SANDUSKY COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999

JIM PETRO
AUDITOR OF STATE
STATE OF OHIO

SANDUSKY COUNTY
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REPORT OF INDEPENDENT ACCOUNTANTS

Sandusky County
100 North Park Street
Fremont, Ohio 43420-2477

To the Board of County Commissioners:

We have audited the accompanying general-purpose financial statements of Sandusky County (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 Sandco Industries, the County's discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Sandco Industries, is based on the report of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Sandco Industries were not audited 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 audit and the report of other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Sandusky County, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund types and discretely presented component unit for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2000 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

Jim Petro
Auditor of State

July 25, 2000

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SANDUSKY COUNTY
COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS, AND DISCRETELY PRESENTED COMPONENT UNIT
DECEMBER 31, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
Assets:				
Equity in pooled cash, cash equivalents and investments	$2,068,616	$11,751,739	$577,877	$2,132,983
Investments		137,481		
Cash with fiscal agent	99,212			
Cash in segregated accounts				
Receivables (net of allowances for uncollectibles):				
Taxes	3,072,328	1,791,116		
Accounts	102,651	134,506	8,599	2,098
Accrued interest	124,238			
Special assessments		145,135	27,053	
Interfund loans	41,617			53,250
Notes		420,179		
Advances to other funds	25,000			
Due from other funds	59,456			
Due from other governments	13,484	179,710		
Prepayments	110,663	1,979		
Materials and supplies inventory	119,703	218,520		
Property, plant and equipment (net of accumulated depreciation where applicable)				
Investment in joint venture				
Other Debits:				
Amount available in debt service fund for retirement of general long-term obligations				
Amount available in debt service fund for retirement of special assessment bonds				
Amount to be provided for retirement of general long-term obligations				
Total assets and other debits	**$5,836,968**	**$14,780,365**	**$613,529**	**$2,188,331**

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)		Total (Memorandum Only)
Enterprise	**Internal Service**	**Trust and Agency**	**General Fixed Assets**	**General Long-Term Obligations**	**Primary Government**	**Component Unit**	**Reporting Entity**
$3,760,301	$1,132,728	$6,095,580			$27,519,824		$27,519,824
					137,481	$151,441	288,922
	4,234				103,446		103,446
53,257		268,494			321,751	132,001	453,752
622,804					5,486,248		5,486,248
109,400	2,131				359,385	57,407	416,792
	4,474				128,712		128,712
168					172,356		172,356
					94,867		94,867
					420,179		420,179
					25,000		25,000
					59,456		59,456
					193,194		193,194
1,462					114,104	1,605	115,709
67,828					406,051		406,051
9,020,305			$23,664,068		32,684,373		32,684,373
			1,976,697		1,976,697		1,976,697
				$493,058	493,058		493,058
				93,418	93,418		93,418
				8,378,000	8,378,000		8,378,000
$13,635,525	**$1,143,567**	**$6,364,074**	**$25,640,765**	**$8,964,476**	**$79,167,600**	**$342,454**	**$79,510,054**

(Continued)

SANDUSKY COUNTY
COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS, AND DISCRETELY PRESENTED COMPONENT UNIT
DECEMBER 31, 1999
(Continued)

	Governmental Fund Types			
	General	**Special Revenue**	**Debt Service**	**Capital Projects**
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts payable	$386,528	$1,040,320		$243,865
Accrued wages and benefits	138,097	136,973		
Compensated absences payable	60,630	101,559		
Interfund loans payable		94,867		
Advances from other funds				
Deferred revenue	2,174,275	1,992,323	$27,053	
Due to other funds		33,458		
Due to other governments	52,060	55,571		
Deposits held and due to others				
Claims and judgements payable				
Notes payable				765,000
Accrued interest payable				
Undistributed monies				
General obligation bonds payable				
Special assessment debt with government commitment				
Capital lease obligation				
Total liabilities	2,811,590	3,455,071	27,053	1,008,865
Equity and other credits:				
Investment in general fixed assets				
Retained earnings - unreserved				
Net assets available for external investment pool participants				
Net assets				
Fund balances:				
Reserved for encumbrances	13,762	804,610		290,857
Reserved for materials and supplies inventory	119,703	218,520		
Reserved for notes receivable		420,179		
Reserved for advances	25,000			
Reserved for prepayments	110,663	1,979		
Reserved for debt service			586,476	
Reserved for long term investment in Sandusky County bonds		137,481		
Unreserved-undesignated	2,756,250	9,742,525		888,609
Total equity and other credits	3,025,378	11,325,294	586,476	1,179,466
Total liabilities, equity and other credits	**$5,836,968**	**$14,780,365**	**$613,529**	**$2,188,331**

The notes to the general-purpose financial statements are an integral part of this statement.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		(Memorandum Only)		(Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	Primary Government	Component Unit	Reporting Entity
$188,532	$8,586				$1,867,831	$5,798	$1,873,629
62,749					337,819	5,650	343,469
295,934				$2,262,433	2,720,556		2,720,556
					94,867		94,867
25,000					25,000		25,000
622,972					4,816,623		4,816,623
25,998					59,456		59,456
129,181				454,562	691,374		691,374
53,257		$268,494			321,751		321,751
	554,891	19,661			574,552		574,552
					765,000		765,000
2,737					2,737		2,737
		4,416,281			4,416,281		4,416,281
455,000				6,110,000	6,565,000		6,565,000
				137,481	137,481		137,481
11,359					11,359		11,359
1,872,719	563,477	4,704,436		8,964,476	23,407,687	11,448	23,419,135
			$25,640,765		25,640,765		25,640,765
11,762,806	580,090				12,342,896		12,342,896
		1,576,888			1,576,888		1,576,888
						331,006	331,006
					1,109,229		1,109,229
					338,223		338,223
					420,179		420,179
					25,000		25,000
					112,642		112,642
					586,476		586,476
					137,481		137,481
		82,750			13,470,134		13,470,134
11,762,806	580,090	1,659,638	25,640,765		55,759,913	331,006	56,090,919
$13,635,525	**$1,143,567**	**$6,364,074**	**$25,640,765**	**$8,964,476**	**$79,167,600**	**$342,454**	**$79,510,054**

SANDUSKY COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	Governmental Fund Types	
	General	Special Revenue
Revenues:		
Property and other taxes	$1,294,656	$1,288,442
Sales taxes	5,207,216	
Charges for services	1,905,231	1,714,756
Licenses and permits	6,607	
Fines and forfeitures	424,466	216,330
Special assessments		204,458
Intergovernmental	2,123,567	16,434,085
Investment income	1,448,815	91,139
Rental income		
Other	952,717	631,022
Total revenue	13,363,275	20,580,232
Expenditures:		
Current:		
General government:		
Legislative and executive	3,748,261	278,236
Judicial	2,189,750	237,196
Public safety	5,196,026	1,433,173
Public works	175,159	4,006,502
Health	165,045	199,709
Human services	1,961,476	14,233,763
Economic development and assistance		300,013
Other	273,886	
Capital outlay		
Intergovernmental	276,500	
Debt service:		
Principal retirement		
Interest and fiscal charges		
Total expenditures	13,986,103	20,688,592
Excess of expenditures over revenues	(622,828)	(108,360)
Other financing sources (uses):		
Proceeds of refunding bonds		
Operating transfers in	258,461	241,768
Operating transfers out	(628,952)	(951,403)
Total other financing sources (uses)	(370,491)	(709,635)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(993,319)	(817,995)
Fund balances, January 1 (Restated)	4,027,090	12,089,262
Increase (Decrease) in reserve for inventory	(8,393)	54,027
Fund balances, December 31	**$3,025,378**	**$11,325,294**

The notes to the general-purpose financial statements are an integral part of this statement.

Governmental Fund Types		Fiduciary Fund Type	
Debt Service	Capital Projects	Expendable Trust	Total (Memorandum Only)
			$2,583,098
			5,207,216
			3,619,987
			6,607
			640,796
$31,889			236,347
	$441,925		18,999,577
	4,919		1,544,873
	40,642		40,642
479,297	152,895		2,215,931
511,186	640,381		35,095,074
			4,026,497
			2,426,946
			6,629,199
			4,181,661
			364,754
			16,195,239
			300,013
			273,886
	1,413,847		1,413,847
			276,500
416,561			416,561
358,441			358,441
775,002	1,413,847		36,863,544
(263,816)	(773,466)		(1,768,470)
	68,250		68,250
336,045	1,108,421		1,944,695
(38,398)	(19,255)		(1,638,008)
297,647	1,157,416		374,937
33,831	383,950		(1,393,533)
552,645	795,516	$82,750	17,547,263
			45,634
$586,476	**$1,179,466**	**$82,750**	**$16,199,364**

SANDUSKY COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Property taxes	$2,324,675	$2,337,375	$12,700	$2,063,373	$2,090,960	$27,587
Sales taxes	5,129,840	5,177,823	47,983			
Charges for services	1,859,863	1,877,260	17,397	1,712,066	1,683,995	(28,071)
Licenses and permits	6,546	6,607	61			
Fines and forfeitures	412,037	415,891	3,854	108,156	126,575	18,419
Intergovernmental	1,883,958	1,910,624	26,666	14,536,670	14,821,072	284,402
Special assessments				204,000	204,458	458
Investment income	1,635,530	1,650,828	15,298			
Rental income						
Other	57,597	58,136	539	735,230	726,716	(8,514)
Total revenues	13,310,046	13,434,544	124,498	19,359,495	19,653,776	294,281
Expenditures:						
Current:						
General government:						
Legislative and executive	4,054,599	3,791,727	262,872	379,395	313,453	65,942
Judicial	2,300,958	2,192,210	108,748	440,167	233,433	206,734
Public safety	5,342,758	5,262,280	80,478	1,720,954	1,483,568	237,386
Public works	176,782	175,159	1,623	4,944,514	4,277,295	667,219
Health	219,213	165,044	54,169	212,814	204,414	8,400
Human services	1,967,851	1,952,093	15,758	16,020,878	14,565,123	1,455,755
Economic development and assistance				370,112	380,071	(9,959)
Other	375,959	248,108	127,851			
Capital outlay						
Intergovernmental	277,218	244,438	32,780			
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total expenditures	14,715,338	14,031,059	684,279	24,088,834	21,457,357	2,631,477
Excess of revenues over (under) expenditures	(1,405,292)	(596,515)	808,777	(4,729,339)	(1,803,581)	2,925,758
Other financing sources (uses):						
Proceeds of notes						
Advances in and not repaid	45,132	45,554	422	52,594	94,867	42,273
Advances (out) and not repaid	(1,248)	(41,617)	(40,369)		(40,554)	(40,554)
Operating transfers in	256,066	258,461	2,395	219,809	260,168	40,359
Operating transfers (out)	(628,952)	(628,952)		(968,303)	(969,803)	(1,500)
Other financing sources	979,029	988,187	9,158	1,617,408	1,891,797	274,389
Other financing uses	(72,851)	(37,304)	35,547			
Total other financing sources (uses)	577,176	584,329	7,153	921,508	1,236,475	314,967
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)	(828,116)	(12,186)	815,930	(3,807,831)	(567,106)	3,240,725
Fund balances, January 1	1,793,616	1,793,616		10,410,376	10,410,376	
Prior year encumbrances appropriated	175,012	175,012		554,435	554,435	
Fund balances, December 31	**$1,140,512**	**$1,956,442**	**$815,930**	**$7,156,980**	**$10,397,705**	**$3,240,725**

The notes to the general-purpose financial statements are an integral part of this statement.

Debt Service			Capital Projects			Total (Memorandum Only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
						$4,388,048	$4,428,335	$40,287
						5,129,840	5,177,823	47,983
						3,571,929	3,561,255	(10,674)
						6,546	6,607	61
						520,193	542,466	22,273
			$98,882	$441,925	$343,043	16,519,510	17,173,621	654,111
$31,276	$31,889	$613	60,660	63,834	3,174	295,936	300,181	4,245
						1,635,530	1,650,828	15,298
			22,554	40,642	18,088	22,554	40,642	18,088
329,373	497,349	167,976	110,151	161,602	51,451	1,232,351	1,443,803	211,452
360,649	529,238	168,589	292,247	708,003	415,756	33,322,437	34,325,561	1,003,124
						4,433,994	4,105,180	328,814
						2,741,125	2,425,643	315,482
						7,063,712	6,745,848	317,864
						5,121,296	4,452,454	668,842
						432,027	369,458	62,569
						17,988,729	16,517,216	1,471,513
						370,112	380,071	(9,959)
						375,959	248,108	127,851
			2,263,976	1,629,462	634,514	2,263,976	1,629,462	634,514
						277,218	244,438	32,780
442,321	416,561	25,760				442,321	416,561	25,760
358,441	358,441					358,441	358,441	
800,762	775,002	25,760	2,263,976	1,629,462	634,514	41,868,910	37,892,880	3,976,030
(440,113)	(245,764)	194,349	(1,971,729)	(921,459)	1,050,270	(8,546,473)	(3,567,319)	4,979,154
			765,000	765,000		765,000	765,000	
						97,726	140,421	42,695
				(53,250)	(53,250)	(1,248)	(135,421)	(134,173)
219,952	336,045	116,093	822,451	1,108,421	285,970	1,518,278	1,963,095	444,817
(38,398)	(38,398)		(19,255)	(19,255)		(1,654,908)	(1,656,408)	(1,500)
						2,596,437	2,879,984	283,547
						(72,851)	(37,304)	35,547
181,554	297,647	116,093	1,568,196	1,800,916	232,720	3,248,434	3,919,367	670,933
(258,559)	51,883	310,442	(403,533)	879,457	1,282,990	(5,298,039)	352,048	5,650,087
525,994	525,994		705,532	705,532		13,435,518	13,435,518	
			96,123	96,123		825,570	825,570	
$267,435	**$577,877**	**$310,442**	**$398,122**	**$1,681,112**	**$1,282,990**	**$8,963,049**	**$14,613,136**	**$5,650,087**

SANDUSKY COUNTY
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES - PRIMARY GOVERNMENT
FOR THE YEAR ENDED DECEMBER 31, 1999

	Proprietary Fund Types		
	Enterprise	Internal Service	Total (Memorandum Only)
Operating revenues:			
Charges for services	$4,396,905	$2,199,575	$6,596,480
Other operating revenues	219,048		219,048
Total operating revenues	4,615,953	2,199,575	6,815,528
Operating expenses:			
Personal services	3,475,536		3,475,536
Contractual services	1,087,005	319,624	1,406,629
Materials and supplies	806,423		806,423
Depreciation	328,175		328,175
Claims expense		2,097,565	2,097,565
Other operating expense	570,459		570,459
Total operating expenses	6,267,598	2,417,189	8,684,787
Operating loss	(1,651,645)	(217,614)	(1,869,259)
Nonoperating revenues (expenses):			
Loss on sale of fixed assets	(1,921)		(1,921)
Interest expense and fiscal charges	(46,067)		(46,067)
Intergovernmental	58,130		58,130
Taxes	409,198		409,198
Investment earnings		51,081	51,081
Total nonoperating revenues	419,340	51,081	470,421
Net loss before operating transfers	(1,232,305)	(166,533)	(1,398,838)
Operating transfers in	90,300		90,300
Operating transfers out	(396,987)		(396,987)
Net loss	(1,538,992)	(166,533)	(1,705,525)
Retained earnings, January 1	13,301,798	746,623	14,048,421
Retained earnings, December 31	**$11,762,806**	**$580,090**	**$12,342,896**

The notes to the general-purpose financial statements are an integral part of this statement.

SANDUSKY COUNTY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 1999

	Sandco Industries
Operating revenues	
Workshop	$516,914
Job station	18,733
In-kind contributed services	127,352
Total operating revenues	662,999
Operating expenses	
Program expenses	603,088
Support services expenses	104,078
Total operating expenses	707,166
Change in net assets from operations	(44,167)
Non-operating revenues	
Interest and dividend income	12,606
Unrealized loss on investments	(603)
Miscellaneous income	2,454
Total non-operating revenues	14,457
Change in net assets	(29,710)
Net assets, January 1	360,716
Net assets, December 31	**$331,006**

The notes to the general-purpose financial statements are an integral part of this statement.

SANDUSKY COUNTY
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES - PRIMARY GOVERNMENT
FOR THE YEAR ENDED DECEMBER 31, 1999

	Proprietary Fund Types		
	Enterprise	Internal Service	Total (Memorandum Only)
Cash flows from operating activities:			
Cash received from charges for services	$4,763,393	$2,197,574	$6,960,967
Cash received from other operations	219,048		219,048
Cash payments for personal services	(3,563,985)	(328,033)	(3,892,018)
Cash payments for contract services	(1,533,291)		(1,533,291)
Cash payments for materials and supplies	(383,121)		(383,121)
Cash payments for claims		(2,034,292)	(2,034,292)
Cash payments for other expenses	(569,927)		(569,927)
Net cash used in operating activities	(1,067,883)	(164,751)	(1,232,634)
Cash flows from noncapital financing activities:			
Cash received from taxes	663,256		663,256
Cash used in repayment of interfund loans	(5,000)		(5,000)
Transfers in from other funds	90,300		90,300
Transfers out to other funds	(396,987)		(396,987)
Net cash provided by noncapital financing activities	351,569		351,569
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(379,486)		(379,486)
Proceeds from sale of fixed assets	12		12
Principal payments-capital lease	(3,494)		(3,494)
Interest payments-capital lease	(730)		(730)
Principal retirement	(45,000)		(45,000)
Interest paid	(46,350)		(46,350)
Net cash used in capital and related financing activities	(475,048)		(475,048)
Cash flows from investing activities:			
Interest received		48,400	48,400
Net decrease in cash and cash equivalents	(1,191,362)	(116,351)	(1,307,713)
Cash and cash equivalents at January 1	4,951,663	1,249,079	6,200,742
Cash and cash equivalents at December 31	**$3,760,301**	**$1,132,728**	**$4,893,029**

(Continued)

SANDUSKY COUNTY
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES - PRIMARY GOVERNMENT
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

	Proprietary Fund Types		
	Enterprise	Internal Service	Total (Memorandum Only)
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	($1,651,645)	($217,614)	($1,869,259)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	328,175		328,175
Changes in assets and liabilities:			
Decrease in materials and supplies inventory	54,718		54,718
(Increase) decrease in accounts receivable	359,409	(2,001)	357,408
Decrease in prepayments	205		205
Decrease in due from other funds	7,079		7,079
Decrease in accounts payable	(48,776)	(8,409)	(57,185)
Increase in accrued wages and benefits	13,913		13,913
Increase in claims payable		63,273	63,273
Decrease in compensated absences payable	(63,509)		(63,509)
Decrease in due to other governments	(36,007)		(36,007)
Decrease in due to other funds	(31,445)		(31,445)
Net cash used in operating activities	**($1,067,883)**	**($164,751)**	**($1,232,634)**

The notes to the general-purpose financial statements are an integral part of this statement.

SANDUSKY COUNTY
STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 1999

	Sandco Industries
Cash flows from operating activities:	
Change in net assets	($29,710)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Unrealized gain on investments	(5,877)
Changes in operating assets and liabilities:	
Increase in accounts receivable	(15,042)
Increase in accounts payable	4,139
Increase in accrued wages and benefits	304
Net cash used in operating activities	(46,186)
Net decrease in cash and cash equivalents	(46,186)
Cash and cash equivalents at January 1	178,187
Cash and cash equivalents at December 31	**$132,001**

The notes to the general-purpose financial statements are an integral part of this statement.

SANDUSKY COUNTY
STATEMENT OF CHANGES IN NET ASSETS
INVESTMENT TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	Fiduciary Fund Type
	Investment Trust
Operations:	
Interest revenue	$101,596
Decrease in fair market value	(7,367)
Total revenues	94,229
Distributions to participants	(41,667)
Capital transactions:	
Proceeds of investments sold	(253,649)
Purchase of investments	203,997
Increase from capital transactions	(49,652)
Total increase in net assets	2,910
Net assets at January 1, 1999	1,573,978
Net assets at December 31, 1999	**$1,576,888**

The notes to the general-purpose financial statements are an integral part of this statement.

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NOTE 1 - DESCRIPTION OF THE COUNTY

Sandusky County, Ohio, (the County) was created in 1820. The County is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County, and who manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, three Common Pleas Court Judges, and a Probate/Juvenile Court Judge.

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

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Sandusky County, this includes the Sandusky County Board of Mental Retardation and Developmental Disabilities (MRDD); the Childrens Services Board; and other departments and activities that are directly operated by the elected County officials.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The County's reporting entity has been defined in accordance with GASB Statement No. 14, The Financial Reporting Entity. The financial statements include all funds, account groups, agencies, boards, commissions, and component units for which the County and the County Commissioners are "financially accountable". Accountability as defined in GASB Statement No. 14 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's general-purpose financial statements to be misleading or incomplete.

Among the factors considered were separate legal standing; appointment of a voting majority of PCU's board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County. Responsibility was evaluated on the basis of financial dependence and the manifestations of oversight exercised by the Commissioners. Among the factors considered were budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the County, obligation of the County to finance any deficits that may occur, reliance of the organization on continuing subsidies from the County, selection of governing authority, and designation of management.

Based on the foregoing criteria, the financial activities of the following PCU is reflected in the accompanying financial statements:

Discretely Presented Component Unit

Sandco Industries

Sandco Industries (Sandco) is a legally separate, not-for-profit corporation, served by a self-appointed Board of Trustees. Sandco, under contractual agreement with the Sandusky County Board of Mental Retardation and Developmental Disabilities (MRDD), provides sheltered, transitional, and outside employment for mentally retarded or handicapped adults in Sandusky

County. Sandusky County Board of MRDD provides Sandco with available resources and staff for operation of Sandco. Based on the significant resources and services provided by the County to Sandco and Sandco sole purpose of providing assistance to retarded and handicapped adults of Sandusky County, Sandco is reflected as a component unit of Sandusky County. Financial information may be obtained from Sandco Industries, 1101 Castalia Road, Fremont, Ohio 43420.

Sandco is a non-governmental not-for-profit organization. Sandco prepares its financial statements according to Financial Accounting Standards Board Statement No. 117, Financial Statements of Not-For-Profit Organizations. The preparation of these financial statements required the use of estimates by management.

Sandco's deposits are held in segregated accounts and not held by the County Treasurer. For purposes of the statement of cash flows, the Sandco considers all highly liquid instruments purchased with a maturity of less than three months to be cash equivalents. Investments held by Sandco are recorded at market value.

Potential Component Units Reported as Agency Funds

The County Treasurer, as the custodian of public funds, invests all public monies held on deposit in the County treasury. In the case of the separate agencies, boards and commissioners listed below, the County serves as fiscal agent but is not financially accountable for their operations. Accordingly, the activity of the following entities are presented as agency funds within the general-purpose financial statements:

- Sandusky County Regional Planning Commission;
- Family and Children First Council;
- Sandusky County Soil and Water Conservation District;
- Sandusky County Park District;
- Sandusky County General Health District;
- Sandusky County Emergency Management Agency;
- Wightman Conservancy District; and
- Sandusky County Law Library.

The County is associated with certain organizations which are defined as Joint Ventures with Equity Interest, a Shared Risk Pool, and an Insurance Purchasing Pool, as follows:

Joint Ventures with Equity Interest

Ottawa, Sandusky, and Seneca County Solid Waste District

The County is a member of the Joint Solid Waste District (the District), which is a joint venture between Ottawa, Sandusky, and Seneca Counties. The purpose of the District is to make disposal of waste in the three-county area more comprehensive in terms of recycling, incinerating, and landfilling. The District was created in 1989. The District is governed and operated by the three counties and its existence is dependent upon the continued participation of the counties. A nine member Board of Directors, comprised of three commissioners from each county, are responsible for the Districts's financial matters. Financial records are maintained by the Sandusky County Auditor. The Ottawa County Commissioners budget for the District with Board approval.

The District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste. A twenty-one member policy committee, comprised of seven members from each county and one at-large member appointed by the Board of Directors, is responsible for preparing the solid waste management plan of the District in conjunction with a sixteen-member technical advisory council (members appointed by the policy committee). As of December 31, 1999, Sandusky County's equity in this joint venture is $547,151. Financial information can be obtained from the Sandusky County Auditor, 100 North Park Avenue, Fremont, Ohio 43420.

Sandusky County - Seneca County - City of Tiffin Port Authority

The Port Authority is a joint venture between Sandusky County, Seneca County, and the City of Tiffin. The Port Authority was created for the purpose of operating a railroad line from the Village of Woodville in Sandusky County to the City of Tiffin Seneca County. The Port Authority is governed by a Board of Directors appointed by the participating governments. All operating costs of the railroad line are paid from charges to the shippers utilizing the railroad line. In May 1990, non-interest revenue bonds were issued by the Port Authority to purchased 25.1 miles of railroad. Principal and interest payments on the debt will be paid from the operating revenues of the railroad line. Upon dissolution of the railroad, any real and personal property will be returned to the government from which it was received; any remaining personal property will be distributed equally among the participants after payment of all expenses and outstanding debt. As of December 31, 1999, Sandusky County's equity in this joint venture is $445,355. Financial information can be obtained from the Sandusky County - Seneca County - City of Tiffin Port Authority, James Supance, Chairman, P.O. Box 767, Tiffin, Ohio 44883.

Mental Health and Recovery Services

The Mental Health and Recovery Services (MHRS) is a joint venture between Seneca, Sandusky, and Wyandot Counties and is dependent upon the continued participation of the three counties. The MRHS provides mental health education, consultation, training, and referral services to residents of the participating counties. The MHRS is governed by an eighteen member board; ten members are appointed by the county commissioners from the participating counties, four members are appointed by the State Department of Mental Health, and four members are appointed by the State Department of Alcohol and Drug Addiction Services. As of December 31, 1999, Sandusky County's equity in this joint venture is $984,191. Financial records are maintained by the Seneca County Auditor. Financial information can be obtained from the Seneca County Auditor, Seneca County Courthouse, Tiffin, Ohio 44883.

Shared Risk Pool

County Risk Sharing Authority, Inc. (CORSA)

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

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

CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The total amount of certificates issued by CORSA for the forty-one participating counties is $1,645,000.

Financial statements may be obtained by contacting the County Commissioners Association of Ohio in Columbus, Ohio.

Insurance Purchasing Pool

County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

The County is participating in a group rating plan for workers' compensation as established under § 4123.29 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool. A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at a meeting held in the month of December each year. No participant can have more than one member of the group executive committee in any year, and each elected member shall be a county commissioner.

Related Organizations

Sandusky County Airport Authority

The Sandusky County Airport Authority was created by resolution of the County Commissioners under the authority of Chapter 308 of the Ohio Revised Code. The Airport Authority is governed by a five member board of trustees appointed by the County Commissioners. The Board of Trustees has the authority to exercise all of the powers and privileges provided under the law. These powers include the ability to sue or be sued in its corporate name; the power to establish and collect rates, rentals, and other charges; the authority to acquire, construct, operate, manage, and maintain airport facilities; the authority to buy and sell real and personal property; and the authority to issue debt for acquiring or constructing any facility or permanent improvement. The Airport Authority serves as custodian of its own funds and maintains all records and accounts independent of Sandusky County.

B. Basis of Presentation - Fund Accounting

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

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

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

1. 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 - The General 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 - The Special Revenue 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 - The Debt Service 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.

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

2. Proprietary Fund Types

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

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

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

3. Fiduciary Fund Types

The Fiduciary fund types 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 - The Expendable Trust Fund is accounted for in essentially the same manner as governmental funds.

Agency Funds - The Agency Funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. Agency Funds are presented on a budgetary basis, with note disclosure, if applicable, regarding items which, in other funds, would be subject to accrual.

Investment Trust Fund - The investment trust fund, a fiduciary fund, represents an arrangement whereby the County government commingles the moneys of more than one legally separate entity, and invests, on the participants' behalf, in an investment portfolio.

4. Account Groups

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

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

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

C. 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 fund types and the investment trust fund 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. Enterprise fund 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 and expendable trust 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: investment earnings, sales tax (see Note 7), federal and state grants and entitlements, charges for current services, and fines, costs, and forfeitures. Major revenue sources not susceptible to accrual include licenses and permits, which are not considered measurable until received.

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds, investment trust fund, and Sandco. 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.

D. Budgetary Data

The budgetary process is prescribed by provisions of the Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, legally are required to be budgeted and appropriated.

Budgetary information for Sandco is not reported because it is not included in the entity for which the "appropriated budget" is adopted, and does not itself maintain budgetary financial records.

The legal level of budgetary control is at the object level within each department. Although statutes require that all funds be budgeted, it is not necessary to do so if the County Commissioners do not anticipate expenditure of the available funds.

Segregated cash accounts are not included in the budgetary presentation because they are not controlled by the County Commissioners and the departments do not adopt separate budgets. Advances-in and advances-out are not required to be budgeted since they represent a cash flow resource. Budgetary modifications may only be made by resolution of the County Commissioners.

Tax Budget - A budget of estimated revenues 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. The budget includes proposed expenditures and the means of financing for all funds. The express purpose of this budget document is to reflect the need for existing or increased tax rates.

Estimated Resources - The County Budget Commission reviews estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the estimated beginning fund balance and 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 the spending authority at the fund, program, department, and object level. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified.

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

Budgeted Level of Expenditures - Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for the purposes other than those designated in the appropriation resolution without authority from the Commissioners. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation. Commissioners' appropriations are made to fund, department and object level (e.g., General Fund - Commissioners - salaries, supplies, equipment, contract repairs, travel expenses, maintenance, other expenses, etc.).

Encumbrances - As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds. Note 18 provides for governmental funds, a reconciliation of the budgetary-basis and GAAP-basis of accounting.

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

E. Cash and Investments

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

During fiscal year 1999, investments were limited to STAR Ohio, federal agency securities, certificates of deposits, Small Business Association loans, Sandusky County bonds and repurchase agreements. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and certificates of deposit are reported at cost.

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

Following Ohio statutes and other legal provisions, the Commissioners have specified the funds to receive an allocation of interest earnings. The following funds were credited with more interest revenue than would have been received based upon their share of the County's cash fund balance during 1999:

	Interest Actually Received	Interest Based Upon Share of Investments	Interest Assigned from Other Funds
General	$1,448,815	$130,565	$1,318,250
Special Revenue Funds			
Motor Vehicle and Gas Tax	54,592	47,986	6,606
Revolving Loan	36,547	30,478	6,069
Investment Trust Fund			
Solid Waste District	84,542	80,227	4,315
Park District	17,054	16,866	188

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

For purpose 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 are reported as investments, to the extent the investments were purchased from a specific fund rather than the pool.

The change in fair value of applicable investments during fiscal year 1999 per GASB Statement No. 31 is as follows:

Fair Value at December 31, 1999	$ 2,996,985
Proceeds of investments matured during fiscal year 1999	2,041,982
Cost of investments purchased in fiscal year 1999	(2,991,011)
Fair value at December 31, 1998	(2,173,202)
Change in fair value of investments during fiscal year 1999	$ (125,246)

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

F. External Investment Pool

By statute, the County serves as fiscal agent for various legally separate entities. The County pools the moneys of these entities with the County's moneys for investment purposes. The external investment pool is not registered with the SEC as an investment company. The fair value of investments is determined annually. The pool does not issue shares. Each participant is allocated a pro rata share of each investment at fair value along with a pro rata share of the interest that it earns. The fair value of investments for both the internal and external investment pools is disclosed in Note 4, “Equity in Pooled Cash and Investments” Condensed financial information for the investment pool follows:

Statement of Net Assets
December 31, 1999

Assets	
Cash	$11,553,812
Investments	15,966,012
Total Assets	$27,519,824
Net Assets Held in Trust for Participants	
Internal Portion	$25,942,936
External Portion	1,576,888
Net Assets Available to Pool Participants	$27,519,824

Statement of Changes in Net Assets
For the Year Ended December 31, 1999

Revenue	
Interest income	$1,595,954
Fair Value Increases and Decreases	(125,246)
Total Revenue	1,470,708
Net Increase in Assets Resulting from Operations	1,470,708
Distributions to Participants	(1,111,009)
Capital Transactions	
Proceeds of Investments sold	(4,305,108)
Purchase of Investments	5,186,738
Total Increase in net assets	1,241,329
Net Assets at January 1, 1999	26,278,495
Net Assets at December 31, 1999	$27,519,824

G. Materials and Supplies Inventory

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

H. Prepaid Items

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

I. Property, Plant, Equipment and Depreciation

The fixed asset values were initially determined at December 31, 1993 by assigning original acquisition costs when such information was available. In cases where supporting documentation was not available, the acquisition cost was estimated by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at fair market value on the date donated.

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; however, improvements which extend the useful life or increase the capacity or operating efficiency are capitalized at cost and depreciated, if applicable, over the remaining useful lives of the related fixed assets.

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

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

Enterprise Fund Fixed Assets - Property, plant, and equipment reflected in the enterprise funds are stated at historical cost (or estimated historical cost) and are updated for the cost of additions and retirements during the year.

Depreciation is provided on a straight-line basis over the following estimated useful lives:

Asset	Life (years)
Buildings	20 - 40
Sewer and Water Lines	70
Vehicles	5
Machinery and Equipment	5 - 15

Capitalization of Interest - Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The County's policy is to capitalize net interest on 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 from the date of borrowing until completion of the project and the interest earned from temporary investment of the debt proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. There was no interest capitalized during the year.

J. Long-term Obligations

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, 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 financial resources. Payments made more than sixty days after year end are generally considered not to have been paid with current available financial resources. Bonds, capital leases and long-term loans are recognized as a liability of the general long-term obligations account group until due.

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

K. Compensated Absences

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

In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, Accounting for Compensated Absences, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. The County records a liability for accumulated unused sick leave after fifteen years of service with the County or over fifty years of age.

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

The current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements, shared revenues, and grants awarded on a non-reimbursement basis, 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, and 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.

M. Reserves of Fund Equity

The County records reservations for portions of fund balance which are legally segregated for specific future use or which do not represent available, spendable resources and, therefore, are not available for expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances outstanding, material and supply inventories, prepayments, long-term interfund obligations, available debt service fund equity, notes receivable, and the County's investment in its own special assessment bonds.

N. Interfund Transactions

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

15. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.
16. Nonrecurring and nonroutine permanent transfers of equity are reported as residual equity transfers.
17. Reimbursements from one fund to another (quasi-external transactions) are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/ expenses in the reimbursed fund. Amounts outstanding at year-end are reported on the combined balance sheet as due to/from other funds.
18. Short-term interfund loans are reported as interfund loans receivable or payable on the combined balance sheet.
19. Long-term interfund loans that will not be repaid within the next fiscal year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

An analysis of interfund transactions is presented in Note 5.

O. Estimates

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

P. Statement of Cash Flows

In September 1989, the Government Accounting Standards Board (GASB) issued Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting. The County has presented a statement of cash flows for its proprietary funds. For purposes of the statement of cash flows, the County considers cash equivalents to include all short term investments (maturity of 90 days of less from date of purchase).

Q. Financial Reporting for Proprietary and Similar Fund Types

The County's financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. This Statement is effective for financial statements beginning after December 15, 1993. The County accounts for its proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

R. Total Columns on General-Purpose Financial Statements

Total Columns on the general-purpose financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

When the title of the 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 operations of the County's legally separate discretely presented component unit (see Note 2.A). The total column on statements which do not include the component unit have no additional caption.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Prior Period Adjustment

In prior fiscal years, the County has reported the Children's Cluster Grant fund as a Special Revenue fund. For 1999, this fund has been reclassified as an Agency fund, due to the nature of activity accounted for in that fund. The effect of this restatement on fund balance as previously reported is as follows:

	Fund Balances As Originally Presented December 31, 1998	Effect of Restatement	Restated Fund Balance January 1, 1999
Special Revenue Funds	$12,191,958	$(102,696)	$12,089,262

The effect on the excess of receipts and other financing sources under disbursements and other financing uses as previously reported for the year ended December 31, 1998 is as follows:

Special Revenue Funds	$1,942,804	$(102,696)	$1,840,108

B. Legal Compliance

The following funds had expenditures plus encumbrances in excess of appropriations contrary to § 5705.41, Ohio Revised Code:

Fund Type/Fund	Excess
Capital Projects Fund	
Issue II	
Public Works	$263,931
Internal Service Funds	
Group Medical	
Claims	477,798

In addition, the County had expenditures that were certified after the expenditure was incurred, which is in violation of State law.

The following funds had appropriations in excess of estimated revenues plus available balances for the year ended December 31, 1999:

Fund Type/Fund	**Excess**
Special Revenue Fund	
Litter Control	$ 6,548
Youth Services Subsidy	23,923

C. Agency Fund Accruals

The following are material receivables in Agency Funds, which would be recognized on the combined balance sheet under the modified accrual basis of accounting.

Real and other taxes receivable	$25,843,611
Special assessments receivable	228,029
Due from other governments	40,033
Accounts receivable	36,795
	$26,148,468

D. Deficit Retained Earnings/fund Balances

Fund balances at December 31, 1999 included the following individual fund deficits:

	Deficit Fund Balances
Capital Projects Funds	
County Court Renovations	$(196,088)
Special Revenue Funds	
Common Pleas Court	(45,288)
Youth Services Subsidy	(874)
VOCA Grant	(558)

These deficits are caused by the application of GAAP, and will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at December 31.

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

A. Primary Government

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

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

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

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

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

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

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

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

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand

At year end, the County had $383,390 in undeposited cash on hand (which includes $306 cash on hand with departments). This amount is included in cash amounts reported on the combined balance sheet, but is not considered part of the County's carrying amount of deposits, reported below.

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

Deposits

At year end, the carrying amount of the County's deposits was $11,595,619 and the bank balance was $12,883,148. Both amounts include non-negotiable certificates of deposit, cash with fiscal agents, and cash in segregated accounts.

1. $1,310,720 was covered by federal depository insurance; and

2. $11,572,428 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

Investments

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

	Category 1	Category 2	Category 3	Fair Value
Repurchase Agreement			$1,500,000	$ 1,500,000
U. S. Government Agency Securities		$2,890,630		2,890,630
Small Business Association Loans			106,355	106,355
Special Assessment Bonds	$137,481			137,481
Investments Not Subject to Categorization:				
STAR Ohio				11,469,027
Total Investments	$137,481	$2,890,630	$1,606,355	$16,103,493

The U.S. Government Agency securities have maturity dates ranging from May, 2002 to March, 2004. The SBA Loans mature in November, 2011, and May, 2012. See Note 12 for a schedule of maturity dates for the Special Assessment Bond.

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

A reconciliation between the classifications of 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 No. 9	$ 27,519,824	$ 137,481
Cash on Hand	(383,390)	
Investments of the Cash Management Pool:		
Repurchase Agreement	(1,500,000)	1,500,000
U.S. Government Agency Securities	(2,890,630)	2,890,630
Small Business Associations Loans	(106,355)	106,355
STAR Ohio	(11,469,027)	11,469,027
Total GASB Statement No. 3 Investments		$16,103,493
Cash with Fiscal Agents	103,446	
Cash in Segregated Accounts	321,751	
GASB Statement No. 3	$ 11,595,619	

B. Component Unit

At year end, the carrying amount of Sandco cash and deposits was $132,001. All deposits were covered by federal depository insurance. Sandco had investments of $151,441 at year end. There are no significant statutory restrictions regarding the deposit and investment of funds by the not-for-profit corporation.

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund balances at December 31, 1999 which result from quasi-external transactions consist of the following individual fund receivables and payables:

	Due From Other Funds	(Due To) Other Funds
General Fund	$59,456	
Special Revenue Funds:		
MRDD		$(30,731)
Human Services		(1,090)
Dog and Kennel		(175)
TASC		(1,462)
Total Special Revenue		(33,458)
Enterprise Funds:		
County Home		(25,998)
Total Enterprise		(25,998)
Total Due From/Due To Other Funds	$59,456	$ 59,456

B. Interfund balances at December 31, 1999 consist of the following individual fund loans which are short term in nature (outstanding less than one year):

	Interfund Loans Receivable	Interfund Loans (Payable)
General	$41,617	
Special Revenue Funds:		
Pilot Probation		$(41,617)
Common Pleas Court Facility		(53,250)
Total Special Revenue Funds		(94,867)
Capital Projects Funds:		
Permanent Improvement	53,250	
Total Interfund Loans Receivable/Payable	$94,867	$(94,867)

C. Interfund balances at December 31, 1999 consist of the following individual fund loans which are long-term in nature (outstanding greater than one year):

	Advances To Other Funds	Advances (From) Other Funds
General	$25,000	
Enterprise Funds:		
Sanitary Sewer		$(25,000)
Total Advances To/Advances From Other Funds	$25,000	$(25,000)

D. A reconciliation of the County's operating transfers for 1999 is as follows:

	Transfers In	Transfers (Out)
General Fund	$ 258,461	$ (628,952)
Special Revenue Funds:		
Human Services	40,749	
Work Release Earnings	1,019	
Title Administration		(200,000)
Children Services		(101,754)
Youth Service Subsidy Grant		(2,764)
MRDD	200,000	(640,000)
Ditch Maintenance		(6,885)
Total Special Revenue	241,768	(951,403)
Debt Service Funds:		
Bond Retirement	335,100	
Special Assessment Retirement	945	(38,398)
Total Debt Service	336,045	(38,398)
Capital Projects Funds:		
Ditch Construction	28,385	(6,564)
Capital Improvements	640,036	
School of Hope Construction	440,000	
Juvenile Detention Center Construction		(12,691)
Total Capital Projects	1,108,421	(19,255)
Enterprise Funds:		
County Home	300	(335,400)
Sanitary Sewer	90,000	(61,587)
Total Enterprise	90,300	(396,987)
Total Transfers In/Out	$2,034,995	$(2,034,995)

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the County. Real property taxes and public utility taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35 percent of appraised market value. Public utility real and personal property taxes are assessed on tangible personal property, as well as land and improvements, at true value, although certain personal property is assessed of 88 percent of true value. Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25 percent of true value. The full tax rate for all County operations applied to real property for fiscal year ended December 31, 1999 was $7.10 per $1,000 of assessed valuation. The assessed values of real and tangible personal property upon which 1999 tax receipts were collected are as follows:

Real Property	
Agriculture	$ 88,753,500
Residential	458,907,350
Commercial/Industrial/Mineral	136,678,400
Public Utility Property	
Real	340,930
Personal	73,173,920
Tangible Personal Property	159,923,906
Total Assessed Value	$917,778,006

Real property taxes are payable annually or semi-annually. The first payment is due December 31, and the remainder payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established.

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

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

“Real and Other Taxes” receivable represents delinquent real and tangible personal property and public utility taxes outstanding as of the last settlement and real and public utility taxes which were measurable as of the year end.

Since the current levy is not intended to finance 1999 operations, the receivable is offset by a credit to “Deferred Revenue”. The delinquent real, public utility and tangible personal property taxes that will become available to the County within the first 60 days of 2000 are shown as 1999 revenue; the remainder are shown as “Deferred Revenue”.

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

NOTE 7 - PERMISSIVE SALES AND USE TAX

In 1979, the County Commissioners, by resolution, imposed a 0.5 percent tax on all retail sales made in the County, except sales of motor vehicles. In 1989, the percentage increased to 1 percent. The tax included the storage, use, or consumption of tangible personal property in the County, including motor vehicles not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

Proceeds of the tax are credited entirely to the General fund. Amounts that are measurable and available at year end are accrued as revenue. Permissive sales and use tax revenue totaled $5,207,216 in 1999.

NOTE 8 - RECEIVABLES

Receivables at December 31, 1999, consisted of taxes, interest, special assessments, accounts (billings for user charged services, including unbilled utility services), and intergovernmental receivables arising from grants and shared revenues. All receivables are considered collectible in full, except loans in default (Note 9). Delinquent accounts receivable may be certified and collected as a special assessment, subject to foreclosure for nonpayment. Any underpayment of benefits due the public assistance and child support enforcement agency special revenue funds are not reflected on the financial statements. These amounts were not available at the time of the preparation of these statements. A summary of principal receivables follows:

Fund Description	Amount
General Fund	
Real and Other Taxes	$2,174,275
Permissive Sales Tax	898,053
Accrued Interest	124,238
Special Revenue Funds	
Real and Other Taxes	1,791,116
Due From Other Governments	179,710
Accounts	134,506
Special Assessments	145,135
Enterprise Funds	
Accounts	109,400
Real and Other Taxes	622,804

NOTE 9 - NOTES RECEIVABLE

The County, through the Community Development Block Grant program, makes low-interest or interest-free loans to small businesses in the County. The activity for these loans is accounted for in the Revolving Loan special revenue fund. The following is a summary of the changes in the notes receivable during 1999.

Balance of notes receivable, 12/31/98	$ 556,095
Principal payments received in 1999	(135,916)
Net notes receivable, 12/31/99	$ 420,179

NOTE 10 - FIXED ASSETS

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

	Primary Government
Land & Buildings	$ 5,209,483
Sewer & Water Lines	7,765,375
Vehicles	153,282
Machinery and Equipment	1,003,987
Construction in Progress	322,089
Total	14,454,216
Less Accumulated Depreciation	(5,433,911)
Net Fixed Assets	$ 9,020,305

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

	Balance December 31, 1998	Additions	Reductions	Balance December 31, 1999
Land and Buildings	$14,513,665	$ 772,475		$15,286,140
Vehicles	2,942,645	614,982	$(382,843)	3,172,784
Machinery and Equipment	4,351,298	822,404	(28,558)	5,205,144
Construction in Progress	387,150		(387,150)	
Total General Fixed Assets	$22,194,758	$2,269,861	$(800,551)	$23,664,068

NOTE 11 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the County has entered into a capital lease agreement for equipment. This 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. Equipment and vehicles acquired by lease have been capitalized in the general fixed assets account group in the amount of $138,773, and in the enterprise funds in the amount of $19,312. These amounts equal the present value of the future minimum lease payments at the time of acquisition. At inception, capital lease transactions are accounted for as a capital outlay expenditure or fixed asset addition and other financing source or non-operating revenue in the appropriate fund, and a corresponding liability was recorded in the general long-term obligations account group or enterprise fund.

Principal payments in 1999 totaled $3,494 in the enterprise funds. These expenses are reported as function expenses on a budgetary basis.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of December 31, 1999:

Year Ending December 31	Enterprise
2000	$ 4,224
2001	4,224
2002	3,871
Total Future Minimum Lease Payments	12,319
Less: Amount Representing Interest	(960)
Present Value of Future Minimum Lease Payments	$11,359

NOTE 12 - LONG-TERM OBLIGATIONS

A. The following is a summary of the changes in the County's long-term obligations during 1999:

	Interest Rate	Balance 12/31/98	Additions	Reductions	Outstanding 12/31/99
General Long-Term Obligations:					
General Obligation Bonds:					
County Service Building-1994	3.5-6.25%	$3,880,000		$160,000	$3,720,000
Various Purpose Refunding-1996	4.4-7.90%	2,600,000		210,000	2,390,000
Total General Obligation Bonds		6,480,000		370,000	6,110,000
Special Assessment Bonds:					
Siler Street Storm Sewer	5.00%	4,199		4,199	0
Eva Haar Ditch	5.50%	12,675		3,169	9,506
Buchler-Gessner Ditch	6.50%	10,974		3,658	7,316
Kenan Ditch	4.75%	8,210		2,737	5,473
Root Ditch	5.00%	10,349		5,174	5,175

Township Rd. 55	6.00%	12,644		2,107	10,537
Gangwer Ditch	5.50%	26,323		8,774	17,549
Bowe Ditch	5.00%	8,939		1,788	7,151
Lewis Saam Jt. Ditch	6.00%	21,479	$ 68,250	14,955	74,774
Total Special Assessment Bonds		115,792	68,250	46,561	137,481
Other Long-Term Obligations:					
Compensated Absences Payable		2,146,865	115,568		2,262,433
Due to Other Governments		416,276	454,562	416,276	454,562
Total Other Long-Term Obligations		2,563,141	570,130	416,276	2,716,995
Total General Long-Term Obligations		9,158,933	638,380	832,837	8,964,476
Enterprise Fund Obligations:					
General Obligation Bonds:					
Sewer District #1 - 1980	9.00%	500,000		45,000	455,000
Other Long-Term Obligations:					
Capital Leases Payable		14,853		3,494	11,359
Total Enterprise Fund Obligations		514,853		48,494	466,359
Total Long-Term Obligations		$9,673,786	$638,380	$881,331	$9,430,835

B. The 1994 County Service Building Bonds were issued to pay for the construction of a building for the Department of Human Services and related offices. The bonds are retired with general resources of the County. Interest is payable on June and December 1 each year with principal payments due in December.

The 1996 Various Purpose Refunding Bonds were issued to advance refund the County's outstanding Various Purpose Improvement Bonds, dated February 15, 1989. The Series 1989 Bonds had an outstanding principal amount of $3,290,000 at the time of refunding, and the balance at December 31, 1999 is $2,350,000. This refunded debt is considered defeased (in-substance); accordingly, it has been removed from the General Long-Term Obligations Account Group.

Issuance proceeds of $3,309,540 and $168,843 of other monies available for the purpose were deposited in an escrow fund in the custody of Mellon Bank, F.S.B. These monies, to the extent feasible, were used to purchase direct obligations of the United States, with the remaining amount ($84) held as an initial cash deposit and administered pursuant to the terms of the escrow agreement. The proceeds and any such cash will be applied to the payment when due of the interest and principal of the refunded bonds. Any amount remaining in the escrow fund, after retirement of all of the refunded bonds, is to be transferred to the County.

For the 1996 Various Purpose Refunding Bonds, interest is payable on June and December 1 of each year with principal payments due in December.

The 1980 Sewer District Improvement Bonds are general obligation revenue bonds, which are supported by the full faith and credit of the County. These bonds were issued to pay for the costs of improving the Sewer District #1. The bonds are retired with revenues from the sanitary engineer fund to the extent such resources are available, or from the general operating revenues of the County. Interest is payable on June and December 1 of each year with principal payments due in December.

Special assessment bonds will be paid from the proceeds of special assessments levied against the property owners who are primarily benefitted from the project. In the event that property owners fail to make their payments, the County is responsible for providing the resources to meet annual principal and interest payments.

Capital leases will be paid from the fund that maintains custody of the related asset. The compensated absences liability will be paid from the fund from which the employees' salaries are paid.

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

The effects of the debt limitations described above at December 31, 1999 are an overall debt margin of $15,920,926 and an unvoted debt margin of $3,654,256, both of which include available funds of $586,476.

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

Year	Principal on General Obligation Bonds	Interest on General Obligation Bonds	Principal on Special Assessment Bonds	Interest on Special Assessment Bonds	Total
2000	$ 385,000	$ 330,963	$ 42,362	$ 7,959	$ 766,284
2001	390,000	313,143	37,188	5,562	745,893
2002	405,000	294,943	22,019	3,424	725,386
2003	420,000	275,645	18,850	2,137	716,632
2004	430,000	255,508	17,062	1,024	703,594
2005 - 2009	2,045,000	938,985			2,983,985
2010 - 2014	960,000	517,150			1,477,150
2015 - 2019	1,075,000	204,700			1,279,700
Totals	$6,110,000	$3,131,037	$137,481	$20,106	$9,398,624

D. The following is a summary of the County's future annual debt service requirements for enterprise funds:

Year	Principal on General Obligation Bonds	Interest on General Obligation Bonds	Total
2000	$ 45,000	$ 32,850	$ 77,850
2001	45,000	36,900	81,900
2002	45,000	32,850	77,850
2003	40,000	28,800	68,800
2004	40,000	25,200	65,200
2005 - 2009	200,000	72,000	272,000
2010	40,000	3,600	43,600
Totals	$455,000	$232,200	$687,200

NOTE 13 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The County maintains two enterprise funds to account for nursing home care, and waste disposal services. Segment information as of and for the year ended December 31, 1999 is as follows:

	Sanitary Sewer	County Home	Total
Operating Revenues	$ 678,225	$ 3,937,728	$ 4,615,953
Operating Expenses			
Before Depreciation	443,412	5,496,011	5,939,423
Depreciation Expense	176,073	152,102	328,175
Operating Income (Loss)	58,740	(1,710,385)	(1,651,645)
Operating Transfers (In)	90,000	300	90,300
Operating Transfers (Out)	(61,587)	(335,400)	(396,987)
Net Income (Loss)	41,816	(1,580,808)	(1,538,992)
Fixed Assets:			
Acquisitions	328,538	50,948	379,486
Deletions		6,350	6,350
Net Working Capital	426,620	3,041,952	3,468,572
Total Assets	6,347,202	7,288,323	13,635,525
Long-Term Liabilities:			
General Obligation Bonds	455,000		455,000
Capital Lease Obligation		11,359	11,359
Compensated Absences	61,825	234,109	295,934
Total Fund Equity	5,764,469	5,998,337	11,762,806
Encumbrances Outstanding at			
December 31, 1999 Budget Basis	58,729	227,980	286,709

NOTE 14 - RISK MANAGEMENT

A. The County is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 1999, the County contracted with County Risk Sharing Authority (CORSA) for liability, property and crime insurance. The CORSA program has a $2,500 deductible. Coverages provided by CORSA are as follows:

Type of Coverage	Amount
General Liability (per occurrence)	$ 1,000,000
Law Enforcement Liability (per occurrence)	1,000,000
Automobile Liability and Physical Damage	
Liability (per occurrence)	1,000,000
Medical payments	
Per Person	5,000
Per Occurrence	50,000
Uninsured Motorist (per person)	250,000
Physical Damage	Actual Cost
Flood (pool limit)	100,000,000
Earthquake (pool limit)	100,000,000
Property	58,946,527
Other Property Insurance:	
EDP Extra Expense	50,000
Extra Expense	1,000,000
EDP Media	100,000
911 Equipment	225,000
Contractor's Equipment	1,250,000
Money and Securities	1,000,000
Valuable Papers and Records	1,000,000
Motor Truck Cargo	100,000
Crime Insurance:	
Faithful Performance	1,000,000

With the exceptions of health insurance, life insurance, and workers' compensation, all insurance is held with CORSA (See Note 2). There has been no significant reduction in coverage from 1998, and settled claims have not exceeded limits of coverage in the past three years. The County pays all elected officials' bonds in accordance with statute.

B. Self Insurance Program

The County manages hospital/medical insurance for its employees on a self insured basis. A third party administrator processes the claims, which the County pays. The Group Medical Benefits Plan internal service fund allocates the cost of providing claims servicing and claims payments by charging a monthly premium to each individual enrolled in the health insurance program. These premiums, along with the premium the County pays for each employee enrolled in the program, are paid into the Group Medical Benefits Plan internal service fund. Claims and services are paid from this fund.

Under the self insurance program, the internal service fund provided coverage for up to a maximum lifetime benefit of $2,000,000 per individual. The County purchased commercial insurance for claims in excess of coverage provided by the Group Medical Benefits Plan internal service fund. The stop-loss coverage for 1999 was $60,000 per individual.

The liability for claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, Risk Financing Omnibus, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated.

The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payable at December 31, 1999 are estimated by the third party administrator at $554,891.

The changes in the claims liability for the current and past three fiscal years were:

	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
1999	$491,618	$2,078,331	$2,015,058	$554,891
1998	603,195	1,428,322	1,539,899	491,618
1997	504,795	1,576,211	1,477,811	603,195
1996	394,708	1,185,469	1,075,382	504,795

C. Insurance Purchasing Pool

For 1999, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (See Note 2). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

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

In prior years, the County paid the State Workers' Compensation System using a retrospective rating plan. The County continues to pay claims resulting from this plan. The activity is accounted for in an internal service fund. The claims activity for the current and past three fiscal periods is as follows:

	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
1999	$ 0	$19,661	$19,661	$ 0
1998	0	27,936	27,936	0
1997	0	93,721	93,721	0
1996	0	65,981	65,981	0

NOTE 15 - DEFINED BENEFIT PENSION PLANS

A. Public Employees Retirement System

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 1999 was 8.5 percent for employees other than law enforcement. Law enforcement employees contribute 9 percent of covered salary. The employer contribution rate was 13.55 percent of covered payroll; 9.35 percent was the portion used to fund pension obligations for 1999. The law enforcement employer rate was 16.7 percent of covered payroll and 12.5 percent was the portion used to fund pension obligations for 1999. The County's contributions for pension obligations to PERS for the years ended December 31, 1999, 1998, and 1997 were $2,110,026, $1,418,837 and $1,345,970 respectively; 75 percent has been contributed for 1999 and 100 percent for 1998 and 1997. $519,928, representing the unpaid contribution for 1999, is recorded as a liability within the respective funds and 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; 10.5 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 $54,905, $41,879, and $27,801, respectively; 94 percent has been contributed for 1999 and 100 percent has been contributed for 1998 and 1997. $3,720, representing the unpaid contributions for 1999, is recorded as a liability within the respective funds.

NOTE 16 - POSTEMPLOYMENT BENEFITS

A. Public Employees Retirement System

The Public Employees Retirement System of Ohio provides post retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 1999 employer contribution rate for local employers was 13.55% of covered payroll and the rate for law enforcement employees was 16.7%; 4.2% was the portion that was used to fund health care for the year for regular employees, and 4.2% was used to fund health care for the year for law enforcement employees.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. The County's contribution actually made to fund postemployment benefits was $603,230 for regular employees, and $50,800 for law enforcement employees.

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

Statewide expenditures for OPEB during 1999 were $523.6 million. As of December 31, 1999, the unaudited estimated net assets available statewide for future OPEB payments were $9.87 billion. The number of benefit recipients statewide eligible for OPEB at December 31, 1999 was 118,062.

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

Additional information on the PERS, including historical trend information showing the progress in accumulating sufficient assets to pay benefits when due is available in the PERS December 31, 1999, Comprehensive Annual Financial Report.

B. State Teachers Retirement System

Comprehensive health care benefits are provided to retired teachers and their dependants 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. All benefit recipients are required to pay a portion of their health care cost in the form of a monthly premium. Under Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to 3.5 percent of covered payroll to the Health Care Reserve Fund. For the County, this amount equaled $31,374 during 1999. Eligible benefit recipients totaled $249.9 million. For the year ended July 25, 1999, net health care costs paid by STRS were $95,796.

NOTE 17 - OTHER EMPLOYEE BENEFITS

Compensated Absences

County employees earn vacation leave at varying rates ranging from two to five weeks per weeks per year. Accumulated vacation cannot exceed three times the annual accumulation rate for an employee. All accumulated, unused vacation time is paid upon separation from the County. Sick leave is accumulated at the rate of three weeks per year. Upon retirement, employees hired before August 12, 1982, are entitled to 100 percent of their accumulated sick leave up to a maximum of 260 days. Employees hired after August 12, 1982, with seven years of service, are entitled to 25 percent of their accumulated sick leave up to a maximum of 30 days. As of December 31, 1999 the total liability for compensated absences was $2,720,556 for the Primary Government. Of that amount, the liability for governmental funds was $2,424,622; the current portion was $162,189, and $2,262,433 was reported in the General Long-Term Obligations Account Group. The total liability for the enterprise funds was $295,934, of which $36,242 was current, and the balance long-term.

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis), All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

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

3. Outstanding year end encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance for governmental fund types (GAAP).

4. Cash activity of accounts which are held separately by the County and not budgeted for by the County are excluded on the budget basis, but are recorded on the GAAP basis.

5. Short-term note proceeds and note principal retirement are operating transactions (budget) as opposed to the fund that received the proceeds (GAAP).

6. State statute requires short-term note debt to be repaid from the debt service fund (budget) as opposed to the fund that received the proceeds (GAAP).

Adjustments necessary to convert the results of operations at the end of the year on the Budget basis to the GAAP basis are as follows:

Excess of Revenue and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Budget Basis	$ (12,186)	$ (567,106)	$ 51,883	$ 879,457
Net Adjustment for Revenue Accruals	(71,269)	926,456	(18,052)	(67,622)
Net Adjustment for Expenditure Accruals	(161,008)	(590,901)		(236,256)
Net Adjustment for Other Financing Sources (Uses)	(954,820)	(1,946,110)		(643,500)
Budget Basis Encumbrances Outstanding at Year End	205,964	1,359,666		451,871
GAAP Basis	$(993,319)	$ (817,995)	$ 33,831	$ 383,950

NOTE 19 - CONTINGENT LIABILITIES

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

NOTE 20 - FEDERAL FOOD STAMP PROGRAM

The County's Department of Human Services distributes federal food stamps through the department as well as through contracting issuance centers to entitled recipient within Sandusky County. The receipt and issuance of these stamps have the characteristics of federal "grants"; however, the Department of Human Services merely acts in an intermediary capacity.

The inventory value of these stamps is not reflected in the accompany financial statements as the only economic interest related to the stamps rests with the ultimate recipient. Federal food stamp activity for the year is as follows:

Balance at beginning of year	$ 1,514,993
Amount received for distribution	431,005
Amount distributed to entitled recipients	(1,572,216)
Balance at end of year	$ 373,782

NOTE 21 - CONDUIT DEBT OBLIGATIONS

From time to time, the County has issued Industrial Revenue Bonds and Health Care Facility Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 1999 there are four series of Industrial Revenue Bonds and three series Health Care Facility Bonds outstanding. The aggregate principal amount payable for the six series issued after July 1, 1995 was $36.93 million.

NOTE 22 - CONTRACTUAL COMMITMENTS

At December 31, 1999, the County had the following contractual commitments:

Project	Fund	Contract Amount	Paid as of December 31, 1999	Balance of Contract
Paving	MV & GT	$526,127		$526,127
County Court Renovations	Capital Projects	358,000		358,000

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SANDUSKY COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1999

FEDERAL GRANTOR *Pass Through Grantor* Program Title	Pass Through Entity Number	Federal CFDA Number	Disburse-ments	Non-Cash Disburse-ments
UNITED STATES DEPARTMENT OF AGRICULTURE				
Passed through Ohio Department of Education				
Food Distribution, Commodities	N/A	10.550		$3,732
Nutrition Cluster:				
School Lunch Program:	N/A	10.555	$4,286	
Special Milk Program	N/A	10.556	3,336	
Total Nutrition Cluster			7,622	
Total Department of Agriculture			7,622	3,732
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through Ohio Department of Mental Retardation and Developmental Disabilities				
Social Services Block Grant	N/A	93.667	60,926	
Medical Assistance Program		93.778	281,196	
Child Support Enforcement – Title IV-D	72 98011-41	93.563	17,901	
Total Department of Health and Human Services			360,023	
UNITED STATES CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Passed through Ohio Department of Youth Services				
AmeriCorps	FY98	94.006	9,593	
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through Ohio Department of Development				
Community Development Block Grant - Small Cities Program	B-C-98-067-1	14.228	18,383	
	B-F-98-067-1		68,229	
	B-F-97-067-1		89,564	
	B-C-98-067-1		33,796	
Total Department of Housing and Urban Development			209,972	
UNITED STATES DEPARTMENT OF JUSTICE				
Passed through Ohio Attorney General's Office				
Crime Victims Assistance	99-VAG-ENE-251	16.575	15,412	
	00-VAG-ENE-251		4,217	
	99-VAG-ENE-251-X		8,793	
	00-VAG-ENE-251-X		3,464	
Total Crime Victims Assistance			31,886	
Passed through Ohio Office of Criminal Justice Services				
Juvenile Justice and Delinquent Prevention	95-JJ-IN4-0393	16.540	84	
	96-JJ-IN4-0393		791	
Total Juvenile Justice and Delinquent Prevention			875	
Total Department of Justice			32,761	

(Continued)

SANDUSKY COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

FEDERAL GRANTOR *Pass Through Grantor* Program Title	Pass Through Entity Number	Federal CFDA Number	Disburse-ments	Non-Cash Disburse-ments
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through Ohio Department of Public Safety				
Civil Defense Program	FY98	83.534	25,370	
UNITED STATES DEPARTMENT OF EDUCATION				
Passed through Ohio Department of Education				
Special Education Cluster:				
Title VI-B	066233-B-SF-99P	84.027	7,580	
	066233-B-SF-00P		12,160	
Total Title VI-B			19,740	
Preschool Grant	066233-PG-S1-99	84.173	2,514	
	066233-PG-S1-00		2,201	
Total Preschool Grant			4,715	
Total Special Education Cluster			24,455	
Innovative Education Program Strategies	06223-C2-S1-00	84.298	1,378	
Total Department of Education			25,833	
TOTAL FEDERAL ASSISTANCE			**$671,174**	**$3,732**

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

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – 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 received and consumed. Cash receipts 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 District had no significant food commodities in inventory.

NOTE C – 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. 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 Expenditures (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property. ODOD has informed us that all their CDBG loans should be collateralized. At December 31, 1999, the gross amount of loans outstanding under this program were $420,179.

NOTE D – MATCHING REQUIREMENTS

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

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

Sandusky County
100 North Park Street
Fremont, Ohio 43420-2477

To the Board of County Commissioners:

We have audited the financial statements of Sandusky County as of and for the year ended December 31, 1999, and have issued our report thereon dated July 25, 2000 in which we indicated that the financial statements of Sandco Industries were audited by other auditors. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. The financial statements of the component unit Sandco Industries were not audited in accordance with Government Auditing Standards and accordingly this report does not extend to that component unit.

Compliance

As part of obtaining reasonable assurance about whether Sandusky County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-60172-001 and 1999-60172-002. We also noted certain immaterial instances of noncompliance that we have reported to management of Sandusky County in a separate letter dated July 25, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sandusky County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of Sandusky County in a separate letter dated July 25, 2000.

This report is intended for the information and use of management, the fiscal report review committee, the Board of County Commissioners, 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 25, 2000

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

Sandusky County
100 North Park Street
Fremont, Ohio 43420-2477

To the Board of County Commissioners:

Compliance

We have audited the compliance of Sandusky County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 1999. Sandusky County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Sandusky County's management. Our responsibility is to express an opinion on Sandusky 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 Sandusky 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 Sandusky County's compliance with those requirements.

In our opinion, Sandusky County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999.

Internal Control Over Compliance

The management of Sandusky 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 Sandusky 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 fiscal report review committee, the Board of County Commissioners, 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 25, 2000

SANDUSKY COUNTY
SCHEDULE OF FINDINGS
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)?**	No
(d)(1)(ii)	**Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	Yes
(d)(1)(iv)	**Were there any material internal control weakness conditions reported for major federal programs?**	No
(d)(1)(iv)	**Were there any other reportable internal control weakness conditions reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unqualified
(d)(1)(vi)	**Are there any reportable findings under § .510?**	No
(d)(1)(vii)	**Major Programs (list):**	Community Development Block Grant – Small Cities Program - CFDA# 14.228
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	Yes

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

FINDING NUMBER 1999-60172-001

Ohio Revised Code § 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the appropriate fund free from any previous encumbrance. Further, contracts and orders lacking prior certification shall be consider null and void.

FINDING NUMBER 1999-60172-001
(Continued)

This section also provides two exceptions to the above requirements:

A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was both at the time of the contract or order and at the time of the certificate appropriated and free of any previous encumbrance, the Commissioners may authorize the issuance of a warrant in payment of the amount due upon such contract of order by resolution within 30 days from the receipts of such certificate, if such expenditure is otherwise valid.

B. If the amount involved is less than $1,000, the fiscal officer may authorize it to be paid without the affirmation of the Commissioners, if such expenditures is otherwise valid.

The County Auditor did not certify the availability of the funds prior to the expenditures in 40% of the items tested. These commitments were not subsequently approved by the Commissioners within the aforementioned 30 day time period.

We recommend that the County Auditor certify the amount required to meet a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the appropriate fund free from any previous encumbrance prior to placing an order. In instances where prior certification is not practical, we recommend issuance of a “then and now” certificate.

FINDING NUMBER 1999-60172-002

Ohio Revised Code § 5705.41 (B) prohibits a subdivision from making an expenditure unless it has been properly appropriated. The Group Medical Fund had expenditures plus encumbrances in excess of appropriations by $477,798. Allowing this could result in deficit spending. We recommend that appropriations be reviewed to ensure expenditures do not exceed appropriations.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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

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SANDUSKY COUNTY FINANCIAL CONDITION

SANDUSKY 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 15, 2000