

Norman
Jones
Enlow
& Co.

Certified Public Accountants
& Management Consultants

OHIO MID-EASTERN GOVERNMENTS ASSOCIATION
ANNUAL REPORT
June 30, 1999

**OHIO MID-EASTERN GOVERNMENTS ASSOCIATION
ANNUAL REPORT
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OHIO MID-EASTERN GOVERNMENTS ASSOCIATION

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OHIO MID-EASTERN GOVERNMENTS ASSOCIATION

BOARD MEMBERS

The following were board members as of June 30, 1999, and were elected to a one year term in office for the period January 1, 1999 to December 31, 1999:

Belmont County
Donald Myers

City of Coshocton
Charles Turner, Sr.

Muskingum County
Stanley Lyons

City of Martins Ferry
Robert Krajnyak

Guernsey County
Lynne Jones

City of Zanesville
Jack Fenton

Carroll County
Chuck Huddleston

City of Cambridge
Charles Schaub

Tuscarawas County
Stephen Smith

Columbiana County
Jim Hoppel

Harrison County
Stuart Henderson

Holmes County
Dave Hall

Coshocton County
Dale Hartle

Jefferson County
Tim McFadden

Cities of Tuscarawas County
Tom Farbizo

City of East Liverpool
Dolores Satow

Cities of Jefferson County
David Carter



STATE OF OHIO
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JIM PETRO, AUDITOR OF STATE

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The Executive Board
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Cambridge, Ohio 43725

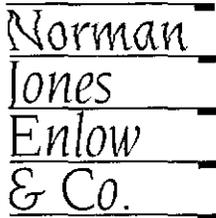
We have reviewed the Independent Auditor's Report of the Ohio Mid Eastern Governments Association, Guernsey County, prepared by Norman Jones Enlow & Co., for the audit period July 1, 1998 through June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ohio Mid Eastern Governments Association is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

May 25, 2000



Certified Public Accountants
& Management Consultants

INDEPENDENT AUDITORS' REPORT

The Executive Board
Ohio Mid-Eastern Governments Association
326 Highland Avenue
Cambridge, Ohio 43725

We have audited the accompanying general purpose financial statements of the Ohio Mid-Eastern Governments Association as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Ohio Mid-Eastern Governments Association as of June 30, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 16, 2000, on our consideration of Ohio Mid-Eastern Governments Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Norman Jones Enlow Co.
Zanesville, Ohio
March 16, 2000

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OHIO MID-EASTERN GOVERNMENTS ASSOCIATION
BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 June 30, 1999

		Governmental Fund Types	
		General Fund	Special Revenue Fund
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		\$ 67,253	\$ 195,230
Accounts receivable:			
Current loan receivable		-	134,721
Prepaid expenses		7,375	-
	TOTAL CURRENT ASSETS	74,628	329,951
EQUIPMENT		-	-
LOANS RECEIVABLE		-	690,206
OTHER ASSETS		201	-
AMOUNT TO BE PROVIDED FOR COMPENSATED ABSENCES		-	-
	TOTAL ASSETS	\$ 74,829	\$ 1,020,157

<u>Account Groups</u>		
<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>Totals (Memorandum Only)</u>
\$ -	\$ -	\$ 262,483
-	-	134,721
-	-	7,375
-	-	404,579
73,796	-	73,796
-	-	690,206
-	-	201
-	13,946	13,946
<u>\$ 73,796</u>	<u>\$ 13,946</u>	<u>\$ 1,182,728</u>

See notes to financial statements.

OHIO MID-EASTERN GOVERNMENTS ASSOCIATION
BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 June 30, 1999

	Governmental Fund Types	
	General	Special Revenue Fund
LIABILITIES AND FUND BALANCE		
CURRENT LIABILITIES		
Accounts payable - trade	\$ 2,105	\$ -
Accrued liabilities	5,808	-
TOTAL CURRENT LIABILITIES	7,913	-
INVESTMENT IN EQUIPMENT	-	-
COMPENSATED ABSENCES PAYABLE	-	-
FUND BALANCE	66,916	1,020,157
TOTAL LIABILITIES AND FUND BALANCE	\$ 74,829	\$ 1,020,157

<u>Account Groups</u>		
<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>Totals (Memorandum Only)</u>
\$ -	\$ -	\$ 2,105
-	-	5,808
-	-	7,913
73,796	-	73,796
-	13,946	13,946
-	-	1,087,073
<u>\$ 73,796</u>	<u>\$ 13,946</u>	<u>\$ 1,182,728</u>

See notes to financial statements.

OHIO MID-EASTERN GOVERNMENTS ASSOCIATION
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
Year ended June 30, 1999

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
REVENUE:			
In-kind funds	\$ 70,362	\$ -	\$ 70,362
Membership fees	58,376	-	58,376
Federal revenue grants	-	198,551	198,551
State of Ohio Appalachia	147,833	-	147,833
Loan processing fees	-	5,501	5,501
TOTAL REVENUE	<u>276,571</u>	<u>204,052</u>	<u>480,623</u>
EXPENDITURES			
Administrative support:			
Personnel salaries	162,823	129,653	292,476
Fringe benefits	44,676	35,575	80,251
Travel	2,910	2,316	5,226
Membership service	7,131	5,678	12,809
Miscellaneous	32,832	26,144	58,976
Rent	52,328	-	52,328
Indirect expenses	72,028	57,355	129,383
TOTAL EXPENSES	<u>374,728</u>	<u>256,721</u>	<u>631,449</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(98,157)	(52,669)	(150,826)
OTHER REVENUE SOURCES AND USES:			
Sale of asset	-	-	-
Interest income	3,741	51,566	55,307
Miscellaneous income	26,568	-	26,568
	<u>30,309</u>	<u>51,566</u>	<u>81,875</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(67,848)	(1,103)	(68,951)
BEGINNING FUND BALANCE	<u>134,764</u>	<u>1,021,260</u>	<u>1,156,024</u>
ENDING FUND BALANCE	<u>\$ 66,916</u>	<u>\$ 1,020,157</u>	<u>\$ 1,087,073</u>

See notes to financial statements.

OHIO MID-EASTERN GOVERNMENTS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The Ohio Mid-Eastern Governments Association (Association) was created under Ohio Revised Code, Chapter 167. The Association represents a ten county development district and was established to develop a cooperative effort in the planning, programming, implementing and developing of local and regional plans, programs and projects.

B. Basis of Presentation - Fund Accounting

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed. The acquisition, use and balances of the Association's expendable financial resources and the related current liabilities are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the Association's governmental fund types:

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

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

Fiduciary Funds

Trust and Agency Funds - These funds are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The Association maintains expendable trust funds, a non-expendable trust fund and agency funds. Expendable trust funds are accounted for and reported similarly to governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

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

General Fixed Assets Account Group - This account group is established to account for fixed assets of the Association.

General Long-Term Obligations Account Group - This account group is established to account for all long-term debt of the Association.

OHIO MID-EASTERN GOVERNMENTS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Revenue Recognition

The modified accrual method of accounting is used to record revenue and expenses. Grant funds are recognized as revenue at the time expenditures authorized by the Grant agreement are incurred.

D. Equipment - Basis of Accounting

All fixed assets acquired or constructed for general governmental purposes are reported as expenditures in the fund that finances the asset acquisition and capitalized in the General Fixed Asset Account Group. Donated fixed assets are reported at estimated fair market value at the time received. No depreciation is provided for these assets.

E. Budgetary Process

Although a legal budget is not required, nor is a budgetary statement, budgets for expenditure of federal grants are assigned by the federal government agency at the time the grants are awarded. The grants also require a contribution from nonfederal sources, equal to a specified percentage of the project costs. The nonfederal contributions may be in cash or in-kind. In-kind funds for the year ended June 30, 1999, amounted to \$70,362.

F. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Memorandum Only

The "memorandum only" column included in the statement of financial position and statement of revenues, obligations and fund balance is not intended to present consolidated financial information.

2. DONATED SPACE AND SERVICES

The board members of the Association have donated their time and travel expenses related to board meetings. The total value of the wages and travel donated is \$18,034. The Association also received donated office space and office equipment from various sources. The value of the space and equipment is \$52,328. The total value of donated space and services is reflected in the Association's financial statements as in-kind revenue and administrative expenses.

3. DEPOSITS AND INVESTMENTS

The Association maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and cash equivalents."

**OHIO MID-EASTERN GOVERNMENTS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS**

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Legal Requirements

Statutes require the classification of monies held by Ohio Mid-Eastern Governments Association into three categories.

Category 1 consists of "active" monies, those monies required to be kept in a "cash" or "near-cash" status for immediate use by the Association. Such monies must be maintained either as cash in the Association's treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" monies, those monies not required for use within the current two year period of designation of depositories. Inactive monies may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" monies, those monies which are not needed for use, but which will be needed before the end of the current period of depositories. Interim monies may be invested or deposited in the following securities:

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency, or the Export-Import Bank of Washington.
3. Repurchase agreements in the securities enumerated above.
4. Interim deposits in the eligible institutions applying for interim monies.
5. Bonds and other obligations of the State of Ohio.
6. The State Treasurer's investment pool.

Notwithstanding the foregoing requirements, Ohio Mid-Eastern Governments Association may invest any monies not required to be used for a period of six months in the following classes of investments:

1. Bonds or other obligations of the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
2. Discount notes of the Federal National Mortgage Association.
3. Bonds of the State of Ohio.
4. Bonds of any municipal corporation, village, county, township, or other political subdivision of the State, as to which there is no default of principal, interest, or coupons.

OHIO MID-EASTERN GOVERNMENTS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits

At year end, the carrying amount of the Association's deposits was \$262,483 and the bank balance was \$199,463. Of the bank balance, \$100,000 was covered by federal depository insurance and \$99,463 was covered by collateral held by a qualified third party trustee in the name of the Association.

4. DEFINED BENEFIT PENSION PLANS

Public Employees Retirement System (the "PERS of Ohio")

The following information was provided by the PERS of Ohio to assist the Association in complying with GASB Statement No. 27, "Accounting for Pensions by State and Local Government Employers."

Pension Benefit Obligation

All employees of the Association participate in the PERS of Ohio, a cost-sharing multiple employer defined benefit pension plan. The PERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Public Employees Retirement System of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the PERS of Ohio. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The contribution rate for employees is 8.5%. The 1997 employer rate for local government employer units was 13.55%, of covered payroll, 8.44% to fund the pension benefit obligation and 5.11% to fund health care. The contribution requirements of plan members and the Association are established and may be amended by the Public Employees Retirement Board. The Association's contributions to the PERS of Ohio for the years ending June 30, 1999, 1998, and 1997 were \$64,491, \$57,416, and \$54,386 respectively, which were equal to the required contributions for each year.

5. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

Full-time employees earn vacation on the number of years of service with Ohio Mid-Eastern Governments Association. Vacation pay is accumulated and vested. In the event that any employee terminated his/her employment, he/she may be compensated for accumulated vacation pay. Only the current portion of the unpaid vacation pay is accrued. The current portion is the accumulation for those employees who have terminated their employment prior to June 30, 1999. The long-term portion is reported in the General Long-Term Debt Account Group. As of June 30, 1999, the current portion of the liability for unpaid compensated absences was \$0 and the long-term portion was \$13,946.

<u>General Long-Term Obligations</u>	<u>Outstanding</u> <u>June 30, 1998</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding</u> <u>June 30, 1999</u>
Compensated Absences	\$ 37,953	\$ -	\$ 24,007	\$ 13,946

**OHIO MID-EASTERN GOVERNMENTS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS**

6. LOANS RECEIVABLE

The Association makes loans to those who qualify according to the Title 9 Revolving Loan Fund agreement. Funds to make the loans are received from the Title 9 Revolving Loan Fund, and the Association's required matching percentage. The Association aggregates the portion of all loans to be repaid within a one year period, and classifies them as "Current loan receivable" on its balance sheet.

The Association states loan receivables at their net realizable value. Uncollectible accounts are charged to operations during the period in which they are determined to be uncollectible. There was one bad debt expense for the period ending June 30, 1999, totaling \$21,960.

7. FIXED ASSETS

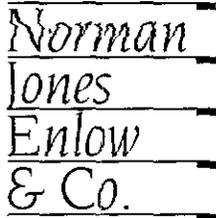
General Fixed Assets - Summary by category of changes in General Fixed Assets.

<u>Category</u>	<u>June 30, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 1999</u>
Furniture & Fixtures	\$ 51,400	\$ 23,146	\$ 750	\$ 73,796
Automobiles	-	-	-	-
	<u>\$ 51,400</u>	<u>\$ 23,146</u>	<u>\$ 750</u>	<u>\$ 73,796</u>

8. INSURANCE

The Organization maintains comprehensive insurance coverage with private carriers for general liability, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are fully coinsured.

<u>Type</u>	<u>Coverage per Occurrence</u>	<u>Company</u>
General Liability	\$300,000	S.A. Mutual Ins. Co.
Building	\$30,000	S.A. Mutual Ins. Co.



Certified Public Accountants
& Management Consultants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**The Executive Board
Ohio Mid-Eastern Governments Association
326 Highland Avenue
Cambridge, Ohio 43725**

We have audited the general purpose financial statements of Ohio Mid-Eastern Governments Association as of and for the year end June 30, 1999, and have issued our report thereon dated March 16, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Ohio Mid-Eastern Governments Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ohio Mid-Eastern Government Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned function. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a few matters involving internal control over financial reporting that we have reported to the district's management in a separate letter dated March 16, 2000.

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

Norman Jones, Enlow & Co.
Zanesville, Ohio
March 16, 2000

OHIO MID-EASTERN GOVERNMENTS ASSOCIATION
 GUERNSEY COUNTY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 JUNE 30, 1999

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No

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

None

OHIO MID-EASTERN GOVERNMENTS ASSOCIATION

CONCLUSION STATEMENT

A draft copy of the audit report, including recommendations, was provided to Sue Wood, administrative assistant, on May 5, 2000.

Mrs. Wood was informed that Ohio Mid-Eastern Governments Association had five working days from this date to respond to, or contest, in writing, the report contents. No such written response was received



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OHIO MID EASTERN GOVERNMENTS ASSOCIATION
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.

By: Susan Babbitt

Date: JUNE 13, 2000