costs, fees, fines, penalties, bail, and other monies payable to the office or to any officer of the Court and issue receipts therefor, and shall each month disburse the costs, fees, fines, penalties, bail, and other monies to the proper persons or officers and take receipts therefor.

A permanent referee was employed by the County on March 7, 1983. Referee fees collected by the Clerk of Courts were not fully disbursed into the County Treasury from which the referee is compensated. Instead, these fees have been deposited into a separate Referee Fund. Referee fees collected by the Clerk of Courts and not disbursed into the County Treasury from March 7, 1983 through December 31, 1999 amount to $67,809.

In accordance with the foregoing facts, a Finding for Adjustment is hereby issued against the Referee Fund of Lawrence County, in the amount of $67,809 in favor of the General Fund of Lawrence County.

FINDING NUMBER 1999-60744-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states that: No order 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 exception to this basic requirement is provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that 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 previous 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 of 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 of the taxing authority.

Of the liabilities, contracts, and open purchase commitments tested, 15% were not certified by the County Auditor and/or encumbered until the time of payment. These commitments were not subsequently approved by the Board of County Commissioners within the aforementioned 30 day time period.

We recommend that no orders or contracts involving the expenditure of money be made until it has been certified that the amount required has been appropriated and is in the treasury.

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

FINDING NUMBER 1999-60744-003

Reportable Condition

Support Enforcement Tracking System

During 1999, the County Child Support Enforcement Agency (CSEA) fully implemented the Support Enforcement Tracking System (SETS). SETS is a federally mandated system established to record and issue child support payments for each county. Since implementation, CSEA has experienced difficulties in reconciling SETS to its bank accounts and has encountered various errors in relation to disbursements made by SETS. The State of Ohio is responsible for SETS and has guaranteed funds to correct all errors within the system.

The County CSEA receives payments for child support and enters the data into SETS. CSEA has various monitoring controls in place to ensure that accurate data are input into SETS. At the time of payment, it becomes the responsibility of the State to ensure that accurate payments are made to the guardian of the child or children. However, many errors have come to the attention of CSEA that have been attributed to SETS and not CSEA.

We recommend CSEA and the State continue to coordinate their efforts to eliminate the cause of errors and correct the limitations imposed on the reconciliation process.

FINDING NUMBER 1999-60744-004

Material Weakness

Accounts Receivable - Clerk of Courts and Municipal Court

The accounting system of the Clerk of Courts produced accounts receivable information on an individual case basis as well as an aggregate total of accounts receivable. However, this only included accounts that have been entered since October 1999. The accounting system of the Municipal Court produced accounts receivable information on an individual case basis. However, the system did not produce an aggregate total of all accounts receivable or the determination of uncollectible amounts. Therefore, although potentially significant, these amounts were omitted from the County’s financial statements.

We recommend that the Clerk of Courts and Municipal Court maintain an aggregate listing of all accounts receivable. In addition, we recommend that the departments establish a reasonable and systematic method for determining the amount of the accounts receivable which is uncollectible.

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

FINDING NUMBER 1999-60744-005

Material Weakness

Accounts in Arrears - Child Support Enforcement Agency

The Child Support Enforcement Agency Department did not maintain an accurate list of accounts in arrears. The computer listing was not accurate. In order to obtain the correct amount due, each account had to be processed by hand. If an accurate listing of accounts in arrears is not maintained, this could lead to an inability to determine if all payments were properly recorded, and could cause errors or irregularities to occur.

We recommend an accurate listing of all accounts in arrears be maintained by the Child Support Enforcement Agency Department.

3. FINDINGS FOR FEDERAL AWARDS

None

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; *Explain*:
1998-60744-001	Ohio Revised Code Section 1907.20 (C), Referee funds not disbursed.	No	Funds partially disbursed. We have reviewed the prior year finding information and have reduced the current year's finding amount.
1998-60744-002	Ohio Revised Code Section 5705.41 (B), Disbursements exceed appropriations.	Yes	
1998-60744-003	Municipal Court and Clerk of Courts receivable information prepared on a individual basis only.	No	No corrective action taken for Municipal Court. Clerk of Courts obtained a new computer system, however, only accounts entered since October 1999 have been included.
1998-60744-004	Child Support Enforcement Agency did not maintain an accurate listing of accounts in arrears.	No	No corrective action taken.
1998-60744-005	Child Support Enforcement Agency did not perform monthly reconciliations.	No	No corrective action taken.
1998-60744-006	Information technology Year 2000 date problem.	Yes	
1998-60744-007	Monitoring of subrecipients for Community Development Block Grant monies.	Yes	
1998-60744-008	Monitoring of subrecipients for Medicaid monies.	Yes	

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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
1999-60744-001	No corrective action plan.	December 31, 2000	Dale Burcham, Clerk of Courts
1999-60744-002	The Deputy County Auditor intends to monitor purchase orders on a continuous basis.	December 31, 2000	Chris Kline, Deputy County Auditor
1999-60744-003	Department is currently trying to reconcile account.	December 31, 2000	Jenny Halleck, Fiscal Officer
1999-60744-004	No corrective action plan.	December 31, 2000	Cynthia Lewis, Municipal Court Dale Burcham, Clerk of Courts
1999-60744-005	Currently implementing SETS system.	December 31, 2000	Jenny Halleck, Fiscal Officer

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LAWRENCE COUNTY FINANCIAL CONDITION

LAWRENCE 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
AUGUST 31, 2000