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**Gallia County Financial Condition**

**Single Audit**

**January 1, 1999 Through December 31, 1999**

**Fiscal Year Audited Under GAGAS: 1999**

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Gallia County Financial Condition

Single Audit

January 1, 1999 Through December 31, 1999

Fiscal Year Audited Under GAGAS: 1999

**MICHAEL A. BALESTRA, CPA, INC.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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To the Offices, Boards and  
Commissioners of Gallia County  
18 Locust Street  
Gallipolis, Ohio 45631

We have reviewed the Independent Auditor's Report of Gallia County, prepared by Michael Balestra, CPA, Inc. for the audit period January 1, 1999 to December 31, 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. Gallia County is responsible for compliance with these laws and regulations.



JIM PETRO  
Auditor of State

July 2, 2000

GALLIA COUNTY  
FINANCIAL CONDITION

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**MICHAEL A. BALESTRA, CPA, INC.**  
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To the Offices, Boards and  
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18 Locust Street  
Gallipolis, Ohio 45631

Independent Auditors' Report

We have audited the accompanying general-purpose financial statements of Gallia County, as of and for the year ended December 31, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of Gallia County's management. Our responsibility is to express an opinion on these general-purpose 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 general-purpose 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 County, as of December 31, 1999, and the results of its operations and cash flows of its proprietary fund types 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 June 12, 2000 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

*Michael A. Balestra, CPA, INC.*  
Michael A. Balestra, CPA, INC.

June 12, 2000

## **General Purpose Financial Statements**

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The general purpose financial statements of the County include the basic combined financial statements, presented by fund type and account group, and notes to the financial statements that are essential to the fair presentation of financial position and results of operation and cash flows of the proprietary fund type.

**GALLIA COUNTY, OHIO**  
 Combined Balance Sheet  
 All Fund Types, Account Groups  
 and Discretely Presented Component Units  
 As of December 31, 1999

	<u>GOVERNMENTAL FUND TYPES</u>			<u>PROPRIETARY FUND TYPE</u>	<u>FIDUCIARY FUND TYPE</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Trust and Agency</u>
<i>Assets and Other Debits:</i>					
<i>Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	\$1,255,175	\$5,028,475	\$817,428	\$273,348	\$2,190,240
Cash and Cash Equivalents					
in Segregated Accounts	0	12,991	0	0	314,608
Investments in Segregated Accounts	0	0	0	0	1,208,024
<i>Receivables:</i>					
Taxes	467,181	150,725	0	0	20,666,328
Accounts	7,290	110,488	0	20,728	2,283,695
Accrued Interest	50,549	7,523	0	0	524
Interfund	26,043	114,390	0	0	0
Special Assessments	0	0	0	0	41,397
Due from Other Funds	1,908,392	802,268	0	2,813	759,241
Due from Other Governments	30,731	447,294	0	9,100	122,543
<i>Materials and Supplies</i>					
Inventory	25,102	240,746	0	0	0
Prepaid Items	42,982	810	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	5,214,427	0
<i>Other Debits:</i>					
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$3,813,445</b>	<b>\$6,915,710</b>	<b>\$817,428</b>	<b>\$5,520,416</b>	<b>\$27,586,600</b>

ACCOUNT GROUPS		Totals (Memorandum Only) Primary Government	COMPONENT UNITS		Totals (Memorandum Only) Reporting Entity
General Fixed Assets	General Long-Term Obligations		Gallco Industries, Inc.	Gallia-Meigs Regional Airport	
\$0	\$0	\$9,564,666	\$0	\$7,437	\$9,572,103
0	0	327,599	56,157	1,166	384,922
0	0	1,208,024	50,000	0	1,258,024
0	0	21,284,234	0	0	21,284,234
0	0	2,422,201	4,407	345	2,426,953
0	0	58,596	0	0	58,596
0	0	140,433	0	0	140,433
0	0	41,397	0	0	41,397
0	0	3,472,714	0	0	3,472,714
0	0	609,668	0	0	609,668
0	0	265,848	1,284	9,542	276,674
0	0	43,792	0	0	43,792
12,848,736	0	18,063,163	8,248	15,995	18,087,406
0	2,090,348	2,090,348	0	0	2,090,348
<u>\$12,848,736</u>	<u>\$2,090,348</u>	<u>\$59,592,683</u>	<u>\$120,096</u>	<u>\$34,485</u>	<u>\$9,747,264</u>

(Continued)



**GALLIA COUNTY, OHIO**  
 Combined Balance Sheet  
 All Fund Types, Account Groups  
 and Discretely Presented Component Units  
 As of December 31, 1999

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE
	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency
<b>Liabilities, Fund Equity and Other Credits:</b>					
<b>Liabilities:</b>					
Accounts Payable	\$61,869	\$180,015	\$0	\$2,900	\$8,280
Contracts Payable	101,178	33,995	0	64,285	0
Accrued Wages and Benefits	16,838	50,456	0	0	0
Compensated Absences Payable	21,271	86,767	0	7,210	0
Notes Payable	0	239,896	82,170	1,717,000	0
Due to Other Funds	33,000	51,948	0	0	3,387,766
Due to Other Governments	94,558	333,624	0	1,399	17,515,439
Deferred Revenue	1,866,352	719,914	0	0	0
Undistributed Monies	0	0	0	0	4,364,338
Deposits Held and Due to Others	0	0	0	0	2,277,128
G.O. Bonds Payable	0	0	0	0	0
Capital Leases Payable	0	0	0	0	0
Accrued Interest Payable	0	5,694	13,694	49,802	0
Interfund Payable	0	119,369	0	21,064	0
<b>Total Liabilities</b>	<b>2,195,066</b>	<b>1,821,678</b>	<b>95,864</b>	<b>1,863,660</b>	<b>27,552,951</b>
<b>Fund Equity and Other Credits:</b>					
Investments in Fixed Assets	0	0	0	0	0
Fund Equity:					
Contributed Capital:					
Governmental Funds	0	0	0	2,575,458	0
Capital Grants	0	0	0	92,313	0
Retained Earnings (Deficit):					
Unreserved	0	0	0	988,985	0
Fund Balance:					
Reserved for Inventory	25,102	240,746	0	0	0
Reserved for Encumbrances	219,109	804,816	0	0	0
Reserved for Unclaimed Monies	41,851	0	0	0	0
Unreserved:					
Undesignated (Deficit)	1,332,317	4,048,470	721,564	0	33,649
<b>Total Fund Equity (Deficit) and Other Credits</b>	<b>1,618,379</b>	<b>5,094,032</b>	<b>721,564</b>	<b>3,656,756</b>	<b>33,649</b>
<b>Total Liabilities and Fund Equity and Other Credits</b>	<b>\$3,813,445</b>	<b>\$6,915,710</b>	<b>\$817,428</b>	<b>\$5,520,416</b>	<b>\$27,586,600</b>

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

ACCOUNT GROUPS		Totals (Memorandum Only)	COMPONENT UNITS		Totals (Memorandum Only)
General Fixed Assets	General Long-Term Obligations	Primary Government	Galco Industries, Inc.	Gallia-Meigs Regional Airport	Reporting Entity
\$0	\$0	\$253,064	\$0	\$96	\$253,160
0	0	199,458	0	0	199,458
0	0	67,294	0	0	67,294
0	973,685	1,088,933	0	0	1,088,933
0	0	2,039,066	0	0	2,039,066
0	0	3,472,714	0	0	3,472,714
0	0	17,945,020	0	0	17,945,020
0	0	2,586,266	0	105	2,586,371
0	0	4,364,338	0	0	4,364,338
0	0	2,277,128	0	0	2,277,128
0	1,110,000	1,110,000	0	0	1,110,000
0	6,663	6,663	0	0	6,663
0	0	69,190	0	0	69,190
0	0	140,433	0	0	140,433
0	2,090,348	35,619,567	0	201	35,619,768
12,848,736	0	12,848,736	0	0	12,848,736
0	0	2,575,458	0	44,844	2,620,302
0	0	92,313	0	0	92,313
0	0	988,985	0	(10,560)	978,425
0	0	265,848	0	0	265,848
0	0	1,023,925	0	0	1,023,925
0	0	41,851	0	0	41,851
0	0	6,136,000	120,096	0	6,256,096
12,848,736	0	23,973,116	120,096	34,284	24,127,496
\$12,848,736	\$2,090,348	\$59,592,683	\$120,096	\$34,485	\$59,747,264

**GALLIA COUNTY, OHIO**  
 Combined Statement of Revenues, Expenditures  
 And Changes in Fund Balances  
 All Governmental Fund Types and Expendable Trust Fund  
 For the Year Ended December 31, 1999

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
Taxes	\$4,260,404	\$1,287,360	\$0	\$0	\$0	\$5,547,764
Charges for Services	680,957	638,771	0	0	0	1,319,728
Fees, Licenses and Permits	3,900	0	0	0	0	3,900
Fines and Forfeitures	8,314	19,503	0	0	0	27,817
Intergovernmental	577,087	10,800,185	0	729,834	2,937	12,110,043
Investment Income	469,778	71,733	0	23,043	279	564,833
Other	549,050	1,052,186	31,088	5,688	9,791	1,647,803
<b>Total Revenues</b>	<b>6,549,490</b>	<b>13,869,738</b>	<b>31,088</b>	<b>758,565</b>	<b>13,007</b>	<b>21,221,888</b>
<b>Expenditures:</b>						
Current:						
General Government:						
Legislative and Executive	1,887,734	315,175	0	0	0	2,202,909
Judicial	696,461	160,084	0	0	0	856,545
Public Safety	2,175,919	1,104,935	0	0	0	3,280,854
Public Works	257,683	3,887,942	0	729,834	0	4,875,459
Health	72,359	2,897,126	0	0	0	2,969,485
Human Services	273,150	5,596,348	0	0	15,416	5,884,914
Other	1,086,594	0	0	0	0	1,086,594
Capital Outlay	0	0	0	91,890	0	91,890
Debt Service:						
Principal Retirement	972	47,986	226,761	0	0	275,719
Interest and Fiscal Charges	42	16,732	28,794	35,158	0	80,726
<b>Total Expenditures</b>	<b>6,450,914</b>	<b>14,026,328</b>	<b>255,555</b>	<b>856,882</b>	<b>15,416</b>	<b>21,605,095</b>
Excess of Revenues Over (Under) Expenditures	98,576	(156,590)	(224,467)	(98,317)	(2,409)	(383,207)
<b>Other Financing Sources (Uses):</b>						
Proceed of Bonds	0	0	0	800,000	0	800,000
Operating Transfers - In	31,600	1,200,764	224,467	110,190	588	1,567,609
Operating Transfers - Out	(893,070)	(674,516)	0	(23)	0	(1,567,609)
<b>Total Other Financing Sources (Uses)</b>	<b>(861,470)</b>	<b>526,248</b>	<b>224,467</b>	<b>910,167</b>	<b>588</b>	<b>800,000</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(762,894)	369,658	0	811,850	(1,821)	416,793
Fund Balances at Beginning of Year (Restated - Note 27)	2,376,069	4,639,361	0	(90,286)	35,470	6,960,614
Increase (Decrease) in Reserve for Inventory	5,204	85,013	0	0	0	90,217
<b>Fund Balance (Deficit) at End of Year</b>	<b>\$1,618,379</b>	<b>\$5,094,032</b>	<b>\$0</b>	<b>\$721,564</b>	<b>\$33,649</b>	<b>\$7,467,624</b>

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

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

	GENERAL		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<b>Revenues:</b>			
Taxes	\$4,170,628	\$4,170,628	\$0
Charges for Services	709,540	709,540	0
Fees, Licenses and Permits	3,900	3,900	0
Fines and Forfeitures	14,143	14,143	0
Intergovernmental	583,193	583,193	0
Interest	422,997	422,997	0
Other	543,816	543,816	0
<b>Total Revenues</b>	<b>6,448,217</b>	<b>6,448,217</b>	<b>0</b>
<b>Expenditures:</b>			
Current:			
General Government:			
Legislative and Executive	2,059,761	1,986,427	73,334
Judicial	877,258	801,227	76,031
Public Safety	2,294,239	2,233,787	60,452
Public Works	391,910	388,394	3,516
Health	57,434	55,732	1,702
Human Services	316,019	299,561	16,458
Other	1,134,122	1,009,363	124,759
<b>Total Expenditures</b>	<b>7,130,743</b>	<b>6,774,491</b>	<b>356,252</b>
<b>Excess of Revenues Under Expenditures</b>	<b>(682,526)</b>	<b>(326,274)</b>	<b>356,252</b>
<b>Other Financing Sources (Uses):</b>			
Advances - In	301,531	301,531	0
Advances - Out	(46,941)	(46,941)	0
Operating Transfers - In	31,600	31,600	0
Operating Transfers - Out	(893,070)	(893,070)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(606,880)</b>	<b>(606,880)</b>	<b>0</b>
<b>Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses</b>	<b>(1,289,406)</b>	<b>(933,154)</b>	<b>356,252</b>
<b>Fund Balance at Beginning of Year</b>	<b>1,831,456</b>	<b>1,831,456</b>	<b>0</b>
<b>Fund Balance at End of Year</b>	<b>\$542,050</b>	<b>\$898,302</b>	<b>\$356,252</b>

(Continued)

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

	SPECIAL REVENUE		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$1,281,224	\$1,281,224	\$0
Charges for Services	1,228,832	1,228,832	0
Fines and Forfeitures	19,118	19,118	0
Intergovernmental	11,334,832	11,056,298	(278,534)
Interest	64,882	64,882	0
Other	1,051,866	1,051,866	0
<b>Total Revenues</b>	<b>14,980,754</b>	<b>14,702,220</b>	<b>(278,534)</b>
<b>Expenditures:</b>			
Current:			
General Government:			
Legislative and Executive	418,169	356,340	61,829
Judicial	191,662	171,765	19,897
Public Safety	1,648,043	1,169,271	478,772
Public Works	4,936,490	4,191,594	744,896
Health	3,272,294	3,131,551	140,743
Human Services	6,447,076	6,139,507	307,569
Debt Service:			
Principal Retirement	91,890	91,890	0
Interest and Fiscal Charges	9,766	9,766	0
<b>Total Expenditures</b>	<b>17,015,390</b>	<b>15,261,684</b>	<b>1,753,706</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(2,034,636)</b>	<b>(559,464)</b>	<b>1,475,172</b>
<b>Other Financing Sources (Uses):</b>			
Proceeds of Notes	150,000	150,000	0
Advances - In	4,979	4,979	0
Advances - Out	(189,698)	(189,698)	0
Operating Transfers - In	1,200,764	1,200,764	0
Operating Transfers - Out	(674,516)	(674,516)	0
<b>Total Other Financing Sources (Uses)</b>	<b>491,529</b>	<b>491,529</b>	<b>0</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(1,543,107)</b>	<b>(67,935)</b>	<b>1,475,172</b>
<b>Fund Balance at Beginning of Year</b>	<b>3,892,776</b>	<b>3,892,776</b>	<b>0</b>
<b>Fund Balance at End of Year</b>	<b>\$2,349,669</b>	<b>\$3,824,841</b>	<b>\$1,475,172</b>

(Continued)

**GALLIA COUNTY, OHIO**  
 Combined Statement of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 All Governmental Fund Types and Expendable Trust Fund  
 For the Year Ended December 31, 1999

(Continued)

	DEBT SERVICE		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Other Revenues	\$31,088	\$31,088	\$0
<b>Total Revenues</b>	<b>31,088</b>	<b>31,088</b>	<b>0</b>
<b>Expenditures:</b>			
Debt Service:			
Payment on Principal	226,761	226,761	0
Interest and Fiscal Charges	28,794	28,794	0
<b>Total Expenditures</b>	<b>255,555</b>	<b>255,555</b>	<b>0</b>
Excess of Revenues Under Expenditures	(224,467)	(224,467)	0
<b>Other Financing Sources (Uses):</b>			
Operating Transfers - In	224,467	224,467	0
<b>Total Other Financing Sources (Uses)</b>	<b>224,467</b>	<b>224,467</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$0	\$0	\$0

(Continued)

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

	CAPITAL PROJECTS		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Intergovernmental	\$637,944	\$729,834	\$91,890
Interest	23,043	23,043	0
Other	6,360	6,360	0
<b>Total Revenues</b>	<b>667,347</b>	<b>759,237</b>	<b>91,890</b>
<b>Expenditures:</b>			
Public Works	1,621,724	821,724	800,000
Debt Service:			
Payment on Principal	98,836	98,836	0
Interest and Fiscal Charges	23,740	23,638	102
<b>Total Debt Service</b>	<b>122,576</b>	<b>122,474</b>	<b>102</b>
<b>Total Expenditures</b>	<b>1,744,300</b>	<b>944,198</b>	<b>800,102</b>
Excess of Revenues Under Expenditures	(1,076,953)	(184,961)	891,992
<b>Other Financing Sources (Uses):</b>			
Proceeds of Bonds	800,000	800,000	0
Proceeds of Notes	82,170	82,170	0
Operating Transfers - In	110,190	110,190	0
Operating Transfers - Out	(23)	(23)	0
<b>Total Other Financing Sources</b>	<b>992,337</b>	<b>992,337</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(84,616)	807,376	891,992
Fund Balance at Beginning of Year	10,052	10,052	0
Fund Balance at End of Year	(\$74,564)	\$817,428	\$891,992

(Continued)

**GALLIA COUNTY, OHIO**  
 Combined Statement of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 All Governmental Fund Types and Expendable Trust Fund  
 For the Year Ended December 31, 1999

	EXPENDABLE TRUST		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Intergovernmental	\$2,937	\$2,937	\$0
Other Revenues	9,791	9,791	0
<b>Total Revenues</b>	<b>12,728</b>	<b>12,728</b>	<b>0</b>
<b>Expenditures:</b>			
Human Services	10,773	9,899	874
<b>Total Expenditures</b>	<b>10,773</b>	<b>9,899</b>	<b>874</b>
Excess of Revenues Under Expenditures	1,955	2,829	874
<b>Other Financing Sources (Uses):</b>			
Operating Transfers - In	588	588	0
<b>Total Other Financing Sources (Uses)</b>	<b>588</b>	<b>588</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,543	3,417	874
Fund Balance at Beginning of Year	37,988	37,988	0
Prior Year Encumbrances	0	0	0
<b>Fund Balance at End of Year</b>	<b>\$40,531</b>	<b>\$41,405</b>	<b>\$874</b>

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



**GALLIA COUNTY, OHIO**  
 Combined Statement of Revenues, Expenses and  
 Changes in Fund Equity  
 Proprietary Fund Type and Discretely Presented Component Units  
 For the Year Ended December 31, 1999

	PROPRIETARY	COMPONENT UNITS		Totals (Memorandum Only)
	FUND TYPE	Galco Industries, Inc.	Gallia-Meigs Regional Airport	
	Enterprise			
<b>Operating Revenues:</b>				
Charges for Services	\$104,884	\$47,952	\$66,556	\$219,392
Intergovernmental	1,418,016	0	21,000	1,439,016
Other Operating Revenues	232,192	45,009	0	277,201
<b>Total Operating Revenues</b>	<b>1,755,092</b>	<b>92,961</b>	<b>87,556</b>	<b>1,935,609</b>
<b>Operating Expenses:</b>				
Salaries	32,179	0	0	32,179
Fringe Benefits	10,953	0	0	10,953
Purchased Services	2,900	0	0	2,900
Materials and Supplies	5,831	8,421	12,099	26,351
Depreciation	20,430	2,243	444	23,117
Contractual Services	956,307	24,432	26,301	1,007,040
Other	25,554	46,828	51,198	123,580
<b>Total Operating Expenses</b>	<b>1,054,154</b>	<b>81,924</b>	<b>90,042</b>	<b>1,226,120</b>
Operating Income (Loss)	700,938	11,037	(2,486)	709,489
<b>Non-Operating Revenues (Expenses):</b>				
Other Non-Operating Revenues	26	0	0	26
Interest and Fiscal Charges	(107,928)	0	0	(107,928)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(107,902)</b>	<b>0</b>	<b>0</b>	<b>(107,902)</b>
Net Income (Loss)	593,036	11,037	(2,486)	601,587
Retained Earnings at Beginning of Year (Restated - Note 27)	395,949	109,059	(8,074)	496,934
Retained Earnings at End of Year	988,985	120,096	(10,560)	1,098,521
Contributed Capital at Beginning of Year	2,667,771	0	44,844	2,712,615
Contributed Capital at End of Year	2,667,771	0	44,844	2,712,615
<b>Total Fund Equity at End of Year</b>	<b>\$3,656,756</b>	<b>\$120,096</b>	<b>\$34,284</b>	<b>\$3,811,136</b>

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

**GALLIA COUNTY, OHIO**  
**Combined Statement of Revenues, Expenses and**  
**Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual -**  
**Proprietary Fund Type**  
**For the Fiscal Year Ended December 31, 1999**

	ENTERPRISE FUND		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>			
Charges for Services	\$90,336	\$90,336	\$0
Intergovernmental	2,159,822	1,413,386	(746,436)
Other Revenues	232,192	232,192	0
<b>Total Revenues</b>	<b>2,482,350</b>	<b>1,735,914</b>	<b>(746,436)</b>
<i>Expenses:</i>			
Salaries	33,215	33,213	2
Fringe Benefits	13,428	10,944	2,484
Materials and Supplies	8,844	5,831	3,013
Contractual Services	1,248,852	947,706	301,146
Capital Outlay	554,122	411,880	142,242
Other	26,628	25,554	1,074
<b>Total Expenses</b>	<b>1,885,089</b>	<b>1,435,128</b>	<b>449,961</b>
Operating Income (Loss)	597,261	300,786	(296,475)
<i>Non-Operating Revenues (Expenses):</i>			
Other Non-Operating Revenues	26	26	0
Proceeds from Sale of Notes	1,717,000	1,717,000	0
Principal Payments	(1,717,000)	(1,717,000)	0
Interest and Fiscal Charges	(81,588)	(81,588)	0
<b>Total Non-Operating Revenues (Expense)</b>	<b>(81,562)</b>	<b>(81,562)</b>	<b>0</b>
Income (Loss) Before Operating Transfer	515,699	219,224	(296,475)
<i>Other Financing Sources (Uses):</i>			
Advances In	21,064	21,064	0
Advances Out	(90,935)	(90,935)	0
Net Income (Loss)	445,828	149,353	(296,475)
Retained Earnings/Fund Balance (Deficit) at Beginning of Year	123,995	123,995	0
Retained Earnings/Fund Balance at Year End	<b>\$569,823</b>	<b>\$273,348</b>	<b>(\$296,475)</b>

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

**GALLIA COUNTY, OHIO**  
 Combined Statement of Cash Flows  
 Proprietary Fund Type and Discretely Presented Component Units  
 For the Year Ended December 31, 1999

	PROPRIETARY	COMPONENT UNITS		Totals (Memorandum Only)
	FUND TYPE	Gallo Industries, Inc.	Gallia-Meigs Regional Airport	
	Enterprise			
<i>Increase (Decrease) in Cash and Cash Equivalents:</i>				
<i>Cash Flows from Operating Activities:</i>				
Cash Received from Customers	\$90,336	\$48,349	\$65,783	\$204,468
Cash Received from Other Operating Sources	1,413,386	3,282	21,000	1,437,668
Cash Payments to Suppliers for Goods and Services	232,192	(38,593)	(93,977)	99,622
Cash Payments to Employees for Services	(1,390,971)	0	0	(1,390,971)
Cash Payments for Employee Benefits	(33,213)	0	0	(33,213)
Cash Payments for Other Operating Uses	(10,944)	0	0	(10,944)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>300,786</u>	<u>13,038</u>	<u>(7,194)</u>	<u>306,630</u>
<i>Cash Flows from Capital and Related Financing Activities:</i>				
Payments for Capital Acquisitions	0	(472)	0	(472)
Proceeds from Sale of Notes	1,717,000	0	0	1,717,000
Principal Payments	(1,717,000)	0	0	(1,717,000)
Interest Payments	(81,588)	0	0	(81,588)
<i>Net Cash Provided by Capital and Related Financing Activities</i>	<u>(81,588)</u>	<u>(472)</u>	<u>0</u>	<u>(82,060)</u>
<i>Cash Flows From Noncapital Financing Activities:</i>				
Operating Transfers In	21,064	0	0	21,064
Operating Transfers Out	(90,935)	0	0	(90,935)
Other Non-Operating Revenue	26	0	0	26
<i>Net Cash Used for Noncapital and Related Financing Activities</i>	<u>(69,845)</u>	<u>0</u>	<u>0</u>	<u>(69,845)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	149,353	12,566	(7,194)	154,725
Cash and Cash Equivalents at Beginning of Year	123,995	43,591	15,797	183,383
Cash and Cash Equivalents at End of Year	<u>\$273,348</u>	<u>\$56,157</u>	<u>\$8,603</u>	<u>\$338,108</u>
<i>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</i>				
Operating Income (Loss)	\$700,938	\$11,037	(\$2,486)	\$709,489
<i>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</i>				
Depreciation	20,430	2,243	444	23,117
Changes in Assets and Liabilities:				
(Increase)/Decrease in Accounts Receivable	(14,662)	(484)	(200)	(15,346)
(Increase)/Decrease in Due from Other Funds	114	0	0	114
(Increase)/Decrease in Prepaid Items	227	0	501	728
(Increase)/Decrease in Materials and Supplies Inventory	0	548	(2,668)	(2,120)
Increase/(Decrease) in Accounts Payable	223	(306)	(1,742)	(1,825)
Increase/(Decrease) in Contracts Payable	(400,829)	0	0	(400,829)
Increase/(Decrease) in Accrued Wages and Benefits	(1,041)	0	0	(1,041)
Increase/(Decrease) in Compensated Absences Payable	150	0	0	150
Increase/(Decrease) in Deferred Revenue	0	0	(573)	(573)
(Increase)/Decrease in Due From Other Governments	(4,630)	0	0	(4,630)
Increase/(Decrease) in Due to Other Governments	(134)	0	(470)	(604)
Total Adjustments	<u>(400,152)</u>	<u>2,001</u>	<u>(4,708)</u>	<u>(402,859)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$300,786</u>	<u>\$13,038</u>	<u>(\$7,194)</u>	<u>\$306,630</u>

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

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

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**NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION**

Gallia County, Ohio (The County), was created in 1803. The County is governed by a board of three Commissioners elected by the voters of the County. Other elected officials who manage various segments of the County's operations are the auditor, treasurer, recorder, clerk of courts, coroner, engineer, prosecuting attorney, sheriff, a common pleas court judge and a probate/juvenile court judge.

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

**Reporting Entity:**

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

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

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Gallia County this includes the Children's Service Board, the Board of Mental Retardation and Developmental Disabilities, and Human Services Department and all departments and activities that are operated directly by the elected County officials.

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

**Discretely Presented Component Units.** The component unit columns in the combined financial statement identify the financial data of the County's component units, Galco Industries, Inc. and the Gallia-Meigs Regional Airport. They are reported separately to emphasize that they are legally separate from the County.

**Galco Industries, Inc.** Galco Industries, Inc. is a legally separate, not-for-profit corporation organized under Chapter 1702 O.R.C. and classified as a 501(C)(3) non-profit corporation. Galco Industries, Inc., under a contractual agreement with Gallia County Board of Mental Retardation and Developmental Disabilities, provides sheltered employment for mentally retarded or handicapped adults in Gallia County. Based on the significant services and resources provided by the County to Galco Industries, Inc. and their sole purpose of providing assistance to the retarded and handicapped adults of Gallia County, Galco Industries, Inc. is reflected as a component unit of Gallia County. Galco industries, Inc. operates on a calendar year basis. The operating statement of Galco Industries, Inc. is presented at the object level. Galco Industries, Inc. is required only to report operating information at the program level; however, since it operates under a single program, object level information is presented to provide more comprehensive financial information. Financial statements are audited and issued as part of Gallia County and are not obtainable separately.

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

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**NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)**

Gallia-Meigs Regional Airport The Gallia-Meigs Regional Airport operates under a separate board that consists of seven members. Three members are appointed by Meigs County and four members are appointed by Gallia County. The Gallia County Commissioners approve the budget, approve expenditures, fund deficits and are directly responsible for the debt. All of the land and fixed assets at the airport belong to the County with the exception of a new runway lighting system purchased in 1996. The Airport rents the facilities from the County. A manager contracted by the airport authority board operates as a fixed based operator. The Airport generates revenue from sales and rental space. Grants are applied for in the airport authority's name. Meigs County does not contribute financially to the Airport operations. The operating statement of the Airport is presented at the object level. The Airport is required only to report operating information at the program level; however, since it operates under a single program, object level information is presented to provide more comprehensive financial information. Financial statements are audited and issued as part of Gallia County and are not obtainable separately.

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 nor are they fiscally dependent on the County. Accordingly, the activity of the following districts and agencies will be presented as agency funds with Gallia County's financial statements.

Gallia County Health Department is governed by nine member Board of Health which oversees the operation of the Health District. The Board is elected by a District Advisory Council comprised of township trustees, county commissioners and mayors of participating municipalities. The Board adopts its own budget and hires and fires its own staff. The Board has sole budgetary authority, and controls surpluses and deficits. The County is not legally obligated for the Health District's debt.

Gallia 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.

Local Emergency Planning Committee (LEPC) of Gallia County is a single county district. The State Emergency Response Commission designates Emergency Planning Districts within the state. The committee members are recommended by the County Commissioners for approval by the State Emergency Response Commission. The LEPC receives operating resources in the form of grants from the State. The activities of the LEPC are accounted for as an agency fund of the County. The County has no ability to impose its will on the organization. No benefit/burden relationship exists. The County's accountability ceases with the recommendation of appointments of Committee.

Gallia County Law Library is operated under a separate board of directors, who currently consist of the common pleas judge, a practicing attorney and the Gallipolis City solicitor, all appointed by the Gallia County Bar Association. Although the County contributes to the operation of the Law Library, the County is not involved in the selection of trustees or management of the Law Library or in the authorization of expenditures.

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

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**NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)**

Ohio Valley Visitors Center is a private non-profit organization that is governed by a four member Executive Committee and a ten member Board of Trustees. The Board of Trustees is comprised of representatives from local tourist attractions. The Board of Trustees is nominated by the nominating committee. The nominating committee consists of two members from the Board of Trustees and the Advisory Committee members. The Advisory Committee consists of twenty members from local tourist attractions and one County Commissioner. The Advisory Committee's purpose is to advise and to inform the center on any new ideas and attractions coming to the area. The Board of Trustees is responsible for electing new Executive Committee members. The Executive Committee is responsible for the daily operations of the Visitors Center. The Visitors Center receives funding in the form of a hotel and motel excise tax in the amount of three percent of all transactions occurring within the boundaries of Gallia County. The tax is collected and distributed by Gallia County. Although the County collects and distributes the excise tax, this function is strictly ministerial. The County is not financially accountable for the Visitors Center; the County cannot impose its will on the Visitors Center; and no financial benefit/burden relationship exists between the County and the Visitors Center.

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:

- Gallia County Agricultural Society
- Gallia County Historical Society
- Gallia County Cooperative Extension Services
- Gallia County Rural Water Association
- Community Improvement Corporation
- Gallia County Board of Education
- Gallia-Jackson-Vinton Joint Vocational School
- Gallia, Jackson, Vinton ABLE Center
- Gallia, Jackson and Vinton Retired and Senior Volunteer Program
- Gallia County Council on Aging Senior Center
- Gallia County Animal Welfare, Inc.

The county is associated with certain organizations which are defined as Jointly Governed Organizations, Related Organizations or Risk Management Pools. These organizations are presented in Note 19, Note 20, Note 26 to the general purpose financial statements. These organizations are:

- Joint Solid Waste Management District
- Gallia-Jackson-Meigs Counties Alcohol, Drug Addiction and Mental Health Services Board (ADAMH)
- Gallia-Jackson-Meigs Counties Cluster
- Area Office on Aging
- Private Industry Council
- Southeastern Ohio Corrections Commission
- Gallia-Meigs Community Action Agency
- Gallia-Jackson Child Abuse and Neglect Advisory Board

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

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**NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)**

O.O. McIntyre Park District  
Bossard Memorial Library  
Gallia Metropolitan Housing Authority  
County Risk Sharing Authority (CORSA)  
County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

The Gallia-Jackson Child Abuse and Neglect Advisory Board, Gallia-Jackson-Meigs Counties Alcohol, Drug Addiction and Mental Health Services Board (ADAMH), and the O.O. Mc Intyre Park District are presented as agency funds of the County because the County Auditor serves as the fiscal agent for these organizations.

**Fund Accounting:**

The County uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain 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 herein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. For financial statement presentation purposes, the various funds of the County are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

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

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

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

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

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

GALLIA COUNTY, OHIO  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

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**NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)**

**Proprietary Fund Type:** The proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector. The following is the proprietary fund type utilized by the County:

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

**Fiduciary Fund Types:** Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following is the County's fiduciary fund types:

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

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

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

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

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

**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 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 on or before 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 Galco Industries, Inc. and the Gallia-Meigs Regional Airport (component units) are specifically identified.

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



**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

The modified accrual basis of accounting is followed for the governmental fund types, expendable trust fund 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. 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, permissive sales tax (see Note 7), 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. Property taxes measurable as of December 31, 1999, and delinquent property taxes, whose availability is indeterminable and which are not intended to finance 1999 operations, have 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 debt are recorded as fund liabilities when due, and costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The proprietary funds 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 at year end.

Gallco Industries, Inc. is a non-profit corporation that follows the accounting guidelines set forth in GASB Statement No. 29, "The use of Not-For-Profit Accounting and Financial Reporting Principles by Governmental Entities." Under GASB Statement No. 29, Gallco Industries uses the governmental model for financial reporting. The not-for-profit corporation uses the full accrual method of accounting for its operations similar to the proprietary funds of the county. The Gallia-Meigs Regional Airport has only one fund and accounts for its operations on a full accrual basis similar to the proprietary funds of the county.

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Budgetary Process:** The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the 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 department. Budgetary modifications may only be made by resolution of the County Commissioners.

The Issue II Capital project fund was not budgeted. The combined budgetary statements include this unbudgeted fund to demonstrate noncompliance with State statutes. The Gallia-Meigs Regional Airport and Gallico Industries, Inc. (component units) are not reported because they are included in the entity for which "the appropriated budget" is adopted, and do not maintain budgetary financial records.

**Tax Budget:** A budget of estimated revenues and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 15 of each year, for the period January 1 to December 31 of the following year.

**Estimated Resources:** The County Budget Commission reviews estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the estimated beginning of year fund balance and 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 actual 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 to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 1999.

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

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

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Budgeted Level of Expenditures:** Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation resolution without authority from the Commissioners. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation. Commissioners appropriations are made to fund, department and object level (i.e., General Fund - Commissioners - personal services, fringe benefits, supplies and materials, contractual services and other expenditures).

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

**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.

**Cash and Investments:** Cash balances of the County's funds, except cash held by a trustee or fiscal agent and in segregated accounts, are pooled and invested in short-term investments in order to provide improved cash management. 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.

Cash and cash equivalents that are held separately within departments of the County and not held with the County Treasurer are recorded on the balance sheet as "Cash and Cash Equivalents in Segregated Accounts."

During fiscal year 1999, Investments were limited to STAROhio and U.S. Savings Bonds.

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

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

Interest is distributed to the General Fund, the Motor Vehicle Gas Tax, the MR/DD, and the Certificate of Title Administration Special Revenue Funds, the Airport Construction Capital Project Fund, and the Children's Service Expendable Trust Fund. Interest earned during 1999 amounted to \$564,833.

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 enterprise funds 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 expendable resources even though it is a component of net current assets.

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

**Interfund Assets and Liabilities:** Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "Due from Other Funds" or "Due to Other Funds" on the balance sheet. Short-term interfund loans or the short-term portion of advances are classified as interfund receivables/payables.

**Fixed Assets and Depreciation:** The fixed asset values initially were determined at December 31, 1991, assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. Donated fixed assets are capitalized at estimated fair market value on the date donated. The County has established \$500 as the threshold for which fixed assets are to be reported.

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.

**General Fixed Assets:** General fixed assets (fixed assets used in governmental fund type operation) are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group at historical cost or estimated historical cost. Assets in the general fixed assets account group are not depreciated. Public domain (infrastructure) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized or reported, as these assets are immovable and of value only to the County.

**Enterprise Fund Fixed Assets:** Fixed assets reflected in the enterprise funds are stated at historical cost (or estimated historical cost) and are updated for the cost of additions and retirements during the year. Depreciation has been provided on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	40 years
Improvements other the Buildings	40 years
Furniture & Fixtures	10-20 years
Machinery and Equipment	5-10 years
Vehicles	5 years

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Gallia-Meigs Airport (Component Unit) fixed asset values were determined at original acquisition costs when purchased. All of the land and fixed assets at the Airport belongs to the County except for the new lighting system that was completed in 1996. Depreciation for the system will be calculated on the straight line method over the estimated life of 40 years.

Complete fixed asset information is presented for Gallco Industries, inc. (Component Unit). Fixed asset values were determined at original acquisition costs when purchased. Depreciation for Gallco Industries is computed on the straight-line method over the estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Machinery & Equipment	3-7 years
Vehicles	5-7 years

**Compensated Absences:** GASB Statement No. 16, "Accounting for Compensated Absences" specifies the methods used to accrue liabilities for leave benefits. Vacation leave benefits and compensatory times are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the County will compensate employees for the benefits through paid time off or some other means. Sick leave benefits are accrued using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees for whom it is probable they will become eligible to receive termination benefits 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 County records a liability for accumulated unused vacation time and personal leave when earned for all employees with more than one year of service. The County records a liability for accumulated unused sick leave for employees with one to fifteen years of employment depending on the individual department's sick leave payment policy. The current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group.

In proprietary funds the entire amount of compensated absences is reported as a fund liability.

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

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contributed Capital:** Contributed capital represents resources from other funds, other governments, private sources, and tap-in fees, to the extent they exceed the cost of physical connection to the system, which have been provided to the enterprise funds and are not subject to repayment. Because the County, prior to 1992, had not prepared financial statements in accordance with generally accepted accounting principles, the exact amount of contributed capital pertaining to years prior to 1992 cannot be determined. Consequently, only those amounts that have been able to be identified specifically have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to the enterprise funds have been classified as retained earnings. As of December 31, 1999 the County's contributed capital consisted of tap-in fees and capital grants.

**Reserves of Fund Equity:** The County records reservations for those portions of fund balance which are legally segregated for specific future use or which do not represent available, spendable resources and, therefore, are not available for expenditure. Undesignated fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, inventory of supplies, and for unclaimed monies. By law unclaimed monies are not available for appropriation until five years have elapsed.

**Long-Term Debt:** Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term obligations account group.

**Interfund Transactions:** During the course of normal operations, the County has numerous transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Operating subsidies are also recorded as operating transfers.

Nonrecurring and non-routine transfers of equity between funds and the transfer of residual balances of discontinued funds or projects to the general fund or capital projects funds are classified as residual equity transfers.

Transactions that constitute reimbursements for expenditures or expenses initially made from a fund that are properly allocable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures and expenses in the fund that is reimbursed.

**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.

**Total Columns on General Purpose Financial Statements:** Total columns on the general purpose financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. When the title of a statement indicates that a component unit is included, two total columns are presented. The first is captioned "Primary Government" to indicate that only those activities that comprise the County's legal entity have been included. The second is captioned "Reporting Entity" and includes the activity and operations of the County's legally separate discretely presented component units (see Note 1). The "Total" column on statements which do not include a component have no additional caption.

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

**NOTE 3 - CONVERSION OF OPERATIONS FROM BUDGET BASIS TO GAAP BASIS**

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

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual - All Governmental Fund Types and the Combined Statement of Revenues, Expenses, and Changes in Fund Equity - Budget (Non-GAAP Budgetary Basis) and Actual - All Enterprise Funds 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 (GAAP basis). Material encumbrances are disclosed in the notes for the enterprise funds (GAAP basis).
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
6. Revolving loans made to eligible businesses and individuals are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

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

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types			
	General	Special Revenue	Capital Projects	Expendable Trust
GAAP Basis	\$(762,894)	\$369,658	\$811,850	\$(1,821)
Increase(Decrease) to: Revenue Accruals	(101,273)	982,482	672	(279)
Expenditure Accruals	18,004	(120,133)	(5,146)	5,517
Encumbrances	(341,581)	(1,115,223)	0	0
Advances	254,590	(184,719)	0	0
Budget Basis	\$(933,154)	\$(67,935)	\$807,376	\$3,417

There were no differences between the budget basis and the GAAP basis in the Debt Service Fund.

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

**NOTE 3 - CONVERSION OF OPERATIONS FROM BUDGET BASIS TO GAAP BASIS** (Continued)

Net Loss/Excess of Revenues Over Expenses, and Operating Transfers Proprietary Fund Type	
GAAP Basis	<u>Enterprise</u> \$ 593,036
Increases (Decreases) Due To:	
Revenue Accruals	(19,178)
Expense Accruals	(354,634)
Advances	<u>(69,871)</u>
Budget Basis	<u>\$149,353</u>

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

**Accountability - Fund Equity/Retained Earnings Deficits:** The following funds have a fund balance deficit as of December 31, 1999:

<u>Special Revenue Funds</u>	
Sheriff Traffic Enforcement Fund	\$780
Serenity House Fund	10,037
CDBG Fund	17,101
 <u>Capital Projects Funds</u>	
Airport Construction Fund	66,587
Permanent Improvement Fund	11,849

These deficits are a result of the application of generally accepted accounting principles to the financial reporting of these funds. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur. Short term advances and bond anticipation note proceeds used to finance the projects are not recognized as "other financing sources," but rather as a fund liability. The deficits will be eliminated when the notes are bonded and/or resources are provided for the retirement of the notes.



**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

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**NOTE 5 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the County into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the two year period of designation of depositories. Inactive deposits must be either evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim moneys. Interim moneys are those moneys which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), 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 money deposited with the institution.

State statute permits interim monies to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or other obligations of or security issued by the United States treasury or any other obligation guaranteed as to the payment of 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 obligations of the State of Ohio;
5. 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;
6. The State Treasurer's investment pool (STAROhio);

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

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**NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)**

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized agencies.

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 has \$30,293 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 \$10,842,150 and the bank balance was \$11,451,765. Of these amounts, \$8,603 of the deposits and the bank balance was held for Gallia-Meigs Regional Airport, a component unit of the County. Of the bank balance:

1. \$1,493,138 was covered by federal depository insurance; and
2. \$9,958,627 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

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

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

**NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)**

	<u>Category</u>			<u>Carrying Value</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
<u>Investments:</u>					
U.S. Treasury					
Bonds	0	0	156,816	156,816	156,816
*STAROhio	\$ 0	\$ 0	\$ 0	\$ 79,633	\$ 79,633
 Total					
Investments	\$ 0	\$ 0	\$ 156,816	\$ 236,449	\$ 236,449

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, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting."

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

GASB 3 to GASB 9 Reconciliation

	<u>Cash &amp; Cash Equivalents</u>	<u>Investments</u>
GASB 9 Balances	\$ 9,900,868	\$1,208,024
Cash on Hand	(30,293)	0
Certificates of Deposit	1,051,208	(1,051,208)
STAROhio	(79,633)	79,633
GASB 3	<u>\$10,842,150</u>	<u>\$ 236,449</u>

Component Units

At year end, the carrying value of Gallico Industries, Inc. deposits was \$106,157 and the bank balance was 106,416. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$6,416 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

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**NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)**

There are no statutory guidelines regarding the deposit and investment of funds by the not-for profit corporation. Cash and deposits of Gallico Industries, ind. Are presented on the financial statements as "Cash and Cash Equivalents in Segregated Accounts" and "Investments in Segregated Accounts".

At year end, the carrying value of the Gallia-Meigs Regional Airport's deposits was \$8,603 and the bank balance was \$9,688. The entire bank balance was covered by federal depository insurance. Cash and deposits of the Airport are presented on the financial statements as "Cash and Cash Equivalents in Segregated Accounts" and "Equity in Pooled Cash and Cash Equivalents". The Airport's December 31, 1999 cash and cash equivalents balance of \$7,437 is maintained in the County's treasury and it is subject to the same investment guidelines as the primary government. The Airport's December 31, 1999 Cash and Cash Equivalents in Segregated Accounts balance was \$1,166.

**NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semiannually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to itself its share of the taxes collected. The County records receipt of these taxes in various funds.

Accrued property taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable and unpaid as of December 31, 1999. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 1999 operations. The receivable and the portion of the tax levies prepaid by year end into the undivided general tax agency fund are therefore offset by a credit to deferred revenue.

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

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**NOTE 6 - PROPERTY TAXES** (Continued)

The full tax rate for all County operations for the year ended December 31, 1999, was \$5.60 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 1999 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	\$300,401,670
Public Utility Personal Property	281,039,090
Tangible Personal Property	<u>40,107,757</u>
Total Property Taxes	<u>\$621,548,517</u>

**NOTE 7 - PERMISSIVE SALES TAX**

In 1967, in accordance with Section 5739.02 of the Ohio Revised Code, counties were authorized to levy an excise tax of one half to one percent. The tax must be levied pursuant to a resolution of the county commissioners a copy of the resolution sent to the tax commissioner not later than 60 days prior to the effective date of the tax.

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

On November 17, 1981, the county commissioners adopted by resolution a one half percent permissive sales tax as allowed by Sections 5739.026 and 5741.023, Revised Code. On December 29, 1994 the county commissioners, by recommendation of the State of Ohio Tax Commissioner, repealed one quarter of one percent of the one half of one percent permissive sales tax under Revised Code Sections 5739.026 and 5741.023 and replaced it with a one quarter of one percent under Revised Code Section 5739.021. On March 5, 1987, the county commissioners adopted by resolution a proposal for an additional one half percent permissive sales tax as allowed by Sections 5705.026 and 5705.023, Revised Code, which was voted upon at a special election held on May 5, 1987, at which time the proposal passed. On August 18, 1994, the county commissioners adopted by resolution a proposal for an addition on quarter of one percent sales and use tax, for the implementation of 9-1-1 for Gallia County, as allowed by Sections 5739.026 and 5741.023 of the Revised Code, which was voted upon on November 8, 1994, at which time the proposal passed. In 1999, the General fund received \$2,632,417 and the 9-1-1 special revenue fund received \$666,874 in sales and use tax revenue. Sales and use tax revenue is recognized when it is measurable and available.

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 1999, consisted of taxes, accounts (billings for user charged services, and delinquent child support payments), interest and intergovernmental receivables arising from grants, entitlements and shared revenues. All receivables are considered collectible in full.

Child support receivables amount to \$2,234,336. Due to the age of many of these accounts, three percent of the total, \$67,030 is considered uncollectible.

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

**NOTE 8 - RECEIVABLES** (Continued)

A summary of the principal items of intergovernmental receivables is as follows:

<u>Fund / Type</u>	<u>Amount</u>
<i>General Fund</i>	
Grants and Entitlements	\$ <u>30,731</u>
<i>Total General Fund</i>	<u>30,731</u>
<i>Special Revenue Funds</i>	
Gasoline Tax	193,166
Grants and Entitlements	<u>254,128</u>
<i>Total Special Revenue Funds</i>	<u>447,294</u>
<i>Enterprise Funds</i>	
Grants and Entitlements	<u>9,100</u>
<i>Total Enterprise Funds</i>	<u>9,100</u>
<i>Agency Funds</i>	
Gasoline Tax	39,754
Local Government	80,229
Library and Local Government	<u>2,560</u>
<i>Total Agency Funds</i>	<u>122,543</u>
<i>Total All Funds</i>	<u>\$609,668</u>

**NOTE 9 - FEDERAL FOOD STAMP PROGRAM**

The County's Department of Human Services distributes federal food stamps through contracting issuance centers to entitled recipients within Gallia County. The receipt and issuance of these stamps have the characteristics of federal "grants"; however, the Department of Human Services merely acts in an intermediary capacity. The inventory value of these stamps is not reflected in the accompanying financial statements, as the only economic interest related to these stamps rests with the ultimate recipient. The County's Department of Human Services had on hand for distribution approximately \$658,148 of federal food stamps at December 31, 1999.

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

**NOTE 10 - FIXED ASSETS**

A summary of the enterprise funds', Gallico Industries, Inc., and Gallia-Meigs Regional Airport (Component Units) fixed assets at December 31, 1999, are as follows:

	Primary Government	Gallico Industries, Inc.	Gallia-Meigs Regional Airport
Land	\$5,505	\$0	\$0
Buildings	716,650	0	0
Improvements Other than Buildings	34,875	0	0
Machinery & Equipment	63,519	0	0
Furniture & Fixtures	18,792	39,672	17,771
Construction in Progress	4,751,281	0	0
<b>Total</b>	<b>5,590,622</b>	<b>39,672</b>	<b>17,771</b>
Less: Accumulated Depreciation	(376,195)	(31,424)	(1,776)
<b>Net Fixed Assets</b>	<b>\$5,214,427</b>	<b>\$8,248</b>	<b>\$15,995</b>

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

	Balance January 1, 1999	Additions	Deletions	Balance December 31, 1999
Land	\$377,480	\$0	\$0	\$377,480
Buildings	6,104,583	0	0	6,104,583
Machinery & Equipment	1,937,197	277,181	46,210	2,168,168
Furniture & Fixtures	1,151,977	20,337	0	1,172,314
Vehicles	2,940,640	98,421	12,870	3,026,191
<b>Total</b>	<b>\$1,2511,877</b>	<b>\$395,939</b>	<b>\$59,080</b>	<b>\$12,848,736</b>

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

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**NOTE 11 - RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft, 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, property, and crime insurance, the County has addressed these various types of risk.

The CORSA program has a \$2,500 deductible. General liability insurance is maintained in the amount of \$1,000,000 for each occurrence. Other liability insurance includes \$200,000 for Ohio Stop Gap, which provides additional coverage beyond the State's workers' compensation program, \$1,000,000 for employee benefit liability, \$1,000,000 for law enforcement professional liability, \$1,000,000 for public official error and omission liability, \$1,000,000 for automobile liability, and \$250,000 for uninsured motorists liability.

In addition, the County maintains replacement cost insurance on buildings and contents in the amount of \$18,731,955. Other property insurance includes the following: \$1,000,000 for extra expense, \$1,798,266 for contractor's equipment and miscellaneous equipment, \$1,000,000 for valuable papers and records, book value for automobile physical damage, \$1,000,000,000 pool limit for flood earthquake damage. Comprehensive boiler and machinery coverage is carried in the amount of \$1,000,000,000.

The County also maintains crime insurance in the amount of \$1,000,000 on its food stamp program and on its monies and securities. Crime insurance for potential employee dishonesty is held in the amount of \$1,000,000. The County maintains a \$2,000,000 excess liability limit over and above the general liability, auto liability, law enforcement and public officials liabilities.

Also maintained is the insurance for medical and professional liability for the Mental Retardation and Developmental Disabilities employees at a coverage of \$1,000,000 for each claim, and for the Sheriff's employees at a coverage of \$200,000 per occurrence.

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

For 1999, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan is intended to achieve lower worker's compensation rates while establishing safer working conditions and environments for the participants. The worker's 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 worker's 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 information. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Worker's 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 less experience for three years following the last year of participation. A savings of approximately \$18,984 was realized on the annual premium cost.

With the exceptions of workers' compensation, health insurance, and life insurance, all insurance is held with CORSA. The County pays all elected official bonds by State statute.



**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

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**NOTE 12 - DEFINED BENEFIT RETIREMENT PLANS**

**Public Employees Retirement System** - All Gallia County full time employees (except for certified teachers) participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer defined benefit pension plan created by the State of Ohio. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 42315-4562 or by calling (614) 466-2085 or 1-800-222-PERS(7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 8.5% for employees other than law enforcement. Law enforcement employees contribute 9.0% of covered salary. The 1999 employer contribution rate for local government employers was 13.55% of covered payroll. The law enforcement employer rate was 16.70% of covered payroll. Gallia County's contributions to PERS for the years ending December 31, 1997, 1998 and 1999, were \$654,620, \$737,750, and \$818,903 respectively which are equal to the required contributions for each year.

**State Teachers Retirement System** - The Gallia County Board of Mental Retardation and Developmental Disabilities contributes to the State Teachers Retirement System of Ohio (STRS) for all certified teachers, a cost-sharing multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3% of their annual covered salary and the County is required to contribute 14%; 10.5% was the portion to fund pension obligations. Prior to July 1, 1997, the portion used to fund pension obligations was 12%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Gallia County's contributions to STRS for the years ending December 31, 1997, 1998 and 1999 were \$46,385, \$37,496, and \$41,620 which are equal to the required contributions for each year.

Effective July 1, 1991, all employees not otherwise covered by the Public Employees Retirement System or the State Teachers Retirement System have an option to choose social security or the Public Employees Retirement System/State Teachers Retirement System. As of December 31, 1999, none of the elected officials has elected social security.

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

**Public Employees Retirement System:** The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement service is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 1999 employer contribution rate was 13.55 percent of covered payroll; 4.2 percent was the portion that was used to fund health care for 1999. The law enforcement employer rate for 1999 was 16.70 percent and 4.2 percent was used to fund health care. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

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**NOTE 13 - POSTEMPLOYEMENT BENEFITS (Continued)**

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

Expenditures for OPEB during 1999 were \$523,599,349. As of December 31, 1999 the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

During 1997, the Retirement board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1999, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

**State Teachers Retirement System:** Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System (the System). 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. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute.

Benefits are funded on a pay-as-you-go basis. All benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from System funds shall be included in the employer contribution rate, currently 14% of covered payroll. The board currently allocates employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund. For Gallia County this amount equaled \$23,783 during 1999. However, for the fiscal year ended June 30, 1999, the board allocated employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2,783 million, on June 30, 1999. The Health Care Reserve Fund allocation for the year ended June 30, 2000 will be 8% of covered payroll. As of July 1, 1999, eligible benefits recipients totaled 95,796. For the year ended June 30, 1999, net health care costs paid by the System were \$249,929,000.

**NOTE 14 - OTHER EMPLOYEE BENEFITS**

**Compensated Absences:** County employees earn vacation and sick leave at varying rates depending on length of service and departmental policy. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service with the County.

Accumulated, unused sick leave and compensatory time is paid to a terminated employee at varying rates depending on length of service and departmental policy. As of December 31, 1999, the liability for compensated absences was \$1,088,933 for the entire County.

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

**NOTE 15 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In prior years, the County entered into capitalized leases for the acquisition of two graders, a duplicator, two phone systems and four copiers. The terms of the agreement provide options to purchase the equipment. The leases meet 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 have been reclassified and are reflected as debt service in the General Purpose Financial Statements for the general fund, EMS, and the MVGT funds. These expenditures are reflected as program/object expenditures on a budgetary basis.

The Governmental funds' capital leases were recorded as assets in the GFAAG and liability in the GLTDAG. Governmental funds capital leases required the County to record the corresponding revenue and expenditure for the lesser of the fair market value or minimum lease payment at lease exceptions in the General, EMS, and the MVGT Funds. There were no new capital leases entered into in 1999.

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

Year Ending <u>December 31,</u>	<u>Long-Term Debt</u>
2000	\$4,068
2001	2,280
2002	<u>1,140</u>
Total Minimum Lease Payments	7,488
Less: Amount Representing Interest	<u>(825)</u>
Present Value of Minimum Lease Payments	<u><u>\$6,663</u></u>

**NOTE 16 - LONG-TERM DEBT**

The County's long-term obligations at year end consisted of the following:

<u>Types / Issues</u>	<u>Outstanding at 01/01/99</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding at 12/31/99</u>
<b><u>General Long-Term Obligations</u></b>				
Compensated Absences	\$ 814,252	\$159,433	\$ 0	\$ 973,685
EMS Building 1996 6.00% General Obligation Bonds	211,761	0	211,761	0
Solid Waste Recycling 1998 4.95% General Obligation Bonds	325,000	0	15,000	310,000
Permanent Improvement 1999 5.10% General Obligation Bonds	0	800,000	0	800,000
Capital Leases	<u>55,620</u>	<u>0</u>	<u>48,957</u>	<u>6,663</u>
Total Long-Term Obligations	<u><u>\$1,406,633</u></u>	<u><u>\$959,433</u></u>	<u><u>\$275,718</u></u>	<u><u>\$2,090,348</u></u>

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

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**NOTE 16 - LONG-TERM DEBT** (Continued)

The County's general obligation bond for \$800,000 was issued for the purpose of constructing a building for the Gallia County Health Department. The debt will be retired from property taxes levied by the County.

The County's general obligation bond for \$337,500 was issued for the purpose of constructing a solid waste recycling center. The debt will be retired from recycling center.

Annual debt service requirements to maturity for general obligation bonds, including interest of \$218,325, are as follows:

	Long-Term Debt
2000	\$ 276,145
2001	264,955
2002	253,765
2003	242,575
2004	31,385
2005-2009	160,590
Thereafter	<u>98,910</u>
Total	<u>\$1,328,325</u>

The County will pay compensated absences out of the fund from which employees salaries are paid. Capital leases obligations will be paid from the fund that maintains custody of the related asset.

The County's overall legal debt margin was \$12,107,089 at December 31, 1999.

Pursuant to State statute, various industrial revenue bonds have been issued by private industry within Gallia County. The proceeds of the industrial revenue bonds are used by the various private industries for new construction or improvements. The bonds are to be repaid by the recipients of the proceeds and do not represent an obligation of the County. As of December 31, 1999, there is \$9,550,000 in industrial revenue bond issues of which \$6,505,000 remains outstanding.

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

**NOTE 17 - NOTES PAYABLE**

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

	Outstanding 01/01/99	Additions	Deletions	Outstanding 12/31/99
<b>Special Revenue Funds:</b>				
Emergency Medical Services Equipment 5.25%	\$99,793	\$0	\$49,897	\$49,896
Motor Vehicle Gasoline Tax Equipment 5.49%	60,000	0	20,000	40,000
Motor Vehicle Gasoline Tax Equipment 5.375%	21,993	0	21,993	0
Motor Vehicle Gasoline Chip Shredder 4.75%	0	150,000	0	150,000
<b>Capital Projects Fund:</b>				
Airport Construction 5.50%	98,836	82,170	98,836	82,170
<b>Enterprise Fund:</b>				
Sewer Improvement	1,717,000	1,717,000	1,717,000	1,717,000
<b>Total</b>	<b>\$1,997,622</b>	<b>\$1,949,170</b>	<b>\$1,907,726</b>	<b>\$2,039,066</b>

The airport construction and sewer improvement bond anticipation notes, the emergency medical services three year note and the motor vehicle gasoline tax notes are backed by the full faith and credit of Gallia County. The bond anticipation notes issued for the construction of hangars at the airport will be paid through the Airport Construction fund with rental income collected from the Airport Authority. The sewer bond anticipation note will be paid from the proceeds of a USDA Rural Development loan at the time the sewer improvements are completed. The motor vehicle gasoline tax notes will be paid with Motor Vehicle Gasoline Tax Fund revenues. The emergency medical services equipment notes were issued for the purpose of purchasing two ambulances and medical equipment. The debt will be repaid by emergency medical services revenues through the Emergency Medical Services Fund.

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

**NOTE 17 - NOTES PAYABLE** (Continued)

Annual debt service requirements to maturity for the Motor Vehicle and Gasoline Tax fund noted, including interest of \$25,354, are as follows:

Year Ending December 31	MVGT Fund
2000	\$ 56,608
2001	55,510
2002	34,412
2003	34,412
2004	34,412
<b>Total</b>	<b><u><u>\$215,354</u></u></b>

Annual Debt service requirements to maturity for the Emergency Medical Services note, including interest of \$2,664, are as follows:

Year Ending December 31	EMS Fund
2000	\$52,560
<b>Total</b>	<b><u><u>\$52,560</u></u></b>

**NOTE 18 - INTERFUND TRANSACTIONS**

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

Fund Type/Fund	Asset Interfund Receivable	Liability Interfund Payable
<i>General Fund</i>	\$ 26,043	\$ 0
<i>Special Revenue Funds</i>		
Child Support Enforcement Agency	114,390	0
Sheriff's Traffic Enforcement	0	780
Gallia Investigator	0	4,198
CDBG	0	1
Public Assistance	0	114,390
<b>Total Special Revenue Funds</b>	<b><u>114,390</u></b>	<b><u>119,369</u></b>
<i>Enterprise Fund</i>		
Bidwell/Porter Sewer	0	21,064
<b>Total Enterprise Funds</b>	<b><u>0</u></b>	<b><u>21,064</u></b>
<b>Total All Funds</b>	<b><u><u>\$ 140,433</u></u></b>	<b><u><u>\$ 140,433</u></u></b>

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

**NOTE 18 - INTERFUND TRANSACTIONS (Continued)**

	<u>Due From Funds</u>	<u>Due To Funds</u>
<i>General Fund</i>	<u>\$1,908,392</u>	<u>\$ 33,000</u>
<i>Special Revenue Funds</i>		
Children Services	47,324	1,296
Law Enforcement	0	3,328
EMS	33,000	0
Gallia Investigator	1,296	0
Computer Courts	734	0
MR/DD	719,914	0
Human Services	<u>0</u>	<u>47,324</u>
<i>Total Special Revenue Funds</i>	802,268	51,948
<i>Enterprise Funds</i>		
Gallia Co. Sewer	<u>2,813</u>	<u>0</u>
<i>Total Enterprise Funds</i>	2,813	0
<i>Agency Funds</i>		
Library	179,242	0
Park	280,889	0
Health	299,110	0
Court Agency	0	3,754
Undivided General Tax	0	3,349,514
Undivided Local Government	<u>0</u>	<u>34,498</u>
<i>Total Agency Funds</i>	759,241	3,387,766
<i>Total All Funds</i>	<u>\$3,472,714</u>	<u>\$3,472,714</u>

**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Joint Solid Waste Management District**

The County is a member of a multi-county Joint Solid Waste Management District (District), which is a jointly governed organization involving Gallia, Jackson, Vinton, and Meigs counties. The purpose of the District is to plan and implement comprehensive and environmentally sound solid waste management facilities and provide for the establishment of waste minimization, waste reduction, and recycling programs. The District was created in 1989, as required by the Ohio Revised Code.

The Gallia, Jackson, Vinton, and Meigs Solid Waste District is governed and operated through three groups. A twelve member board of directors, comprised of three commissioners from each county, is responsible for the District's financial matters. Financial records are maintained by the District. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. A twenty-nine member policy committee, comprised of six 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. Each participating county's influence is limited to the number of members each appoints to the board. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

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**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**B. Gallia-Jackson-Meigs Counties Alcohol, Drug Addiction and Mental Health Services Board (ADAMH)**

The ADAMH Board (Board) is a jointly governed organization. Participants are Gallia, Jackson, and Meigs counties. The Board provides no direct services but contracts for their delivery. The Board's function is to assess needs, and to plan, monitor, fund and evaluate the services. The Board is managed by eighteen members, five appointed by commissioners of Jackson County, two by commissioners of Gallia County, and three by commissioners of Meigs county which are proportionate to population, four by The Ohio Department of Drug and Alcohol and four by the State Department of Mental Health. Each participating county's influence is limited to the number of members each appoints to the Board. The Board exercises total control of the budgeting, appropriation, contracting and management.

All of the Board's revenue is from state and federal grants awarded to the multi-county board. Since Gallia County serves as the fiscal agent for the Board, the financial activity is presented as an agency fund. Continued existence of the Board is not dependent on the County's continued participation, no debt exists, and the County does not have an equity interest in the Board. During 1999, the County made no contributions to the Board.

**C. Gallia-Jackson-Meigs Counties Cluster**

Gallia, Jackson, and Meigs Counties Cluster provides services to multi-need youth in Gallia, Jackson, and Meigs counties. Members of the Cluster include the Gallia, Jackson, and Meigs Counties Alcohol Drug Addiction, and Mental Health Services Board, Gallia County Children Services, Gallia County Juvenile Court, Gallipolis City Schools, Gallia County Schools, the regional office of the Department of Youth Services, Gallia County Mental Retardation and Developmental Disabilities, Gallia-Jackson Treatment Alternative to Street Crime, Health Recovery Services-Bassett House, ACCESS, Bureau of Vocational Rehabilitation, and the Family Addiction Community Treatment Services. The operation of the Cluster is controlled by an advisory committee which consists at least one representative from each agency. State grants are received in the name of the Cluster. The continued existence of the Cluster is not dependent on the County's continued participation and no equity interest exists. The Cluster has no outstanding debt.

**D. Area Office on Aging**

The Area Office on Aging is a regional council of governments that assists ten counties including Gallia County in providing services to senior citizens in the Council's service area. The Council is governed by a fifteen member board of directors. The Gallia County Commissioners along with other county organizations can nominate new board members, but representatives of local community service organizations. At least one-half of the board must be over the age of fifty-five. 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 and no equity interest exists. The Council has no outstanding debt. During 1999, the County made contributions to the Area Office on Aging in the amount of \$20,000.

**E. Private Industry Council (PIC)**

The PIC is a jointly governed organization consisting of representatives from the private and public sectors of Athens, Gallia, Hocking, Lawrence, Meigs, Perry, and Vinton counties appointed by the County Commissioners from each county. The advisory council is the Governing Board of the PIC. The Board sets policies for private industry. State grants are received from the Ohio Bureau of Employment Services in the name of the Ironton-Lawrence County Community Action Organization. The grants are disbursed among the participating counties based on population. The County does not have any financial interest or responsibility.



**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

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**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**F. Southeastern Ohio Corrections Commission**

The Southeastern Ohio Corrections was formed for the purpose of planning to build a community jail through State funding. The Commission consists of Gallia, Jackson, and Meigs counties. The State funding did not become available but the Commission has remained together in the case there would be any new grants to apply for in the future. The Commission consists of twelve members which includes the President of the Commission's fiscal agent will be the Common Pleas Judge, and the Sheriff from each county. The Commission's fiscal agent will be the County Auditor of the County in which the jail is placed. The County made no contributions to the Commission in 1999, and the Commission is not dependent on the County's continued participation.

**G. Gallia-Meigs Community Action Agency**

The Gallia-Meigs Community Action Agency is a non-profit corporation organized to plan, conduct and coordinate programs designed to combat social and economic problems and to help eliminate conditions of poverty within Gallia and Meigs 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 received federal and state monies which are applied for and received by, and in the name of, the Board of Directors. The Gallia County Commissioners apply for the Community Housing Improvement Plan grant, Community Housing Improvement Strategy grant, and the Ohio Housing Trust Grant for the Community Action Agency. The County is the fiscal agent of the grant, but the grants are used by the Community Action Agency to improve low income family housing in Gallia County. Community Action makes expenses that relate to the grants and then requests reimbursement from the County Commissioners. The Board exercises total control of the budgeting, appropriation, contracting and management. 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.

**H. Gallia-Jackson Child Abuse and Neglect Advisory Board**

The Child Abuse and Neglect Advisory Board is controlled by a five member board. The purpose of the Child Abuse and Neglect Advisory Board is to prevent child abuse and neglect. Each county's commissioners appoint two members and there is one at large member. The at large member currently is the Gallia-Jackson-Meigs Counties Alcohol Drug Addiction and Mental Health Services Board director. The organization receives \$20,000 a year through the State from birth registration fees of which \$19,400 is sent directly to the Ohio Children's Trust Fund Board. The Gallia-Jackson-Meigs Counties Alcohol Drug Addiction and Mental Health Services Board, a jointly governed organization, receives \$600 a year for administrative services. Continued existence of the Board is not dependent upon the County's continued participation, nor does the County have an equity interest in the board. The Board 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. The Board currently does not prepare year end financial statements due to the limited amount of financial activity.

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

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**NOTE 20 - RELATED ORGANIZATIONS**

**A. O.O. McIntyre Park District**

The County Probate Judge is responsible for appointing the three-member board of the O. O. McIntyre Park District. Removal of the members requires due process. The County has no ability to impose its will on the organization nor is a burden/benefit relationship in existence. The Park District has a one-half mill property tax that is collected by Gallia County and then transferred into the Park District agency fund. Although the County collects and distributes the tax, this function is strictly ministerial and the County provides no contributions of its own. The District is its own budgeting and taxing authority and has no outstanding debt. The county auditor serves as the fiscal agent for the District; therefore, the financial activity is reflected in Park District County agency fund.

**B. Bossard Memorial Library**

The Bossard Memorial Library is statutorily created as a separate and distinct political subdivision of the State. Four trustees of the Library are appointed by the County Commissioners, and three trustees are appointed by the judges of the Common Pleas Court. The Library has a .3 mill property tax that is collected by Gallia County into the Library agency fund. Although the County collects and distributes the tax, this function is strictly ministerial and the County provides no contributions of its own. The board of trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the County for operational subsidies. Due process is required to remove board members.

**C. Gallia Metropolitan Housing Authority**

The Gallia 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 City of Gallipolis, 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.

**NOTE 21 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The County maintains two enterprise funds which are intended to be self-supporting through user fees charged for services provided to consumers for sewage services. The component units, Galco Industries, Inc. and Gallia-Meigs Regional Airport were excluded because they are presented individually in the general purpose financial statements. Financial segment information as of and for the year ended December 31, 1999, is as follows:

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

**NOTE 21 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)**

	County Sewer	Bidwell/Porter Sewer	Total
Operating Revenues	\$73,937	\$1,681,155	\$1,755,092
Operating Expense Before Depreciation	79,078	954,646	1,033,724
Depreciation Expense	19,719	711	20,430
Operating Income (Loss)	(24,860)	725,798	700,938
Net Non-Operating Revenues (Expenses)	26	(107,928)	(107,902)
Net Income (Loss)	(24,834)	617,870	593,036
Net Working Capital	27,123	(1,584,794)	(1,557,671)
Total Assets	492,724	5,027,692	5,520,416
Total Equity	484,226	3,172,530	3,656,756

**NOTE 22 - 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.

Several claims and lawsuits are pending against the County. In the opinion of the County Prosecuting Attorney, and potential liability would not have a material effect on the financial statements.

**NOTE 23 - RELATED PARTY TRANSACTIONS**

During 1999, Gallia County provided facilities, certain equipment, transportation and salaries for administration, implementation and supervision of its programs to Gallco Industries, Inc., a discretely presented component unit of Gallia County. Rehabilitative services provided directly to clients of Gallco Industries by the County amounted to \$41,727.

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

**NOTE 24 - GALLIA COUNTY LANDFILL**

In 1978 Gallia County established the Gallia County Sanitary Landfill. The County contracted with Greg Fields to operate the landfill when it opened. In 1991 Mid-American Waste Systems, Inc. (Mid-American) purchased Greg Fields' business. At this time Gallia County operated the landfill on its own for a three month period until the County signed the current lease agreement with Mid-American in June 1991. The lease agreement states that Mid-American is the operator of the landfill and that the County is to receive a portion of the landfill fees. The lease also states that Mid-American will comply with Ohio Environmental Protection Agency (EPA) closure and post closure requirements; therefore, Mid-American is responsible for these costs unless the County does not renew the lease agreement. In April 1995 the EPA department issued a Sub-Title D that states that landfill operators are to purchase a Financial Assurance Bond for the closure and post closure costs and Mid-American has met the requirement.

**NOTE 25 - CONSTRUCTION COMMITMENTS**

As of December 31, 1999 the County had a contractual purchase commitment for the construction of the Bidwell/Porter Sewer System. The amounts for the project are as follows:

<u>Project</u>	<u>Purchase Commitments</u>	<u>Payments Made</u>	<u>Amount Remaining on Contract</u>
Bidwell/Porter Sewer	\$5,998,777	\$5,759,812	\$238,965
Shelly Company - Paving	651,852	274,612	377,240
Holstein Construction - Arch Barrier	54,500	53,513	987

**NOTE 26 - SHARED RISK POOLS**

**A. County Risk Sharing Authority (CORSA)**

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among thirty-nine counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance 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 responsibility for the payment of the certificates. CORSA is not dependent upon Gallia County for its continued existence, nor does the County have an equity interest in CORSA. The County's payment for insurance to CORSA in 1999 was \$114,904.

**GALLIA COUNTY, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 1999

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**NOTE 26 - SHARED RISK POOLS (Continued)**

**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 ensuring year by the participants at a meeting held in the month of December each year. No participant can have more than one member of the group executive committee in any year, and each elected member shall be a County Commissioner.

**NOTE 27 - RESTATED FUND BALANCE/RETAINED EARNINGS**

Due to the reclassification and combing of funds of a GAAP basis, and accrual restatements, the net change of beginning fund balances is as follows

	Beginning Fund Balance/Retained Earnings	Adjustments	Restated Fund Balance/retained Earnings
Special Revenue	\$3,868,320	\$771,041	\$4,639,361
Enterprise	394,334	1,615	395,949
Gallco Industries, Inc.	110,758	(1,699)	109,059

Gallia County Financial Condition  
Gallia County

Schedule of Federal Awards Expenditures  
For the Year Ended December 31, 1999

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>U. S. Department of Agriculture</b>			
<i>Passed through Ohio Department of Education</i>			
Food Distribution <i>Nutrition Cluster</i>	N	10,550	\$671
National School Breakfast & Lunch Programs <i>Direct to County</i>	05, 04 & 05-PU 00	10,553 & 10,555	20,433
Water & Waste Disposal Systems for Rural Communities	N	10,760	<u>715,895</u>
<b>Total U. S. Department of Agriculture</b>			<b>736,999</b>
<b>U. S. Department of Housing &amp; Urban Development</b>			
<i>Passed through Ohio Department of Development</i>			
Community Development Block Grants		14,228	
Water & Sewer 85	G60176 A828		20,256
Chip 97	G80109 G016		229,305
Water & Sewer 87	G90004 G018		172,914
Emergency Shelter 96	G90010 G622		27,900
Formula 98	G90487 G622		207,899
New Horizpn 98	G90541 Y389		10,000
Economic Development 86	G90720 G016		101,000
Emergency Shelter 99	G00022 H095		9,250
Formula 99	G00550 H095		<u>2,402</u>
<b>Total U. S. Department of Housing &amp; Urban Development</b>			<b>780,926</b>
<b>U. S. Department of Justice</b>			
<i>Passed through Governor's Office of Criminal Justice Services</i>			
Law Enforcement Education Program (DARE)	N	16,590	2,545
Violence Against Women Formula Grant	N	16,588	2,865
Law Enforcement Block Grant	N	16,592	9,000
Community Oriented Policing Services Grant (COPS)	N	16,710	<u>12,500</u>
<b>Total Passed through the Governor's Office of Criminal Justice Services</b>			<b>26,910</b>
<i>Passed through Gallia County Local Schools</i>			
Law Enforcement Education Program (DARE)	N	16,580	15,849
<b>Total U. S. Department of Justice</b>			<b>42,759</b>
<b>Federal Emergency Management Assistance Act</b>			
<i>Passed through the Ohio Department of Emergency Management Agency</i>			
Emergency Management - State & Local Assistance	DR-1164-OH	83,544	<u>142,542</u>
<b>Total Federal Emergency Management Assistance Act</b>			<b>142,542</b>
<b>U. S. Department of Education</b>			
<i>Passed through the Ohio Department of MRDD</i>			
<i>Special Education Cluster</i>			
Special Education	68-SF 99 P	84,027	23,376
Special Education - Preschool Grants	PG-S1 99 P	84,173	<u>11,171</u>
<b>Total Special Education Cluster</b>			<b>34,547</b>
<b>Total U. S. Department of Education</b>			<b>34,547</b>
<b>U. S. Department of Health &amp; Human Services</b>			
<i>Passed through the Ohio Department of Human Services</i>			
Family Preservation & Support Services	N	93,556	7,951
Child Welfare Service - State Grants	N	93,645	30,589
Child Abuse & Neglect	N	93,669	1,788
Independent Living	N	93,674	6,926
Medical Assistance Program	N	93,778	309
<i>Passed through the Ohio Department of MRDD</i>			
Social Services Block Grant (Title XX)	N	93,667	44,051
Medical Assistance Program	N	93,778	<u>293,826</u>
<b>Total U. S. Department of Health &amp; Human Services</b>			<b>385,396</b>
<b>Total Federal Financial Assistance</b>			<b>\$2,123,171</b>

N - State pass through entity number could not be located by Gallia County.

See Notes to the Schedule of Federal Awards, Expenditures.

**GALLIA COUNTY, OHIO  
FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

**NOTE A -- SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of federal awards expenditures is a summary of the activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B -- FOOD DISTRIBUTIONS**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At December 31, 1999, the County had no significant food commodities in inventory.

**MICHAEL A. BALESTRA, CPA, INC.**  
CERTIFIED PUBLIC ACCOUNTANTS  
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Member American Institute of Certified Public Accountants

Accountants

Ohio Society of Certified Public

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**Report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards***

To the Offices, Boards and  
Commissioners of Gallia County  
18 Locust Street  
Gallipolis, Ohio 45631

We have audited the financial statements of Gallia County, as of and for the year ended December 31, 1999, and have issued our report thereon dated June 12, 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 Gallia County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing and 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. However, we noted certain other instances of non-compliance that we have reported to the management of the County in a separate letter dated June 12, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Gallia County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the County in a separate letter dated June 12, 2000.



Board of County Commissioners  
Gallia County  
Waverly, Ohio 45690

Report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.

Page 2

This report is intended for the information and use of the audit committee, management, and 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.

*Michael A. Balestra, CPA, INC.*  
Michael A. Balestra, CPA, INC.

June 12, 2000

**MICHAEL A. BALESTRA, CPA, INC.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**528 SOUTH WEST STREET, P.O. BOX 687**  
**PIKETON, OHIO 45661**

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Ohio Society of Certified Public

Accountants

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**Report on compliance with requirements applicable to each major program and internal control over  
compliance in accordance with OMB circular A-133**

To the Offices, Boards and  
Commissioners of Gallia County  
18 Locust Street  
Gallipolis, Ohio 45631

Compliance

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

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular a-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Gallia 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 Gallia County's compliance with those requirements.

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

Board of County Commissioners  
Gallia County  
Waverly, Ohio 45690

Report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB circular A - 133

Page 2

Internal Control Over Compliance

The management of Gallia 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 Gallia 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.

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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, 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.

*Michael A. Balestra, CPA, Inc.*  
Michael A. Balestra, CPA, Inc.

June 12, 2000

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 SECTION .505**

**GALLIA COUNTY FINANCIAL CONDITION  
GALLIA COUNTY  
DECEMBER 31, 1999**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 SECTION .505**

**GALLIA COUNTY FINANCIAL CONDITION  
GALLIA COUNTY  
DECEMBER 31, 1999**

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

Finding Number	None
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**3. FINDINGS FOR FEDERAL AWARDS**

Finding Number	None
CFDA Title and Number	
Federal Award Number/Year	
Federal Agency	
Pass-Through Agency	



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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GALLIA COUNTY FINANCIAL CONDITION

GALLIA 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: JULY 20, 2000