



GUERNSEY COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

GUERNSEY COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of County Commissioners:

We have audited the accompanying general-purpose financial statements of Guernsey County, Ohio (the County), as of and for the year ended December 31, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. We did not audit the financial statements of Guernsey Industries, the County's only discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the general-purpose financial statements, insofar as it relates to the amounts discretely presented for Guernsey Industries, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Guernsey County, as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund types, nonexpendable trust fund and its discretely presented component unit for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2001 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

July 13, 2001

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GUERNSEY COUNTY

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

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
<u>Assets and Other Debits:</u>						
<u>Assets:</u>						
Equity in Pooled Cash and Cash Equivalents	\$3,649,907	\$5,983,034	\$541,083	\$444,170	\$820,858	\$1,007,177
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0	0	0
Investments	0	0	0	0	0	0
<u>Receivables:</u>						
Property and Other Taxes	0	0	0	0	0	0
Special Assessments	0	0	0	0	0	0
Sales Tax	667,326	0	103,000	0	0	0
Accounts	18,822	5,801	0	0	194,569	0
Intergovernmental	166,725	632,967	0	40,596	0	0
Interfund	22,146	0	0	0	0	0
Accrued Interest	162,139	0	0	0	0	0
Due from Other Funds	88,164	102,080	0	0	0	0
<u>Due from Agency Funds:</u>						
Property Taxes	1,218,509	3,875,334	0	0	0	0
Special Assessments	0	0	994,761	0	0	0
Other Accounts	4,000	0	0	0	0	0
Prepaid Items	126,479	92,194	0	0	6,710	0
<u>Materials and Supplies Inventory</u>						
	33,122	205,297	0	0	71,262	0
<u>Fixed Assets (Net, where applicable, of Accumulated Depreciation)</u>						
	0	0	0	0	3,843,355	0
<u>Other Debits:</u>						
<u>Amount Available in Debt Service Fund for Retirement of General Obligations Bonds</u>						
	0	0	0	0	0	0
<u>Amount Available in Debt Service Fund for Retirement of Special Assessment Bonds</u>						
	0	0	0	0	0	0
<u>Amount to be Provided for Retirement of General Obligation Debt</u>						
	0	0	0	0	0	0
<u>Amount to be Provided for Retirement of Special Assessment Debt</u>						
	0	0	0	0	0	0
<u>Amount to be Provided from General Government Resources</u>						
	0	0	0	0	0	0
Total Assets and Other Debits	\$6,157,339	\$10,896,707	\$1,638,844	\$484,766	\$4,936,754	\$1,007,177

Fiduciary Fund Types	Account Groups		Totals Primary Government (Memorandum Only)	Component Unit	Totals Reporting Entity (Memorandum Only)
	General Fixed Assets	General Long-term Obligations			
\$2,129,722	\$0	\$0	\$14,575,951	\$0	\$14,575,951
608,950	0	0	608,950	53,509	662,459
0	0	0	0	37,986	37,986
28,560,605	0	0	28,560,605	0	28,560,605
1,842,026	0	0	1,842,026	0	1,842,026
0	0	0	770,326	0	770,326
0	0	0	219,192	24,646	243,838
300,126	0	0	1,140,414	0	1,140,414
0	0	0	22,146	0	22,146
0	0	0	162,139	0	162,139
0	0	0	190,244	0	190,244
0	0	0	5,093,843	0	5,093,843
0	0	0	994,761	0	994,761
0	0	0	4,000	0	4,000
0	0	0	225,383	100	225,483
0	0	0	309,681	22,121	331,802
0	27,041,142	0	30,884,497	62,075	30,946,572
0	0	530,035	530,035	0	530,035
0	0	114,048	114,048	0	114,048
0	0	5,702,732	5,702,732	0	5,702,732
0	0	615,716	615,716	0	615,716
0	0	1,493,214	1,493,214	0	1,493,214
<u>\$33,441,429</u>	<u>\$27,041,142</u>	<u>\$8,455,745</u>	<u>\$94,059,903</u>	<u>\$200,437</u>	<u>\$94,260,340</u>

(continued)

GUERNSEY COUNTY

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

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
Liabilities, Fund Equity <u>and Other Credits:</u>						
<u>Liabilities:</u>						
Accounts Payable	\$120,095	\$308,836	\$0	\$1,932	\$4,257	\$0
Contracts Payable	30,000	3,000	0	40,596	0	0
Accrued Wages Payable	15,208	205,336	0	0	6,215	0
Compensated Absences Payable	26,960	30,247	0	0	38,473	0
Retainage Payable	0	0	0	1,810	0	0
Interfund Payable	0	0	0	0	22,146	0
Due to Other Funds	0	190,244	0	0	0	0
Intergovernmental Payable	214,197	649,176	0	0	62,848	0
Claims and Judgements Payable	0	0	0	0	0	218,400
Deferred Revenue	1,218,509	3,535,900	994,761	0	0	127,570
Due to Others	0	0	0	0	0	0
Undistributed Monies	0	0	0	0	0	0
OPWC Loan Payable	0	0	0	0	0	0
OWDA Loan Payable	0	0	0	0	878,802	0
Capital Leases Payable	0	0	0	0	0	0
Special Assessment Debt with						
Governmental Commitment	0	0	0	0	0	0
General Obligation Notes Payable	0	0	0	0	0	0
General Obligation Bonds Payable	0	0	0	0	615,050	0
Total Liabilities	<u>1,624,969</u>	<u>4,922,739</u>	<u>994,761</u>	<u>44,338</u>	<u>1,627,791</u>	<u>345,970</u>
Fund Equity, Net Assets <u>and Other Credits:</u>						
Investment in General Fixed Assets	0	0	0	0	0	0
Contributed Capital	0	0	0	0	3,048,697	0
Retained Earnings:						
Unreserved	0	0	0	0	260,266	661,207
Fund Balance:						
Reserved for Encumbrances	26,093	35,733	0	0	0	0
Reserved for Claimants	56,795	0	0	0	0	0
Reserved for Endowment	0	0	0	0	0	0
Reserved for Inventory	33,122	205,297	0	0	0	0
Unreserved,						
Undesignated	4,416,360	5,732,938	644,083	440,428	0	0
Net Assets:						
Unrestricted	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Equity, Net Assets and Other Credits	<u>4,532,370</u>	<u>5,973,968</u>	<u>644,083</u>	<u>440,428</u>	<u>3,308,963</u>	<u>661,207</u>
Total Liabilities, Fund Equity, Net Assets and Other Credits	<u>\$6,157,339</u>	<u>\$10,896,707</u>	<u>\$1,638,844</u>	<u>\$484,766</u>	<u>\$4,936,754</u>	<u>\$1,007,177</u>

See accompanying notes to the general purpose financial statements.

Fiduciary Fund Types	Account Groups		Totals Primary Government (Memorandum Only)	Component Unit	Totals Reporting Entity (Memorandum Only)
	General Fixed Assets	General Long-term Obligations			
\$0	\$0	\$0	\$435,120	\$568	\$435,688
0	0	0	73,596	0	73,596
0	0	0	226,759	0	226,759
0	0	1,149,903	1,245,583	0	1,245,583
0	0	0	1,810	0	1,810
0	0	0	22,146	0	22,146
6,092,604	0	0	6,282,848	0	6,282,848
25,845,418	0	19,153	26,790,792	740	26,791,532
0	0	0	218,400	0	218,400
0	0	0	5,876,740	12,796	5,889,536
190,088	0	0	190,088	0	190,088
1,123,911	0	0	1,123,911	0	1,123,911
0	0	206,668	206,668	0	206,668
0	0	0	878,802	0	878,802
0	0	117,490	117,490	0	117,490
0	0	729,764	729,764	0	729,764
0	0	600,000	600,000	0	600,000
0	0	5,632,767	6,247,817	0	6,247,817
<u>33,252,021</u>	<u>0</u>	<u>8,455,745</u>	<u>51,268,334</u>	<u>14,104</u>	<u>51,282,438</u>
0	27,041,142	0	27,041,142	0	27,041,142
0	0	0	3,048,697	0	3,048,697
67,502	0	0	988,975	0	988,975
0	0	0	61,826	0	61,826
0	0	0	56,795	0	56,795
20,000	0	0	20,000	0	20,000
0	0	0	238,419	0	238,419
101,906	0	0	11,335,715	0	11,335,715
0	0	0	0	186,333	186,333
<u>189,408</u>	<u>27,041,142</u>	<u>0</u>	<u>42,791,569</u>	<u>186,333</u>	<u>42,977,902</u>
<u>\$33,441,429</u>	<u>\$27,041,142</u>	<u>\$8,455,745</u>	<u>\$94,059,903</u>	<u>\$200,437</u>	<u>\$94,260,340</u>

GUERNSEY 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, 2000**

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<u>Revenues:</u>			
Property and Other Taxes	\$1,042,582	\$3,766,958	\$0
Sales Tax	4,075,965	0	618,000
Charges for Services	1,313,151	946,453	0
Licenses and Permits	11,772	55,699	0
Fines and Forfeitures	133,234	226,358	0
Intergovernmental	1,320,887	14,371,596	0
Special Assessments	0	0	85,327
Interest	1,090,406	46,143	2,887
Rent	153,419	9,600	120,092
Other	348,206	124,648	0
Total Revenues	9,489,622	19,547,455	826,306
<u>Expenditures:</u>			
Current:			
General Government:			
Legislative and Executive	2,394,582	339,785	0
Judicial	1,813,973	287,945	0
Public Safety	2,368,211	448,464	0
Public Works	66,131	4,537,040	1,705
Health	45,012	4,631,342	0
Human Services	186,818	10,407,876	0
Economic Development and Assistance	0	351,349	0
Other	1,129,969	0	0
Capital Outlay	89,310	34,351	0
Debt Service:			
Principal Retirement	13,715	59,149	424,952
Interest and Fiscal Charges	6,051	836	391,297
Total Expenditures	8,113,772	21,098,137	817,954
Excess of Revenues Over (Under) Expenditures	1,375,850	(1,550,682)	8,352
<u>Other Financing Sources (Uses):</u>			
Inception of Capital Lease	89,310	34,166	0
Operating Transfers In	14,128	1,020,407	11,800
Proceeds of Loans	0	0	0
Proceeds from Sale of Notes	0	0	0
Proceeds from Sale of Bonds	0	0	0
Operating Transfers Out	(1,049,518)	(104,619)	0
Total Other Financing Sources (Uses)	(946,080)	949,954	11,800
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	429,770	(600,728)	20,152
Fund Balances at Beginning of Year	4,099,117	6,465,426	623,931
Increase in Reserve for Inventory	3,483	109,270	0
Fund Balances at End of Year	\$4,532,370	\$5,973,968	\$644,083

See accompanying notes to the general purpose financial statements.

Capital Projects	Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)
\$0	\$0	\$4,809,540
0	0	4,693,965
0	0	2,259,604
0	0	67,471
0	0	359,592
753,852	0	16,446,335
0	0	85,327
31,826	5,197	1,176,459
33,160	0	316,271
0	0	472,854
<u>818,838</u>	<u>5,197</u>	<u>30,687,418</u>
0	0	2,734,367
0	0	2,101,918
0	0	2,816,675
0	0	4,604,876
0	0	4,676,354
0	1,136	10,595,830
0	0	351,349
0	0	1,129,969
1,310,605	0	1,434,266
0	0	497,816
0	0	398,184
<u>1,310,605</u>	<u>1,136</u>	<u>31,341,604</u>
<u>(491,767)</u>	<u>4,061</u>	<u>(654,186)</u>
0	0	123,476
0	0	1,046,335
55,043	0	55,043
600,000	0	600,000
63,880	0	63,880
<u>(28,417)</u>	<u>0</u>	<u>(1,182,554)</u>
<u>690,506</u>	<u>0</u>	<u>706,180</u>
198,739	4,061	51,994
241,689	97,845	11,528,008
<u>0</u>	<u>0</u>	<u>112,753</u>
<u>\$440,428</u>	<u>\$101,906</u>	<u>\$11,692,755</u>

GUERNSEY COUNTY

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

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property and Other Taxes	\$1,010,251	\$1,042,582	\$32,331
Sales Tax	3,769,110	4,109,953	340,843
Charges for Services	1,249,519	1,318,418	68,899
Licenses and Permits	11,800	11,772	(28)
Fines and Forfeitures	78,366	131,110	52,744
Intergovernmental	1,233,920	1,316,353	82,433
Special Assessments	0	0	0
Interest	603,906	924,247	320,341
Rent	156,280	153,419	(2,861)
Other	113,031	348,206	235,175
Total Revenues	<u>8,226,183</u>	<u>9,356,060</u>	<u>1,129,877</u>
<u>Expenditures:</u>			
Current:			
General Government:			
Legislative and Executive	4,584,732	2,414,957	2,169,775
Judicial	1,970,469	1,846,109	124,360
Public Safety	2,412,430	2,415,896	(3,466)
Public Works	98,677	66,474	32,203
Health	45,626	43,499	2,127
Human Services	209,900	195,660	14,240
Economic Development and Assistance	0	0	0
Other	1,295,042	1,129,969	165,073
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	13,715	13,715	0
Interest and Fiscal Charges	11,028	6,051	4,977
Total Expenditures	<u>10,641,619</u>	<u>8,132,330</u>	<u>2,509,289</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,415,436)</u>	<u>1,223,730</u>	<u>3,639,166</u>
<u>Other Financing Sources (Uses):</u>			
Proceeds of Loans	0	0	0
Proceeds from Sale of Notes	0	0	0
Proceeds from Sale of Bonds	0	0	0
Operating Transfers In	263,009	14,128	(248,881)
Operating Transfers Out	(1,123,697)	(1,049,518)	74,179
Total Other Financing Sources (Uses)	<u>(860,688)</u>	<u>(1,035,390)</u>	<u>(174,702)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(3,276,124)</u>	<u>188,340</u>	<u>3,464,464</u>
Fund Balances at Beginning of Year	3,216,788	3,216,788	0
Prior Year Encumbrances Appropriated	<u>96,653</u>	<u>96,653</u>	<u>0</u>
Fund Balances at End of Year	<u><u>\$37,317</u></u>	<u><u>\$3,501,781</u></u>	<u><u>\$3,464,464</u></u>

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$3,614,867	\$3,766,958	\$152,091	\$0	\$0	\$0
0	0	0	618,000	618,000	0
685,208	980,975	295,767	0	0	0
(25,979)	55,699	81,678	0	0	0
252,809	226,310	(26,499)	0	0	0
15,118,733	14,697,501	(421,232)	0	0	0
0	0	0	73,696	85,327	11,631
8,028	45,873	37,845	2,703	2,887	184
9,600	9,600	0	111,140	120,092	8,952
187,738	124,648	(63,090)	0	0	0
19,851,004	19,907,564	56,560	805,539	826,306	20,767
669,560	336,008	333,552	0	0	0
702,126	276,247	425,879	0	0	0
593,523	446,858	146,665	0	0	0
5,000,392	4,587,279	413,113	1,705	1,705	0
5,384,501	4,695,001	689,500	0	0	0
12,339,105	10,382,506	1,956,599	0	0	0
412,561	351,349	61,212	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
59,149	59,149	0	942,376	424,952	517,424
836	836	0	391,297	391,297	0
25,161,753	21,135,233	4,026,520	1,335,378	817,954	517,424
(5,310,749)	(1,227,669)	4,083,080	(529,839)	8,352	538,191
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
394,185	1,020,407	626,222	50,261	11,800	(38,461)
(190,666)	(104,619)	86,047	(41,353)	0	41,353
203,519	915,788	712,269	8,908	11,800	2,892
(5,107,230)	(311,881)	4,795,349	(520,931)	20,152	541,083
6,030,762	6,030,762	0	520,931	520,931	0
46,024	46,024	0	0	0	0
\$969,556	\$5,764,905	\$4,795,349	\$0	\$541,083	\$541,083

(continued)

GUERNSEY COUNTY

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

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property and Other Taxes	\$0	\$0	\$0
Sales Tax	0	0	0
Charges for Services	0	0	0
Licenses and Permits	0	0	0
Fines and Forfeitures	0	0	0
Intergovernmental	726,894	726,894	0
Special Assessments	0	0	0
Interest	4,600	30,238	25,638
Rent	31,001	33,160	2,159
Other	0	0	0
Total Revenues	<u>762,495</u>	<u>790,292</u>	<u>27,797</u>
<u>Expenditures:</u>			
Current:			
General Government:			
Legislative and Executive	0	0	0
Judicial	0	0	0
Public Safety	0	0	0
Public Works	0	0	0
Health	0	0	0
Human Services	0	0	0
Economic Development and Assistance	0	0	0
Other	0	0	0
Capital Outlay	1,632,863	1,266,267	366,596
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	<u>1,632,863</u>	<u>1,266,267</u>	<u>366,596</u>
Excess of Revenues Over (Under) Expenditures	<u>(870,368)</u>	<u>(475,975)</u>	<u>394,393</u>
<u>Other Financing Sources (Uses):</u>			
Proceeds of Loans	14,590	55,043	40,453
Proceeds from Sale of Notes	600,000	600,000	0
Proceeds from Sale of Bonds	63,880	63,880	0
Operating Transfers In	78,000	0	(78,000)
Operating Transfers Out	(49,737)	(28,417)	21,320
Total Other Financing Sources (Uses)	<u>706,733</u>	<u>690,506</u>	<u>(16,227)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(163,635)	214,531	378,166
Fund Balances at Beginning of Year	227,515	227,515	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balances at End of Year	<u>\$63,880</u>	<u>\$442,046</u>	<u>\$378,166</u>

See accompanying notes to the general purpose financial statements.

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$4,625,118	\$4,809,540	\$184,422
0	0	0	4,387,110	4,727,953	340,843
0	0	0	1,934,727	2,299,393	364,666
0	0	0	(14,179)	67,471	81,650
0	0	0	331,175	357,420	26,245
0	0	0	17,079,547	16,740,748	(338,799)
0	0	0	73,696	85,327	11,631
4,000	5,800	1,800	623,237	1,009,045	385,808
0	0	0	308,021	316,271	8,250
0	0	0	300,769	472,854	172,085
4,000	5,800	1,800	29,649,221	30,886,022	1,236,801
0	0	0	5,254,292	2,750,965	2,503,327
0	0	0	2,672,595	2,122,356	550,239
0	0	0	3,005,953	2,862,754	143,199
0	0	0	5,100,774	4,655,458	445,316
0	0	0	5,430,127	4,738,500	691,627
100,789	1,136	99,653	12,649,794	10,579,302	2,070,492
0	0	0	412,561	351,349	61,212
0	0	0	1,295,042	1,129,969	165,073
0	0	0	1,632,863	1,266,267	366,596
0	0	0	1,015,240	497,816	517,424
0	0	0	403,161	398,184	4,977
100,789	1,136	99,653	38,872,402	31,352,920	7,519,482
(96,789)	4,664	101,453	(9,223,181)	(466,898)	8,756,283
0	0	0	14,590	55,043	40,453
0	0	0	600,000	600,000	0
0	0	0	63,880	63,880	0
0	0	0	785,455	1,046,335	260,880
0	0	0	(1,405,453)	(1,182,554)	222,899
0	0	0	58,472	582,704	524,232
(96,789)	4,664	101,453	(9,164,709)	115,806	9,280,515
96,789	96,789	0	10,092,785	10,092,785	0
0	0	0	142,677	142,677	0
\$0	\$101,453	\$101,453	\$1,070,753	\$10,351,268	\$9,280,515

GUERNSEYCOUNTY

**COMBINED STATEMENT OF REVENUES
EXPENSES AND CHANGES IN FUND EQUITY/FUND BALANCE
ALL PROPRIETY FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Types		Fiduciary	Totals (Memorandum Only)
	Enterprise	Internal Service	Fund Type Nonexpend- able Trust	
<u>Operating Revenues:</u>				
Charges for Services	\$1,468,142	\$1,789,004	\$0	\$3,257,146
Tap-In Fees	29,350	0	0	29,350
Interest	0	0	4,591	4,591
Other Operating Revenues	11,176	0	0	11,176
Total Operating Revenues	<u>1,508,668</u>	<u>1,789,004</u>	<u>4,591</u>	<u>3,302,263</u>
<u>Operating Expenses:</u>				
Personal Services	287,919	0	0	287,919
Fringe Benefits	107,329	0	0	107,329
Contractual Services	719,908	186,682	0	906,590
Materials and Supplies	102,886	0	334	103,220
Claims	0	1,263,008	0	1,263,008
Depreciation	195,534	0	0	195,534
Other Operating Expenses	45,029	0	0	45,029
Total Operating Expenses	<u>1,458,605</u>	<u>1,449,690</u>	<u>334</u>	<u>2,908,629</u>
Operating Income	<u>50,063</u>	<u>339,314</u>	<u>4,257</u>	<u>393,634</u>
<u>Non-Operating Revenues (Expenses):</u>				
Interest Income	9,575	0	0	9,575
Loss on Sale of Fixed Asset	(10,032)	0	0	(10,032)
Interest and Fiscal Charges	(108,253)	0	0	(108,253)
Total Non-Operating Revenues (Expenses)	<u>(108,710)</u>	<u>0</u>	<u>0</u>	<u>(108,710)</u>
Income (Loss) Before Operating Transfers	(58,647)	339,314	4,257	284,924
Operating Transfers In	<u>136,219</u>	<u>0</u>	<u>0</u>	<u>136,219</u>
Net Income	<u>77,572</u>	<u>339,314</u>	<u>4,257</u>	<u>421,143</u>
Retained Earnings/Fund Balance at Beginning of Year	<u>182,694</u>	<u>321,893</u>	<u>83,245</u>	<u>587,832</u>
Retained Earnings/Fund Balance at End of Year	<u>260,266</u>	<u>661,207</u>	<u>87,502</u>	<u>1,008,975</u>
Contributed Capital at Beginning of Year	2,978,461	0	0	2,978,461
Changes During the Year:				
Donations	<u>70,236</u>	<u>0</u>	<u>0</u>	<u>70,236</u>
Net Changes During the Year	<u>70,236</u>	<u>0</u>	<u>0</u>	<u>70,236</u>
Contributed Capital at End of Year	<u>3,048,697</u>	<u>0</u>	<u>0</u>	<u>3,048,697</u>
Total Fund Equity at End of Year	<u>\$3,308,963</u>	<u>\$661,207</u>	<u>\$87,502</u>	<u>\$4,057,672</u>

See accompanying notes to the general purpose financial statements.

GUERNSEY COUNTY
STATEMENT OF ACTIVITIES
COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2000

<u>Unrestricted Net Assets Revenue:</u>	
Sales	\$334,563
Interest	3,136
Donations	2,550
Contributions: Guernsey County Board of Mental Retardation/Developmental Disabilities	23,981
Total Operating Revenues	<u>364,230</u>
 Direct Materials and Supplies	 <u>90,821</u>
	<u>273,409</u>
 <u>Operating Expenses:</u>	
Wages	142,267
Depreciation	21,357
Employee Welfare	3,760
160 Board Expense	957
Insurance - General	7,370
Insurance - Industrial	1,156
Utilities	1,766
Advertising	3,238
Licenses	464
Professional Fees	9,499
Family Resources	46,738
Vehicle Expense	3,239
Equipment Rental	81
Repairs - Equipment	2,107
Dues and Subscriptions	1,070
Office Supplies and Postage	351
Other Supplies	8,706
Payroll Taxes	11,014
Loss on Sale of Equipment	234
In-Kind Contribution	23,981
Total Operating Expenses	<u>289,355</u>
 Decrease in Unrestricted Net Assets	 (15,946)

See accompanying notes to the general purpose financial statements.

GUERNSEY COUNTY

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non- expend- able Trust</u>	
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>				
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$1,533,251	\$0	\$0	\$1,533,251
Cash Received from Quasi-External Transactions with Other Funds	0	1,916,574	0	1,916,574
Cash Payments for Employee Services and Benefits	(404,022)	0	0	(404,022)
Cash Payments for Goods and Services	(828,574)	(186,682)	(334)	(1,015,590)
Cash Payments for Claims	0	(1,270,808)	0	(1,270,808)
Other Operating Revenue	11,176	0	0	11,176
Other Operating Expenses	(45,029)	0	0	(45,029)
Other Non-Operating Revenue	0	0	0	0
Net Cash Provided by (Used for) Operating Activities	<u>266,802</u>	<u>459,084</u>	<u>(334)</u>	<u>725,552</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Operating Transfers In	<u>136,219</u>	<u>0</u>	<u>0</u>	<u>136,219</u>
Net Cash Provided by Noncapital Financing Activities	<u>136,219</u>	<u>0</u>	<u>0</u>	<u>136,219</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Payments for Capital Acquisitions	(99,425)	0	0	(99,425)
Principal Payments	(103,017)	0	0	(103,017)
Interest Payments	(108,253)	0	0	(108,253)
Net Cash Used for Capital and Related Financing Activities	<u>(310,695)</u>	<u>0</u>	<u>0</u>	<u>(310,695)</u>
<u>Cash Flows from Investing Activities:</u>				
Receipts of Interest	<u>9,575</u>	<u>0</u>	<u>4,591</u>	<u>14,166</u>
Net Cash Provided by Investing Activities	<u>9,575</u>	<u>0</u>	<u>4,591</u>	<u>14,166</u>
Net Increase in Cash and Cash Equivalents	101,901	459,084	4,257	565,242
Cash and Cash Equivalents at Beginning of Year	<u>718,957</u>	<u>548,093</u>	<u>83,245</u>	<u>1,350,295</u>
Cash and Cash Equivalents at End of Year	<u>\$820,858</u>	<u>\$1,007,177</u>	<u>\$87,502</u>	<u>\$1,915,537</u>

(continued)

GUERNSEY COUNTY

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Non- expend- able Trust	
Reconciliation of Operating Income to <u>Net Cash Provided by (Used for) Operating Activities:</u>				
Operating Income	\$50,063	\$339,314	\$4,257	\$393,634
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	195,534	0	0	195,534
Interest	0	0	(4,591)	(4,591)
<u>Changes in Assets and Liabilities:</u>				
Decrease in Accounts Receivable	35,759	0	0	35,759
Increase in Prepaid Items	(2,413)	0	0	(2,413)
Increase in Materials and Supplies Inventory	(7,658)	0	0	(7,658)
Decrease in Accounts Payable	(5,143)	0	0	(5,143)
Increase in Accrued Wages and Benefits	5,175	0	0	5,175
Decrease in Claims Payable	0	(7,800)	0	(7,800)
Decrease in Compensated Absences	(8,774)	0	0	(8,774)
Increase in Deferred Revenue	0	127,570	0	127,570
Increase in Due to Other Governments	4,259	0	0	4,259
Total Adjustments	216,739	119,770	(4,591)	331,918
Net Cash Provided by (Used for) Operating Activities	\$266,802	\$459,084	(\$334)	\$725,552

Non-Cash Transactions:

During 2000, the Water Enterprise Fund received donated assets in the amount of \$70,236.

Reconciliation:

Cash and Cash Equivalents - All Fiduciary Funds	\$2,738,672
Cash and Cash Equivalents - Expendable Trust Fund	(101,906)
Cash and Cash Equivalents - All Agency Funds	(2,549,264)
Cash and Cash Equivalents - Non-Expendable Trust Fund	\$87,502

See accompanying notes to the general purpose financial statements.

GUERNSEY COUNTY
STATEMENT OF CASH FLOWS
COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2000

	Component Unit
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$330,819
Cash Paid to Suppliers and Employees	(340,963)
Interest Received	1,178
Net Cash Provided by Operating Activities	(8,966)
<u>Cash Flows from Investing Activities:</u>	
Purchase of Equipment	(1,836)
Proceeds from Trade In of Assets	1,894
Purchase of Short-Term Investments	(10,000)
Net Cash (Used for) Investing Activities	(9,942)
Net Decrease in Cash	(18,908)
Cash at Beginning of Year	72,417
Cash at End of Year	\$53,509
<u>Reconciliation of Change in Net Assets to Net Cash</u>	
<u>(Used for) Operating Activities:</u>	
Change in Net Assets	(\$15,946)
<u>Adjustments to Reconcile Change in Net Assets</u>	
<u>to Net Cash Provided by (Used for) Operating Activities:</u>	
Depreciation	21,357
Reinvested Earning on Short-Term Investments	(1,958)
Loss on Sale of Equipment	234
<u>(Increase) Decrease in Assets:</u>	
Accounts and Grant Receivable	(6,294)
Inventory	2,100
Prepaid Expenses	(100)
<u>(Decrease) in Liabilities:</u>	
Accounts Payable and Accrued Expenses	(2,182)
Deferred Income	(6,177)
Net Cash (Used for) Operating Activities	(\$8,966)
<u>Supplemental Data:</u>	
<u>Non-Cash Operating and Investing Activities:</u>	
Gifts In-Kind	\$23,981

See accompanying notes to the general purpose financial statements.

GUERNSEY COUNTY

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

	Enterprise Funds		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<u>Revenues:</u>			
Charges for Services	\$1,450,650	\$1,503,901	\$53,251
Interest	0	9,566	9,566
Tap-In Fees	29,350	29,350	0
Other Revenues	5,162	11,176	6,014
Total Revenues	1,485,162	1,553,993	68,831
<u>Expenses:</u>			
Personal Services	300,724	296,693	4,031
Fringe Expense	51,632	103,964	(52,332)
Contractual Services	882,278	775,361	106,917
Materials and Supplies	151,529	112,264	39,265
Claims Expense	0	0	0
Other Operating Expenses	471,518	45,029	426,489
Capital Outlay	101,085	99,425	1,660
Debt Service:			
Principal Retirement	130,407	103,017	27,390
Interest and Fiscal Charges	108,253	108,253	0
Total Expenses	2,197,426	1,644,006	553,420
Excess of Revenues Over (Under) Expenses	(712,264)	(90,013)	622,251
Operating Transfers In	76,040	136,219	60,179
Operating Transfers Out	(14,231)	0	14,231
Excess of Revenues Over (Under) Expenses and Operating Transfers	(650,455)	46,206	696,661
Fund Equity at Beginning of Year	650,449	650,449	0
Prior Year Encumbrances Appropriated	58,122	58,122	0
Fund Equity at End of Year	\$58,116	\$754,777	\$696,661

(continued)

GUERNSEY COUNTY

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

	Internal Service		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$1,759,504	\$1,916,574	\$157,070
Interest	0	0	0
Tap-In Fees	0	0	0
Other Revenues	0	0	0
Total Revenues	1,759,504	1,916,574	157,070
<u>Expenses:</u>			
Personal Services	0	0	0
Fringe Expense	0	0	0
Contractual Services	215,000	186,682	28,318
Materials and Supplies	0	0	0
Claims Expense	2,302,883	1,270,808	1,032,075
Other Operating Expenses	0	0	0
Capital Outlay	0	0	0
<u>Debt Service:</u>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenses	2,517,883	1,457,490	1,060,393
Excess of Revenues Over (Under) Expenses	(758,379)	459,084	1,217,463
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
Excess of Revenues Over (Under) Expenses and Operating Transfers	(758,379)	459,084	1,217,463
Fund Equity at Beginning of Year	548,093	548,093	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Equity at End of Year	(\$210,286)	\$1,007,177	\$1,217,463

See accompanying notes to the general purpose financial statements.

Nonexpendable Trust			Totals - Memorandum Only		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$3,210,154	\$3,420,475	\$210,321
0	4,591	4,591	0	14,157	14,157
0	0	0	29,350	29,350	0
0	0	0	5,162	11,176	6,014
0	4,591	4,591	3,244,666	3,475,158	230,492
0	0	0	300,724	296,693	4,031
0	0	0	51,632	103,964	(52,332)
0	0	0	1,097,278	962,043	135,235
0	334	(334)	151,529	112,598	38,931
0	0	0	2,302,883	1,270,808	1,032,075
0	0	0	471,518	45,029	426,489
0	0	0	101,085	99,425	1,660
0	0	0	130,407	103,017	27,390
0	0	0	108,253	108,253	0
0	334	(334)	4,715,309	3,101,830	1,613,479
0	4,257	4,257	(1,470,643)	373,328	1,843,971
0	0	0	76,040	136,219	60,179
0	0	0	(14,231)	0	14,231
0	4,257	4,257	(1,408,834)	509,547	1,918,381
83,245	83,245	0	1,281,787	1,281,787	0
0	0	0	58,122	58,122	0
<u>\$83,245</u>	<u>\$87,502</u>	<u>\$4,257</u>	<u>(\$68,925)</u>	<u>\$1,849,456</u>	<u>\$1,918,381</u>

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GUERNSEY COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

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

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

A. Reporting Entity:

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

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

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

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

The component unit column in the combined financial statements identifies the financial data of the County's component unit, Guernsey Industries. It is discretely reported in a separate column to emphasize that it is legally separate from the County. Another component unit of the County is the Guernsey County Port Authority, which was established during calendar year 2000.

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

GUERNSEY COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000

The Guernsey County Port Authority is a legally separate, not-for profit organization which is governed by a five member board. On October 2, 2000, the County Commissioners, by resolution, created the Guernsey County Port Authority (GCPA) pursuant to the laws of the State of Ohio. Guernsey County appoints all five members of the board. The GCPA was established by the Guernsey County Commissioners as a resource to continue and improve economic development throughout the County. No financial activity occurred for the GCPA for 2000.

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

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

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

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

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

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

The County is associated with certain organizations which are defined as Jointly Governed Organizations, Related Organizations, or Pools. These organizations are presented in Note 19, Note 20, and Note 21 to the General Purpose Financial Statements. The organizations are:

SouthEastern Ohio Joint Solid Waste Management District
Guernsey-Monroe-Noble Community Action Corporation (GMN)
Southeast Ohio Juvenile Rehabilitation District (SEOJRD)

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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Guernsey County Family Service Council
Mental Health and Recovery Services Board
South Eastern Narcotics Team (SENT)
Mid Eastern Ohio Regional Council of Governments (MEORC)
Ohio Mid-Eastern Governments Association (OMEGA)
Cambridge - Guernsey County Visitors and Convention Bureau
The Area Office on Aging
Eastern Ohio Correctional Center
Southeast Area Transit
Guernsey County Convention Facilities Authority
Cambridge Metropolitan Housing Authority
Guernsey County Park District
Guernsey County Airport Authority
County Risk Shared Authority (CORSA)
County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

B. Fund Accounting:

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

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

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

Governmental Fund Types:

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

GUERNSEY COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000

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

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

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

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

Proprietary Fund Types:

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

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

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

Fiduciary Fund Types:

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

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

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

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

GUERNSEY COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000

Account Groups:

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Measurement Focus and Basis of Accounting:

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

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

Basis of accounting refers to 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.

GUERNSEY COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000

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

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

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred.

Principal and interest on general long-term obligations are recorded as fund liabilities when due, and costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation, are not recognized in the governmental funds.

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

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

B. Budgetary Process:

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

GUERNSEY COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000

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

Tax Budget:

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

Estimated Resources:

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

Appropriations:

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

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

Encumbrances:

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

GUERNSEY COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000

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.

Lapsing of Appropriations:

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

C. Cash and Cash Equivalents and Investments

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

During 2000, investments were limited to STAROhio, federal agency securities, and United States Treasury Notes. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. In 1993 and 1994, which was prior to Senate Bill 81, the County's investment firm purchased Federal Home Loan Mortgage Corporation REMICS which are a type of derivative. These investments are held in the investment firm's pool on behalf of the County. No further information was made available related to credit risk or market risk.

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

The County has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during 2000. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2000.

Investment procedures are restricted by the provisions of the Ohio Revised Code. During 2000, interest was distributed to the general fund, certain special revenue funds, a debt service fund, capital projects funds, an expendable trust fund, a enterprise funds, a non-expendable trust fund and certain agency funds. Interest Income earned in 2000 totaled \$1,190,625 for the primary government. Interest revenue credited to the General Fund during 2000 amounted to \$1,090,406, which includes \$776,260 assigned from other County funds. Interest income earned in 2000 totaled \$3,136 for the component unit.

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

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

GUERNSEY COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000

D. Receivables and Payables

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

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

E. Inventory of Supplies:

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

F. Prepaid Items:

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

G. Interfund Assets and Liabilities:

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

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

H. Property, Plant, Equipment, and Depreciation:

1. General Fixed Assets Account Group

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

GUERNSEY COUNTY

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

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

2. Enterprise Fund Fixed Assets

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

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

3. Valuation

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

I. Compensated Absences:

GASB Statement 16, "Accounting for Compensated Absences", specifies the methods used to accrue liabilities for leave benefits. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the County has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the County's termination policy.

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

GUERNSEY COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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J. Intergovernmental Revenues:

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

K. Accrued and Long-Term Obligations:

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

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

L. Contributed Capital:

Contributed capital represents resources from other funds, other governments, and private sources provided to enterprise funds that are not subject to repayment. These assets are recorded at their fair market value on the date contributed. Tap-in fees are recorded as contributed capital to the extent they exceed the actual costs of the connection to the waste water system. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

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 appropriation or 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, inventory, unclaimed monies and endowment. The reserve for endowment represents the principal portion of the Non-Expendable Trust Fund cash and cash equivalents that may not be spent. By law, unclaimed monies are not available for appropriation until five years have elapsed.

N. Interfund Transactions:

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

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

GUERNSEY COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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O. Estimates

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

P. Total Columns on General Purpose Financial Statements:

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

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

NOTE 3 - RESTATEMENT OF PRIOR YEAR BALANCE

General fixed assets were restated by \$50,922 in the General Fixed Assets Account Group. General fixed assets increased from \$26,127,160 to \$26,178,082.

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

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types and the expendable trust fund (GAAP basis). Material encumbrances are disclosed in the notes for proprietary fund types (GAAP basis).
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than on the balance sheet transactions (GAAP basis).
5. For proprietary funds, the acquisition and construction of capital assets are reported on the

GUERNSEY COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

- 6. operating statement (budget basis) rather than as balance sheet transactions (GAAP basis). Principal and interest payments on debt obligations are reported in debt service funds on the operating statement (budget basis) rather than in the funds receiving the proceeds or responsible for making the debt payments (GAAP basis).
- 7. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.
- 8. The County has funds which are agency funds for budgetary reporting, but are included in the various governmental and proprietary funds for GAAP reporting purposes.

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

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Funds Types and Expendable Trust Fund				
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	\$429,770	(\$600,728)	\$20,152	\$198,739	\$4,061
Net Adjustment for Revenue Accruals	(165,635)	326,394	0	(30,134)	1,056
Unreported Cash	(19,277)	(451)	0	1,588	(453)
Change in Fair Value	(37,960)	0	0	0	0
Prepays	126,479	92,194	0	0	0
Net Adjustment for Expenditure Accruals	(91,698)	(75,547)	0	44,338	0
Encumbrances	<u>(53,339)</u>	<u>(53,743)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Budget Basis	<u>\$188,340</u>	<u>(\$311,881)</u>	<u>\$20,152</u>	<u>\$214,531</u>	<u>\$4,664</u>

GUERNSEY COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

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

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non-Expendable Trust</u>	<u>Component Unit</u>
GAAP Basis	\$77,572	\$339,314	\$4,257	(\$15,946)
Net Adjustment for Revenue Accruals	35,741	127,570	0	0
Unreported Cash	9	0	0	0
Prepays	6,710	0	0	0
Net Adjustment for Expense Accruals	(17,899)	(7,800)	0	0
Depreciation	195,534	0	0	0
Loss on Sale of Fixed Asset	10,032	0	0	0
Debt Principal Retirement	(103,017)	0	0	0
Capital Outlay	(99,425)	0	0	0
Encumbrances	(59,051)	0	0	0
Excess of Net Income for Non Budgeted Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,946</u>
Budget Basis	<u>\$46,206</u>	<u>\$459,084</u>	<u>\$4,257</u>	<u>\$0</u>

NOTE 5 - COMPLIANCE AND ACCOUNTABILITY

A. **Fund Deficits:**

The following funds had a deficit fund balance as of December 31, 2000:

<u>Fund Type / Fund</u>	<u>Deficit Fund Balance</u>
<u>Special Revenue Funds:</u>	
Child Placement Services	\$13,206
JTPA	2,110

These deficits are the result of the recognition of liabilities in accordance with Generally Accepted Accounting Principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

GUERNSEY COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000

B. Legal Compliance:

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

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

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) of this section or cash or both securities and cash, equal value for equal value;

GUERNSEY COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000

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 \$183,191 in undeposited cash on hand which is included on the balance sheet of the County as part of "Equity in Pooled Cash and Cash Equivalents".

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 \$4,903,708, and the bank balance was \$5,877,470. Of the bank balance:

1. \$902,568 was covered by federal depository insurance;
2. \$4,974,902 was considered uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

Investments:

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

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	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying/ Market Value</u>
STAROhio			\$0	\$861,674
United States Treasury Notes			251,406	251,406
Federal Home Loan Bank Consolidated Bonds			5,035,563	5,035,563
Federal Home Loan Mortgage Corporation REMICS			367,094	367,094
Federal National Mortgage Association Notes			3,582,265	<u>3,582,265</u>
Totals				<u>\$10,098,002</u>

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement 9	\$15,184,901	\$0
Undeposited Cash	(183,191)	0
Investments:		
STAROhio	(861,674)	861,674
United States Treasury Notes	(251,406)	251,406
Federal Home Loan Bank Consolidated Bonds	(5,035,563)	5,035,563
Federal Home Loan Mortgage Corporation REMICS	(367,094)	367,094
Federal National Mortgage Association	<u>(3,582,265)</u>	<u>3,582,265</u>
GASB Statement 3	<u>\$4,903,708</u>	<u>\$10,098,002</u>

At year end, the carrying amount of Guernsey Industries (component unit) deposits was \$53,509 and the bank balance was \$53,010. The entire bank balance was covered by Federal Deposit Insurance. The Component Unit also had short term investments of \$37,986 that are carried at cost, which approximates market value. At December 31, 2000, these investments were primarily interest bearing bank certificates of deposit with maturity dates of greater than three months.

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NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Property tax revenue received during 2000 for real and public utility property taxes represents collections of 1999 taxes. Property tax payments received during 2000 for tangible personal property (other than public utility property) is for 2000 taxes.

2000 real property taxes are levied after October 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2000 real property taxes are collected in and intended to finance 2001.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after October 1, 2000, and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after October 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all County operations for the year ended December 31, 2000, was \$12.70 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2000 property tax receipts were based are as follows:

Real Property	\$302,598,670
Public Utility Personal Property	52,501,330
Tangible Personal Property	<u>88,609,820</u>
Total Assessed Value	<u>\$443,709,820</u>

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

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

The County treasurer collects property taxes on behalf of all taxing districts in the County. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2000. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2000 operations. The receivable is offset by deferred revenue.

NOTE 8 - PERMISSIVE SALES AND USE TAX

On February 27, 1989, the County Commissioners adopted a resolution which imposed a one quarter of one percent Permissive Sales Tax (Piggy Back Tax). The sales tax came into effect on April 1, 1992, and expired on April 1, 1993. This sales tax was renewed for two consecutive one-year terms and expired on April 1, 1995. On August 1, 1993, the County Commissioners adopted a resolution which imposed an additional one-quarter of one percent Permissive Sales Tax bringing the total Permissive Sales Tax to one-half of one percent. On February 22, 1995, the County Commissioners adopted a resolution to combine the two one-quarter of one percent Permissive Sales Taxes to a one-half of one percent tax. The County Commissioners have renewed the one-half of one percent Permissive Sales Tax for the sixth consecutive year on February 16, 2000. This sales tax came into effect on April 1, 2000, and expired on March 31, 2001.

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

Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County. Proceeds of the tax are credited to the General Fund and General Bond Retirement Fund. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue. Sales and use tax revenue for 2000 amounted to \$4,693,965.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2000 consisted of taxes, accounts (billings for user charged services, including unbilled utility services), interfund, special assessments, accrued interest, outstanding court costs, and intergovernmental receivables arising from grants and shared revenues. All receivables are considered collectible in full. Special assessment delinquencies amount to \$133,444, are considered collectible, and are included in the receivable amount. Most other delinquent accounts receivable may be certified and collected as a special assessment, subject to foreclosure for nonpayment.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
<u>General Fund:</u>	
COPS Reimbursement	\$17,266
Indigent Fees	74,058
Local Government	63,965
Mental Retardation/Mental Illness Reimbursement	2,449
Miscellaneous State Revenues	<u>8,987</u>
Total General Fund	<u>166,725</u>
<u>Special Revenue Funds:</u>	
Gasoline Tax	117,393
Motor Vehicle License Tax	78,077
Community Corrections Grant	18,270
Board and Care	1,706
Early Intervention	10,270
Children Services Reimbursements	8,478
Foster Care Maintenance Reimbursements	44,873
Unit Funding	96,996
Early Start Reimbursement	18,789
MR/DD Title VI	1,354
MR/DD Title XX	6,150
CAFS Reimbursements	134,770
Lunch Reimbursements	4,054
Contract Services - Noble County	21,449
ECORTC Reimbursement	48,988
Miscellaneous Reimbursements	<u>21,350</u>
Total Special Revenue Funds	<u>632,967</u>

Capital Projects Fund:

GUERNSEY COUNTY

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Issue II Ohio Public Works Commission	<u>40,596</u>
Total Capital Projects Fund	<u>40,596</u>
<u>Agency Funds:</u>	
Local Government	177,517
Motor Vehicle License Tax	41,927
Gasoline Tax	<u>80,682</u>
Total Agency Funds	<u>300,126</u>
Grand Total	<u><u>\$1,140,414</u></u>

NOTE 10 - FIXED ASSETS

A summary of the enterprise funds of the primary government and Guernsey Industries (component unit) fixed assets at December 31, 2000 follows:

	Primary Government	Component Unit
Land	\$17,280	\$0
Buildings	763,838	0
Improvements other than Buildings	653,431	0
Furniture and Fixtures	4,640	0
Machinery and Equipment	217,974	94,494
Vehicles	253,296	121,936
Underground Pipelines	<u>4,551,235</u>	<u>0</u>
Total	6,461,694	216,430
Less Accumulated Depreciation	<u>(2,618,339)</u>	<u>(154,355)</u>
Net Fixed Assets	<u><u>\$3,843,355</u></u>	<u><u>\$62,075</u></u>

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

	Restated Balance January 1, 2000	Additions	Reductions	Balance December 31, 2000
Land	\$582,763	\$0	\$0	\$582,763
Buildings	13,560,275	501,148	11,299	14,050,124
Improvements other than Buildings	4,438,657	187,958	43,498	4,583,117
Furniture and Fixtures	668,671	12,933	5,058	676,546
Equipment	3,712,676	469,936	338,463	3,844,149
Vehicles	2,073,349	233,284	143,881	2,162,752
Underground Pipelines	<u>1,141,691</u>	<u>0</u>	<u>0</u>	<u>1,141,691</u>
Total	<u><u>\$26,178,082</u></u>	<u><u>\$1,405,259</u></u>	<u><u>\$542,199</u></u>	<u><u>\$27,041,142</u></u>

NOTE 11 - RISK MANAGEMENT

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

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

Under the CORSA program for general liability, auto liability, error and omission for public officials, and law enforcement liability, the County has \$1,000,000 of total liability coverage for each loss. Property damage is on a replacement cost basis for a buildings and contents and electronic data processing equipment.

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

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

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

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

The claims liability of \$218,400 reported in the Health Insurance Internal Service Fund at December 31, 2000 is based on the requirements of Governmental Accounting Standards Board Statement 10 which requires that a liability for unpaid claims costs, including estimates of costs related to incurred but not reported (IBNR) claims, be reported. The claims liability is based on an estimate calculated by Medical Benefits Administrators, Inc. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the funds' claims liability in 1999 and 2000 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payment</u>	<u>Balance at End of Year</u>
1999	\$245,710	\$1,261,255	\$1,280,765	\$226,200
2000	226,200	1,263,008	1,270,808	218,400

For 2000 the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (see Note 21). 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.

GUERNSEY COUNTY

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. Public Employees Retirement System:

All County employees, other than teachers, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report that may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations; law enforcement employees contribute 9 percent. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. For plan members, other than those engaged in law enforcement, the County was required to contribute 6.54 percent of covered salary for 2000, a reduction from 9.35 percent for 1999. The County contribution for law enforcement employees for 2000 was 11.4 percent, down from 12.5 percent for 1999. Contributions are authorized by State statute. The contribution rates are determined actuarially. The County's contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$1,097,418, \$1,329,547, and \$1,019,390, respectively; 81 percent has been contributed for 2000 and 100 percent has been contributed for 1999 and 1998. The unpaid contribution for 2000 is recorded as a liability in the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System:

Certified teachers, employed by the school for Mental Retardation and Developmental Disabilities, participate in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary to fund pension obligations and the County is required to contribute 6 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The County's contributions to STRS for the years ended December 31, 2000, 1999, and 1998 were \$43,404, \$41,272, and \$26,424, respectively; 100 percent has been contributed for 2000, 1999, and 1998.

GUERNSEY COUNTY

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NOTE 13 - POST-EMPLOYMENT BENEFITS

A. Public Employees Retirement System:

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

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

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

The number of active contributing participants was 401,339. The County's actual contributions for 2000 which were used to fund postemployment benefits were \$510,898. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999, (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

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

B. State Teachers Retirement System:

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

Benefits are funded on a pay-as-you-go basis. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the County, this amount equaled \$27,249 for 2000.

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STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund at June 30, 2000, was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and there were 99,011 eligible benefit recipients. Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System (STRS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS.

NOTE 14 - OTHER EMPLOYER BENEFITS

A. Deferred Compensation Plans:

County employees and elected officials may participate in either of two state-wide deferred compensation plans created in accordance with Internal Revenue Code Section 457, one offered by the State of Ohio and one by the County Commissioners Association of Ohio (CCAO). Assets of the plans are held in trust for the exclusive benefit of the participants and beneficiaries. The County has no fiduciary accountability for these plans. Participation is on a voluntary payroll deduction basis. Each plan permits deferral of compensation until future years. According to the plans, the deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

B. Compensated Absences:

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. Accumulated, unused vacation time and accumulated, unused sick leave is paid to a retired employee at varying rates depending on length of service and department policy.

C. Medical, Vision, Dental and Life Benefits

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

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

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

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

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

NOTE 15 - CAPITAL LEASES - LESSEE DISCLOSURE

In the current and prior years, the County has entered into capitalized leases for a vehicle and five copiers. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the General Purpose Financial Statements for the governmental funds. The items acquired by lease have been capitalized in the General Fixed Assets Account Group in the amount of \$180,049, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the General Long-Term Obligations Account Group. Principal payments in 2000 totaled \$48,580, which included \$45,390 in cash payments and \$3,190 represented a reduction of capital leases due to the early termination of capital lease agreements.

Future minimum lease payments through 2005 are as follows:

<u>Year</u>	<u>Amount</u>
2001	35,772
2002	32,348
2003	28,512
2004	24,639
2005	14,739
Total	136,010
Less: Amount Representing Interest	(18,520)
Present Value of Net Minimum Lease Payments	<u>\$117,490</u>

NOTE 16 - LONG-TERM OBLIGATIONS

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

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	<u>Outstanding 12/31/99</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/00</u>
General Long-Term Obligations:				
Special Assessments Bonds:				
Rolling Hills Paving I 1988 6.375% Bond	\$122,000	\$0	\$10,500	\$111,500
Rolling Hills Paving II 1988 6.375% Bond	40,492	0	3,900	36,592
Northgate Sewer 1987 7.25%	72,000	0	9,000	63,000
Stop Nine Sanitary Sewer 1993 5%	56,100	0	600	55,500
Sundew & Zane Waterline 1996 4.95%	80,319	0	2,956	77,363
Cedar Hills Sewer 1996 4.95%	154,179	0	6,550	147,629
Wolf's Den Road Waterline 2000 6%	0	63,880	0	63,880
Eastmoor Sewer 1998 4.5%	<u>180,400</u>	<u>0</u>	<u>6,100</u>	<u>174,300</u>
Total Special Assessment Bonds	<u>705,490</u>	<u>63,880</u>	<u>39,606</u>	<u>729,764</u>
General Obligations Bonds:				
Rolling Hills Paving II 1988 6.375% Bond	5,108	0	0	5,108
Public Improvement 1992 5.75% Bond	5,895,000	0	380,000	5,515,000
Public Improvement 1996 4.95%	<u>118,005</u>	<u>0</u>	<u>5,346</u>	<u>112,659</u>
Total General Obligations Bonds	<u>6,018,113</u>	<u>0</u>	<u>385,346</u>	<u>5,632,767</u>
Garage Construction General Obligation Notes 2000 3.86%	<u>0</u>	<u>600,000</u>	<u>0</u>	<u>600,000</u>
Compensated Absences	<u>1,017,698</u>	<u>576,876</u>	<u>444,671</u>	<u>1,149,903</u>
Pension Obligations	<u>25,314</u>	<u>19,153</u>	<u>25,314</u>	<u>19,153</u>
Capital Leases	<u>42,594</u>	<u>123,476</u>	<u>48,580</u>	<u>117,490</u>
Ohio Public Works Commission Promissory Notes	<u>179,099</u>	<u>55,043</u>	<u>27,474</u>	<u>206,668</u>
Total General Long-Term Obligations	<u>\$7,988,308</u>	<u>\$1,438,428</u>	<u>\$970,991</u>	<u>\$8,455,745</u>

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

Enterprise Funds Obligations:

General Obligations Bonds:

Kimbolton Waterline 1992 5.75% Bond	\$133,600	\$0	\$6,500	\$127,100
North Salem Waterline 1994 5% Bond	431,000	0	15,400	415,600
County Water Building Bond	<u>82,498</u>	<u>0</u>	<u>10,148</u>	<u>72,350</u>
Total General Obligation Bonds	<u>647,098</u>	<u>0</u>	<u>32,048</u>	<u>615,050</u>
Water Fund OWD A Loan	<u>949,771</u>	<u>0</u>	<u>70,969</u>	<u>878,802</u>
Total Enterprise Funds Obligations	<u>1,596,869</u>	<u>0</u>	<u>103,017</u>	<u>1,493,852</u>
Total All Long-Term Obligations	<u>\$9,585,177</u>	<u>\$1,438,428</u>	<u>\$1,074,008</u>	<u>\$9,949,597</u>

The County has \$5,632,767 in general obligation bonds outstanding as of December 31, 2000, which are intended to be repaid from rental income from the Department of Job and Family Services, and sales and use tax revenues. The County has \$729,764 in special assessment bonds outstanding which will be paid from special assessment revenue. In the event the special assessments are not paid by the property owners, the County would be required to pay the bonds. The County has \$600,000 in long term notes outstanding at year end. These notes will be repaid from the County's general tax revenues. The County had \$117,490 in outstanding capital leases at December 31, 2000, of which \$101,532 will be paid from the General Fund for various office equipment, \$3,355 will be repaid from the Children Services Special Revenue Fund for a vehicle, \$12,603 will be repaid from the Real Estate Assessment Special Revenue Fund for a copier. The enterprise general obligations bonds and OWD A loan will be repaid from water revenues. The Ohio Public Works Commission Loan will be repaid from the Road Maintenance Special Revenue Fund. Compensated absences and the pension obligations will be repaid from the fund which the employees's salaries are paid.

Annual requirements to retire general obligation bonds outstanding for the primary government at December 31, 2000, including interest in the amount of \$623,995 and \$2,169,897 for enterprise general obligation bonds and governmental general obligation bonds, respectively are as follows:

<u>Year</u>	<u>Enterprise General Obligation Bonds</u>	<u>Governmental General Obligation Bonds</u>	<u>Total Primary Government</u>
2001	\$50,307	\$742,290	\$792,597
2002	50,236	733,980	784,216
2003	50,249	739,433	789,682
2004	50,241	732,770	783,011
2005	50,313	744,508	794,821
2006-2010	194,546	3,428,101	3,622,647
2011-2015	180,339	667,313	847,652
2016-2020	180,345	14,269	194,614
2021-2025	180,115	0	180,115
2026-2030	180,313	0	180,313
2031-2032	72,041	0	72,041
Total	<u>\$1,239,045</u>	<u>\$7,802,664</u>	<u>\$9,041,709</u>

GUERNSEY COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

Annual requirements to retire general obligation notes outstanding at December 31, 2000 including interest in the amount of \$362,000 are as follows:

<u>Year</u>	<u>Amount</u>
2001	\$50,000
2002	49,000
2003	48,000
2004	47,000
2005	46,000
2006-2010	242,500
2011-2015	237,250
2016-2020	<u>242,250</u>
Total	<u>\$962,000</u>

Annual requirements to retire special assessment bonds outstanding at December 31, 2000 including interest in the amount of \$340,912 are as follows:

<u>Year</u>	<u>Amount</u>
2001	\$84,500
2002	83,316
2003	82,494
2004	81,590
2005	80,700
2006-2010	311,437
2011-2015	216,269
2016-2020	85,265
2021-2025	17,375
2026-2030	17,265
2031-2033	<u>10,465</u>
Total	<u>\$1,070,676</u>

Annual requirements to retire the OWDA loan including interest in the amount of \$434,343 are as follows:

<u>Year</u>	<u>Amount</u>
2001	\$145,905
2002	145,905
2003	145,905
2004	145,905
2005	145,905
2006-2009	<u>583,620</u>
Total	<u>\$1,313,145</u>

Annual requirements to retire the OPWC loans are as follows:

<u>Year</u>	<u>Amount</u>
2001	\$29,967
2002	38,482
2003	35,642
2004	32,801
2005	26,448
2006-2010	<u>43,328</u>
Total	<u>\$206,668</u>

GUERNSEY COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County. The Ohio Revised Code further provides that the total voted and unvoted net debt of the County less the same exempt debt shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000.

The effects of the debt limitations described above at December 31, 2000, are a margin on unvoted debt of \$3,592,746 and an overall debt margin of \$9,592,746.

NOTE 17 - INTERFUND TRANSACTIONS

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

<u>Due from/Due to Other Funds</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$1,310,673	\$0
Special Revenue Funds:		
Public Assistance	58,380	85,081
Mental Retardation	2,398,537	0
County Health Levy	339,434	0
County Home	42,909	0
Children Services	725,240	0
Senior Citizens Levy	412,914	0
Child Support Enforcement Agency	0	105,163
Total Special Revenue Funds	<u>3,977,414</u>	<u>190,244</u>
Special Assessment Bond		
Retirement Fund:	<u>994,761</u>	<u>0</u>
Agency Funds:		
Undivided Tax	0	4,000
Undivided Property Tax	<u>0</u>	<u>6,088,604</u>
Total Agency Funds	<u>0</u>	<u>6,092,604</u>
Total Due from/Due to Other Funds	<u>\$6,282,848</u>	<u>\$6,282,848</u>
<u>Interfund Receivables/Payable</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	<u>\$22,146</u>	<u>\$0</u>
Water Enterprise Fund	<u>0</u>	<u>22,146</u>
Total Interfund Receivable/Payable	<u>\$22,146</u>	<u>\$22,146</u>

NOTE 18 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The County maintains two enterprise funds which are intended to be self-supported through user fees charged for services provided to consumers for water and sewer services. The component unit, Guernsey Industries, provides various services for the mentally retarded and developmentally disabled. Financial segment information for the year ended December 31, 2000, is as follows:

GUERNSEY COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

	<u>Water</u>	<u>Sewer</u>	<u>Total Primary Government</u>	<u>Component Unit</u>	<u>Total Reporting Entity</u>
Operating Revenues/ Total Revenues	\$1,378,155	\$130,513	\$1,508,668	\$364,230	\$1,872,898
Depreciation Expense	174,712	20,822	195,534	21,357	216,891
Operating Income (Loss) Increase in Unrestricted Net Assets	98,896	(48,833)	50,063	(15,946)	34,117
Net Non-Operating Revenues (Expenses)	(108,710)	0	(108,710)	0	(108,710)
Operating Transfers In	124,649	11,570	136,219	0	136,219
Net Income (Loss)/ Increase in Net Assets	114,835	(37,263)	77,572	(15,946)	61,626
Current Capital Contributions	70,236	0	70,236	0	70,236
Additions to Property, Plant and Equipment	169,661	0	169,661	1,836	171,497
Net Working Capital	940,040	80,039	1,020,079	124,258	1,144,337
Total Assets	4,336,448	600,306	4,936,754	200,437	5,137,191
Bonds and Other Long- Term Liabilities Payable from Revenue	1,493,852	0	1,493,852	0	1,493,852
Total Equity/Net Assets	2,716,923	592,040	3,308,963	186,333	3,495,296
Encumbrances Outstanding at December 31, 2000	56,529	2,522	59,051	0	59,051

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS

A. SouthEastern Ohio Joint Solid Waste Management District

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

GUERNSEY COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000

The Joint Solid Waste District is governed and operated through three groups. An eighteen member board of directors, comprised of three commissioners from each county, is responsible for the District's financial matters. Financial records were maintained by Muskingum County until May 1993 at which time Noble County assumed the responsibility. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. Although the County contributed amounts to the District at the time of its creation, no contributions were received from the County in 2000. No future contributions by the County are anticipated. A thirty-one member policy committee, comprised of five members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the policy committee. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

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

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

C. Southeast Ohio Juvenile Rehabilitation District (SEOJRD)

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

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

GUERNSEY COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000

D. Guernsey County Family Service Council

The Guernsey County Family Service Council is a jointly governed organization created under Ohio Revised Code Section 121.37. The Council is made up of the following members: Director of the Board of Alcohol, Drug Addiction, and Mental Health Services, Director of the Guernsey County Community Mental Health Services Board, Health Commissioner of the Guernsey County Health Department, Health Commissioner of the City of Cambridge Health Department, Director of the Guernsey County Human Services, Director of the Children Services Department, Superintendent of the Guernsey County Mental Retardation and Development Disabilities, the Guernsey County Juvenile Court Judge, Superintendent of Cambridge City Schools, Mayor of the City of Cambridge, one representative from the City of Cambridge, Chair of the Guernsey County Commissioners, State Department of Youth Services Regional representative, representative from the County Head Start Agencies, a representative of the County's Early Intervention Collaborative established pursuant to the federal early intervention program operated under the "Education of the Handicapped Act Amendments of 1986", and at least three individuals representing the interests of families in the County. When possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership. In 2000, the County made no contributions to the Council. Continued existence of the Council is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

E. Mental Health and Recovery Services Board

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

During 2000, Guernsey County did not contribute any revenue through a levy. The revenues are provided by levies from other member counties, and state and federal grants awarded to the multi-county board. Continued existence of the Board is not dependent on County's continued participation. The County has no equity interest in, or financial responsibility for the Board. The Board has no outstanding debt.

F. South Eastern Narcotics Team (SENT)

SENT is a multi-jurisdictional drug task force with the primary goal of combating major narcotic traffickers in Monroe, Belmont, Carroll, Guernsey, Harrison and Tuscarawas Counties. It is jointly governed among the participating counties and cities. A grant is received from the State of Ohio of which the participating entities must match twenty-five percent. SENT is comprised by thirty-two members. Each member's control over the operation of SENT is limited to its representation of the Board. During 2000, Guernsey County voluntarily contributed \$3,085 to SENT.

GUERNSEY COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

G. Mid Eastern Ohio Regional Council of Governments (MEORC)

The Mid Eastern Ohio Regional Council of Governments (MEORC) is a jointly governed organization which serves fourteen counties in Ohio. MEORC provides services to the mentally retarded and developmentally disabled residents in the participating counties. The Council is made up of the superintendents of each county's Board of Mental Retardation and Developmental Disabilities. Revenues are generated by fees and state grants. Although the County contributed to the Council upon its creation, the County made no contributions to the Council during 2000. No future contributions by the County are anticipated. Continued existence of the Council is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the Council. The Council has no outstanding debt.

H. Ohio Mid-Eastern Governments Association (OMEGA)

Ohio Mid-Eastern Governments Association (OMEGA) is organized as an agency of the local governments by agreement among the membership. OMEGA is comprised of Belmont, Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Tuscarawas, and Columbiana Counties and other political subdivisions in the counties. OMEGA was formed to aid and assist the participating counties in the application for Appalachian Regional Commission and Economic Development grant monies. OMEGA's governing board is comprised of a total of three members from each county which appoints an executive board consisting of one person from each member county to supervise the administrative functions of OMEGA. The executive board elects officers, appoints an executive director and its own fiscal officer. The Board exercises total control, including budgeting, appropriating, contracting, and designating management. During 2000, Guernsey County voluntarily contributed \$2,455 to OMEGA. The continued existence of the Association is not dependent on the County's continued participation. The County has no equity interest in, or financial responsibility for the Association. OMEGA has no outstanding debt.

I. Cambridge-Guernsey County Visitors and Convention Bureau

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

J. The Area Office on Aging

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

GUERNSEY COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000

K. Eastern Ohio Correctional Center

The Eastern Ohio Correctional Center (EOCC) is a six county facility created pursuant to the Ohio Revised Code Section 2301.51. EOCC serves Belmont, Carroll, Columbiana, Guernsey, Harrison, and Jefferson Counties. The EOCC was formed in 1987 to offer drug treatment, education, work release, community services, and other rehabilitation services to convicted felons within the six counties. The EOCC is governed by a ten member board comprised of two common pleas court judges from Belmont, Carroll, Columbiana, and Jefferson Counties and one common pleas court judge from Guernsey and Harrison Counties. The common pleas judges appoint a citizens advisory board to assist in the operations of the EOCC. The board has total control over budgeting, personnel, and financial matters. The EOCC receives funding in the form of state grant monies which are used to provide the various services of the EOCC. Jefferson County serves as fiscal agent for EOCC. During 2000, the EOCC received no monies from Guernsey County. The continued existence of the EOCC is not dependent on the County's continued participation and the County does not have an equity interest in or a financial responsibility for the EOCC. The EOCC has no outstanding debt.

L. Southeast Area Transit

The Southeast Area Transit (SAT) was created pursuant to state statute in 1979. SAT formulates general policy for the operation of the Regional Transit Authority. Other duties of SAT include determining routes and fares, formulate operating procedures, promote and maintain community awareness, and appoint and remove the General Manager and Secretary/Treasurer. SAT is limited to a ten member board comprised of six individuals appointed by the Mayor of Zanesville, two people appointed by Muskingum County Commissioners, one individual appointed by the Mayor of South Zanesville, and one person appointed by the Guernsey County Commissioners. Guernsey County has a signed agreement with this organization to contribute \$22,000 per year. The continued existence of the Authority is not dependent on the County's continued participation and the County has no equity interest in or financial responsibility for the Authority. SAT has no outstanding debt.

NOTE 20 - RELATED ORGANIZATIONS

A. Guernsey County Convention Facilities Authority

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

GUERNSEY COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000

B. Cambridge Metropolitan Housing Authority

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

C. Guernsey County Park District

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

D. Guernsey County Airport Authority

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

NOTE 21 - POOLS

A. County Risk Sharing Authority (CORSA):

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

Each member County has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no equity interest in or a financial responsibility for CORSA. Any additional premium or contribution amounts and estimates of losses are not reasonably determinable. The County's payment for insurance to CORSA in 2000 was \$144,383.

GUERNSEY COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000

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

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

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

NOTE 22 - RELATED PARTY TRANSACTIONS

Guernsey Industries, a discretely presented component unit of Guernsey County, received contributions from the County for facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of its programs. These contributions are reflected as operating revenues and operating expenses at cost or fair market value as applicable, in the general purpose financial statements. In 2000, these contributions were \$23,981. Additional habilitative services provided directly to workshop clients by Guernsey County amounted to \$1,786,097 during 2000.

NOTE 23 - FOOD STAMPS

The County's Department of Jobs and Family Services distributes, through contracting issuance centers, federal food stamps to entitled recipients within Guernsey County. The receipt and issuance of these stamps have the characteristics of a federal grant. However, the Department of Jobs and Family Services merely acts in an intermediary capacity. Therefore, the inventory value of these stamps is not reflected in the accompanying financial statements as the only economic interest related to these stamps rests with the ultimate recipient. The County's Department of Jobs and Family Services had on hand for distribution \$31,959 as of December 31, 2000.

NOTE 24 - 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 25 - SUBSEQUENT EVENT

On February 5, 2001, the County Commissioners approved the renewal of the County's one-half of one percent Permissive Sales Tax for the seventh consecutive year. This sales tax will come into effect April 1, 2001 and will expire on March 31, 2002.

GUERNSEY COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2000**

FEDERAL GRANTOR <i>Pass-Through Grantor/ Program Title</i>	Pass-Through Entity Number	Federal CFDA Number	Disbursements	Noncash Disbursements
<u>U.S. Department of Agriculture</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Food Distribution Program	N/A	10.550	\$	\$679
School Breakfast Program	05-PU-00/01	10.553	1,295	
National School Lunch Program	03/04-PU-00/01	10.555	5,060	
Total Child Nutrition Cluster			6,355	679
Total U.S. Department of Agriculture			6,355	679
<u>U.S. Department of Housing and Urban Development</u>				
<i>Passed Through Ohio Department of Development:</i>				
Community Development Block Grants	B-C-97-028-1	14.228	144,668	
	B-F-97-028-1	14.228	12,195	
	B-F-98-028-1	14.228	69,037	
	B-F-99-028-1	14.228	110,140	
Total Community Development Block Grants			336,040	0
Total U.S. Department of Housing and Urban Development			336,040	0
<u>U.S. Department of Education</u>				
<i>Passed Through Ohio Department of Health:</i>				
Special Education Grants for Infants and Families with Disabilities	N/A	84.181	67,743	
<i>Passed Through Ohio Department of Education:</i>				
Special Education Cluster:				
Special Education Grants to States (Title VI-B)	6B-SF-00P/01P	84.027	22,534	
Special Education Preschool Grants	PG-S1-2000P/2001P	84.173	12,750	
Special Education Preschool Grants - Galileo Grant	PG-SC-00P	84.173	1,853	
Total Special Education Preschool Grants			14,603	0
Total Special Education Cluster			37,137	0
Innovative Education Program Strategies (Title VI)	C2-S1-00/01	84.298	1,551	
Total Passed Through Ohio Department of Education			38,688	0
Total U.S. Department of Education			106,431	0

GUERNSEY COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES

DECEMBER 31, 2000

(Continued)

FEDERAL GRANTOR <i>Pass-Through Grantor/ Program Title</i>	Pass-Through Entity Number	Federal CFDA Number	Disbursements	Noncash Disbursements
<u>U.S. Department of Justice</u>				
<i>Direct Program:</i>				
COPS Universal Hiring Program	N/A	16.710	74,097	
<i>Passed Through Ohio Department of Criminal Justice Services:</i>				
Byrne Formula Grant Program	98-LE-LEB-3058	16.579	6,169	
	99-LE-LEB-3058	16.579	2,377	
Total Byrne Formula Grant Program			8,546	0
Total U.S. Department of Justice			82,643	0
<u>U.S. Department of Labor</u>				
<i>Passed Through Joint Training Partnership of Southeast Ohio (SDA #31) / Ohio Valley Employment Resource:</i>				
<i>JTPA Cluster:</i>				
<i>Joint Training Partnership Act:</i>				
Title II A 77% PY98	0-98-31-00-00	17.250	20,779	
Title II A 77% PY99	0-99-31-00-00	17.250	183,935	
Title II A 5% PY98	1-98-31-00-00	17.250	(75)	
Title II A 5% PY99	1-99-31-00-00	17.250	17,216	
Title II A 5% Incentive	3-98-31-00-01	17.250	10,129	
Title II A 8% PY99	4-99-31-00-00	17.250	8,036	
Title II B PY99	5-99-31-00-00	17.250	9,914	
Title II C PY99	Y-99-31-00-00	17.250	133,608	
Total Joint Training Partnership Act			383,542	0
<i>Employment and Training Assistance - Dislocated Workers:</i>				
EDWAA PY98	A-98-31-00-00	17.246		
EDWAA PY99	A-99-31-00-00	17.246	211,534	
Ametek/March Electric	F-98-31-00-00	17.246	87,118	
Flood Grant	W-99-31-00-00	17.246		
Total Employment and Training Assistance			298,652	0
Total JTPA Cluster			682,194	0

GUERNSEY COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2000
(Continued)**

FEDERAL GRANTOR <i>Pass-Through Grantor/ Program Title</i>	Pass-Through Entity Number	Federal CFDA Number	Disbursements	Noncash Disbursements
<u>U.S. Department of Labor (Continued)</u>				
<i>Passed Through Ohio Department of Job and Family Services:</i>				
Workforce Investment Act (WIA):				
WIA Planning	30-1200	17.255	23,040	
WIA Administration	30-1205	17.255	32,938	
WIA Youth	30-1210	17.255	36,434	
WIA Adult	30-1215	17.255	90,944	
WIA Dislocated Worker	30-1220	17.255	19,890	
Total Workforce Investment Act			203,246	0
Total U.S. Department of Labor			885,440	0
<u>U.S. Department of Transportation</u>				
<i>Passed Through Ohio Department of Transportation:</i>				
Highway Planning and Construction	N/A	20.205	546,546	
<i>Passed Through Ohio State Emergency Response Commission:</i>				
Interagency Hazardous Materials Public Sector Training	N/A	20.703	1,128	
Total U.S. Department of Transportation			547,674	0
<u>U.S. Department of Health and Human Services</u>				
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities (MRDD):</i>				
Social Services Block Grant (Title XX)	N/A	93.667	42,641	
Medical Assistance Program (Medicaid, Title XIX)	N/A	93.778	442,529	
Total Passed Through Ohio Department of MRDD			485,170	0
<i>Passed Through Ohio Department of Job and Family Services:</i>				
Family Violence Prevention and Services	N/A	93.671	1,216	
Total U.S. Department of Health and Human Services			486,386	0

GUERNSEY COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2000
(Continued)**

FEDERAL GRANTOR <i>Pass-Through Grantor/ Program Title</i>	Pass-Through Entity Number	Federal CFDA Number	Disbursements	Noncash Disbursements
<u>Federal Emergency Management Agency</u>				
<i>Passed Through Ohio Department of Public Safety - Emergency Management Agency:</i>				
Emergency Management Assistance	N/A	83.534	9,903	
Disaster Assistance - County Commissioners	DR-1227	83.544	9,540	
Emergency Management Performance Grants	N/A	83.552	<u>9,503</u>	
Total Federal Emergency Management Agency			28,946	0
Total Federal Awards Expenditures			<u>\$2,479,915</u>	<u>\$679</u>

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

GUERNSEY COUNTY

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES DECEMBER 31, 2000

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

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

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

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the United States Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the United States Department of Agriculture are commingled with state grants. It is assumed federal monies are expended first. At December 31, 2000, the County had no significant food commodities in inventory.

NOTE D - MATCHING REQUIREMENTS

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

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

The County had established a revolving loan program to provide low-interest loans to businesses for renovations and improvements. The Federal Department of Housing and Urban Development (HUD) granted money for these loans to the County, and they were passed through the Ohio Department of Development. No additional loan money was granted to the County during 2000. Loans repaid, including interest, were used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by County loan agreements but were not included as expenditures on the Schedule of Federal Awards Expenditures.

These loans are secured by the building and/or property. At December 31, 2000, the gross amount of loans outstanding under this program was \$23,964.

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

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

To the Board of County Commissioners:

We have audited the accompanying general purpose financial statements of Guernsey County, Ohio, (the County) as of and for the year ended December 31, 2000, and have issued our report thereon dated July 13, 2001. We did not audit the financial statements of Guernsey 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 Guernsey Industries, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Guernsey Industries were not audited by other auditors in accordance with *Government Auditing Standards* and, accordingly, this report does not extend to Guernsey Industries.

Compliance

As part of obtaining reasonable assurance about whether the County's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000 61030-001. We also noted certain immaterial instances of noncompliance that we have reported to management of Guernsey County in a separate letter dated July 13, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose 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 general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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 Guernsey County in a separate letter dated July 13, 2001.

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

Jim Petro
Auditor of State

July 13, 2001



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

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

To the Board of County Commissioners:

Compliance

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

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2000. We noted certain instances of noncompliance that do not require inclusion in this report that we have reported to the management of Guernsey County in a separate letter dated July 13, 2001.

Internal Control Over Compliance

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

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying Schedule of Findings as item 2000-61030-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of Guernsey County in a separate letter dated July 13, 2001.

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

Jim Petro
Auditor of State

July 13, 2001

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

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?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	Yes
(d)(1)(vii)	Major Programs (list):	JTPA Cluster - CFDA #17.250 & 17.246 Highway Planning and Construction - CFDA #20.205 Workforce Investment Act - CFDA #17.255
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: ≥\$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

GUERNSEY COUNTY

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

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

FINDING NUMBER 2000-61030-001

Noncompliance Citation

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

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

- A. Then and Now Certificate - This exception provides that, if the fiscal officer can certify that both at the time the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
- B. Amounts of less than \$100 for counties may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

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

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

The County Auditor's prior certification was not obtained for 32 percent of the transactions we tested, and there was no evidence of a "Then and Now" certificate being used by the County Auditor. These included purchases from various County departments including Common Pleas Court, Engineering Department, Juvenile Court, Children Services, County Board of MR/DD, and Sheriff Department. Also, 52 percent of the blanket and super blanket certificates tested were not issued in accordance with the above mentioned guidelines.

We recommend the County obtain prior certification for all disbursements. Also, we recommend the County review Ohio Rev. Code Section 5705.41(D)(1) and the requirements for blanket certification.

GUERNSEY COUNTY

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

3. FINDINGS FOR FEDERAL AWARDS

FINDING NUMBER 2000-61030-002

CFDA Title and Number	Highway Planning and Construction/ CFDA# 20.205
Federal Award Number/Year	Federal Project Number G000141/2000
Federal Agency	U.S. Department of Transportation
Pass-Through Agency	Ohio Department of Transportation

Reportable Condition

The County Engineer’s pavement marking project was financed with federal grant monies through the Highway Planning and Construction grant program. The contractor for this construction project was therefore required to pay prevailing wage rates under the Davis-Bacon Act. Payroll submissions and certifications from the contractor were presented for audit. However, there was no evidence of monitoring being performed for this compliance requirement by the County. Without proper monitoring procedures, laborers could have been paid less than the prevailing wage rates set by the Department of Labor.

We recommend the County Engineer ensure procedures are developed to monitor compliance with this requirement. These procedures should include interviewing laborers, as well as reviewing weekly payroll submissions and certifications from the contractor to ensure laborers were paid the prevailing wage rates established by the Department of Labor.

GUERNSEY COUNTY

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

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-61030-001	Ohio Rev. Code Section 5705.41(D)(1) - Certain purchases were not certified by the County Auditor prior to County departments making the contracts or ordering the expenditure of money.	No	Not Corrected; the noncompliance citation is repeated for 2000 (Finding Number 2000-61030-001).
1999-61030-002	Self insurance account was not being reconciled on a monthly basis to the bank account.	Yes	Finding No Longer Valid.
1999-61030-003	The County did not competitively bid all required JTPA grant expenditures.	Yes	Finding No Longer Valid.
1999-61030-004	County did not follow the Fifteen Day Rule regarding the prompt disbursement of funds for the Community Housing Improvement Program and the Community Development Block Grant Formula grants.	Yes	Finding No Longer Valid.
1999-61030-005	Advances received for the COPS MORE grant were not timely disbursed.	Yes	Finding No Longer Valid.

GUERNSEY COUNTY

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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2000-61030-001	The County Auditor's bookkeeping department plans to personally discuss improving encumbering procedures with the applicable County departments. In addition, the Auditor's bookkeeping department plans to closely monitor the situation.	Ongoing	Tony Brown, County Auditor
2000-61030-002	The County Engineer's office intends to ensure that all applicable projects are monitored for compliance with the Davis-Bacon Act requirements through the use of the County's prevailing wage coordinator.	July 31, 2001	Delmar George, County Engineer



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GUERNSEY COUNTY FINANCIAL CONDITION

GUERNSEY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 21, 2001