



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**HIGHLAND COUNTY
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REPORT OF INDEPENDENT ACCOUNTANTS

Highland County
200 Governor Foraker Place
Hillsboro, Ohio 45133

To the Board of County Commissioners:

We have audited the accompanying financial statements of Highland County, Ohio (the County), as of and for the year ended December 31, 1999, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Ohio Administrative Code, Section 117-1-11, requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, as discussed in Note 1, the County prepares its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash, investments, and combined fund cash balances of Highland County, Ohio, as of December 31, 1999, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report date July 28, 2000, on our consideration of Highland County's internal control structure over financial reporting on 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 financial statements of the County, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, elected officials, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end of the last name.

Jim Petro
Auditor of State

July 28, 2000

**HIGHLAND COUNTY
COMBINED STATEMENT OF CASH, INVESTMENTS,
AND FUND CASH BALANCES - ALL FUND TYPES
AS OF DECEMBER 31, 1999**

Cash and Cash Equivalents	\$9,042,316
Investments	<u>3,683,821</u>
Total Cash and Investments	<u><u>\$12,726,137</u></u>

CASH BALANCES BY FUND TYPE

Governmental Funds:	
General Fund	\$3,173,546
Special Revenue Funds	4,544,856
Debt Service Funds	1,400,606
Capital Projects Funds	1,438,813
Proprietary Funds:	
Enterprise Funds	81,585
Fiduciary Funds:	
Expendable Trust Funds	52,228
Agency Funds	<u>2,034,503</u>
Total	<u><u>\$12,726,137</u></u>

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

**HIGHLAND COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Local Taxes	\$3,724,963	\$1,491,524	\$45,999	\$	\$	\$5,262,486
Intergovernmental	1,277,492	10,591,328	500,000	4,565,948		16,934,768
Special Assessments			636,945			636,945
Charges for Services	970,416	557,376				1,527,792
Licenses, Permits, and Fees	5,125					5,125
Fines, Forfeitures, and Penalties	123,803	93,562				217,365
Earnings on Investments	362,674	69,136		146,290		578,100
Other Revenue	54,256	747,804			7,016	809,076
Total Cash Receipts	6,518,729	13,550,730	1,182,944	4,712,238	7,016	25,971,657
Cash Disbursements:						
Current:						
General Government - Legislative and Executive	1,725,420	423,285				2,148,705
General Government - Judicial	974,674					974,674
Public Safety	1,433,322	73,915				1,507,237
Public Works	167,648	7,255,293				7,422,941
Health	36,387	1,084,594				1,120,981
Human Services	134,214	4,496,370				4,630,584
Miscellaneous	886,601	248,896			158	1,135,655
Debt Service:						
Redemption of Principal - Bonds			72,500			72,500
Redemption of Principal - Notes			560,500			560,500
Interest and Fiscal Charges			128,251	23,420		151,671
Capital Outlay				5,770,382		5,770,382
Total Cash Disbursements	5,358,266	13,582,353	761,251	5,793,802	158	25,495,830
Total Receipts Over/(Under) Disbursements	1,160,463	(31,623)	421,693	(1,081,564)	6,858	475,827
Other Financing Receipts/(Disbursements):						
Proceeds from the Sale of Notes			560,500			560,500
Transfers-In	91,000	31,435	3,986	110,000		236,421
Advances-In	21,100	14,800				35,900
Transfers-Out	(145,421)	(91,000)				(236,421)
Advances-Out	(14,800)	(21,100)				(35,900)
Other Sources	313,884	474,543	178,933	58,589		1,025,949
Other Uses	(257,367)	(184,418)	(2,250)	(678,761)		(1,122,796)
Total Other Financing Receipts/(Disbursements)	8,396	224,260	741,169	(510,172)		463,653
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,168,859	192,637	1,162,862	(1,591,736)	6,858	939,480
Fund Cash Balances, January 1	2,004,687	4,352,219	237,744	3,030,549	45,370	9,670,569
Fund Cash Balances, December 31	\$3,173,546	\$4,544,856	\$1,400,606	\$1,438,813	\$52,228	\$10,610,049
Reserve for Encumbrances, December 31		\$312,640				\$312,640

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

HIGHLAND COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
FUND CASH BALANCES - PROPRIETARY FUND TYPE AND AGENCY FUNDS -
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>PROPRIETARY FUND TYPE</u>	<u>FIDUCIARY FUND TYPE</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for services	<u>\$91,744</u>		<u>\$91,744</u>
Total Operating Cash Receipts	91,744		91,744
Operating Cash Disbursements:			
Contractual Services	<u>20,477</u>		<u>20,477</u>
Total Operating Cash Disbursements	<u>20,477</u>		<u>20,477</u>
Operating Income/(Loss)	71,267		71,267
Non-operating Cash Receipts/ Disbursements			
Other Non-operating Receipts		42,644,266	42,644,266
Other Non-operating Cash Disbursements		<u>(42,087,409)</u>	<u>(42,087,409)</u>
Excess Non-operating Cash Receipts Over/(Under) Non-operating Cash Disbursements		<u>556,857</u>	<u>556,857</u>
Net Receipts Over/(Under) Disbursements	71,267	556,857	628,124
Fund Cash Balances, January 1, 1999	<u>10,318</u>	<u>1,477,646</u>	<u>1,487,964</u>
Fund Cash Balances, December 31, 1999	<u>\$81,585</u>	<u>\$2,034,503</u>	<u>\$2,116,088</u>

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

**HIGHLAND COUNTY
 COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 1999**

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Governmental:			
General Fund	\$5,829,770	\$6,944,713	\$1,114,943
Special Revenue Funds	13,462,309	14,071,508	609,199
Debt Service Funds	1,926,363	1,926,363	
Capital Projects Funds	1,864,836	4,880,827	3,015,991
Proprietary:			
Enterprise Fund	87,946	91,744	3,798
Fiduciary:			
Expendable Trust Funds	<u>7,016</u>	<u>7,016</u>	
Totals (Memorandum only)	<u>\$23,178,240</u>	<u>\$27,922,171</u>	<u>\$4,743,931</u>

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

HIGHLAND COUNTY
COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES
COMPARED WITH EXPENDITURE AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 1999

Fund Types/Funds	Prior Year Carryover Appropriations	Appropriations	Total	Disbursements	Encumbrances Outstanding At 12/31/99	Total	Variance Favorable/ (Unfavorable)
Governmental:							
General Fund	\$6,540,750	\$6,540,750	\$6,540,750	\$5,775,854		\$5,775,854	\$764,896
Special Revenue Funds	\$486,149	15,016,853	15,503,002	13,878,871	\$312,640	14,191,511	1,311,491
Debt Service Funds		771,217	771,217	763,501		763,501	7,716
Capital Projects Funds		4,542,339	4,542,339	6,472,563		6,472,563	(1,930,224) (A)
Proprietary:							
Enterprise Fund		87,310	87,310	20,477		20,477	66,833
Fiduciary:							
Expendable Trust Funds		10,000	10,000	158		158	9,842
Totals (Memorandum Only)	\$486,149	\$26,968,469	\$27,454,618	\$26,911,424	\$312,640	\$27,224,064	\$230,554

(A) See Note 8

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

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**HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Highland County (the "County") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County operates under the direction of a three-member Board of County Commissioners. The County Auditor is responsible for the fiscal controls of the resources of the County which are maintained in the funds described below. The County Treasurer is the custodian of funds and the investment officer. All of these officials are elected. Services provided by the County include general government, public safety, health, public works, human services conservation-recreation services, sanitation, and maintenance of highways and streets.

Education services are provided by the Highland County Board of Education. The Highland County Board of Education is a separate entity, and as such, prepares its own financial statements. Accordingly, its financial activity is not reflected in the accompanying financial statements.

Other entities for which Highland County provides services and/or subsidies are the Law Library Association, Regional Airport Authority, District Board of Health, Soil and Water Conservation District, and the Humane Society. These are separate reporting entities. Separate financial and compliance audits will be performed for these entities. The County Auditor is the fiscal agent for the District Board of Health and the Soil and Water Conservation District, and the receipts and disbursements of these entities are accounted for in the Agency Funds of the County.

Highland County has several County departments that maintain separate bank accounts and records. Elected or appointed departmental officials are responsible for the financial records. The County Auditor does not have any operating control over these monies. The financial activity related to these accounts is reported in the accompanying financial statements as agency funds.

Highland County is involved in a joint venture with the Solid Waste Management District. Ross, Pickaway, Fayette, and Highland Counties make up the District. Ross County is considered the fiscal agent over the District. Highland County has no liability to the District nor do they expend any monies to the District. A separate financial and compliance audit is performed for the District.

Management believes the financial statements included in this report represent all of the funds for which the County is financially accountable.

B. Basis of Accounting

The County prepares its financial statements on a basis of cash receipts and disbursements, consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. A general fixed asset group and long-term debt group of accounts are not recorded on the financial statements by the County under the basis of accounting used. By virtue of Ohio law, the County is required to maintain the encumbrance method of accounting and to make appropriations.

Although required by Ohio Administrative Code, Section 117-1-11, to prepare its annual financial report in accordance with generally accepted accounting principles, the County chooses to prepare its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State. This basis of accounting is similar to the cash receipts and disbursements

HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as formerly prescribed or permitted by the Auditor of State.

C. Cash, Cash Equivalents and Investments

The County Treasurer invests all available funds of the County. County funds are invested in "Now" checking accounts with local commercial banks, certificates of deposit, US government securities and mutual funds. The County pools its cash for investment purposes to capture the highest rate of return. Investment income is distributed to County funds based upon the Ohio Constitution. Investments are stated at cost.

D. Fund Accounting

The County maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

1. Governmental Funds

General Fund

The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds

To account for proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to disbursements for specified purposes.

Debt Service Funds

To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. According to governmental accounting principles, the debt service fund accounts for the payment of long-term debt for governmental funds only. Under Ohio law, the debt service fund might also be used to account for the payment of the long-term debt of proprietary funds and the short-term debt of both governmental and proprietary funds. For purposes of this report, these funds have been classified into the proper groups, if practicable.

Capital Projects Funds

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

**HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Proprietary Fund

Enterprise Fund

To account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has 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 purpose.

3. Fiduciary Funds

Trust and Agency Funds

To account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, other governmental units, and/or other funds. These include Expendable Trust and Agency Funds.

E. Budgetary Process

1. Budget

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

2. Estimated Resources

The County Budget Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1, 1999 unencumbered fund balances. However, those fund balances are available for appropriations.

3. Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Encumbrances

The County is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

During the year, the County did not always encumber funds prior to their commitment.

5. Legal Level of Control

Each County department prepares a budget which is approved by the Board of County Commissioners. The County maintains budgetary control within an organizational unit and fund by not permitting expenditures and encumbrances to exceed appropriations at the object level (the legal level of control). Modifications to the original budget within expenditure objects require the approval of the Board of Commissioners.

F. Property, Plant and Equipment

Fixed assets acquired or constructed for general governmental service are recorded as expenditures. Depreciation is not recorded for these fixed assets.

G. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

2. EQUITY IN CASH EQUIVALENTS AND INVESTMENTS

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

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

- A.** United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States.

HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

2. EQUITY IN CASH EQUIVALENTS AND INVESTMENTS (Continued)

- B.** Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- C.** 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;
- D.** Bond and other obligations of the State of Ohio or its political subdivision, provided that such political subdivisions are located wholly or partly within the County;
- E.** Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
- F.** No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- G.** The State Treasurer's investment pool (STAROhio);
- H.** Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
- I.** High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio; and
- J.** Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation, 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 monies deposited with the institution.

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.

**HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

2. EQUITY IN CASH EQUIVALENTS AND INVESTMENTS (Continued)

Government Accounting Standards Board (GASB) Statement No. 3 requires that all deposits be classified as to risk. The following categories are most typically used:

- A. Insured or collateralized with securities held by the entity or by its agent in the entity's name;
- B. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name; and
- C. Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name).

At December 31, 1998, the carrying amount of the County's deposits was \$ 9,042,316. The bank balance of \$ 10,355,274 for deposits is classified by risk as follows:

- A. \$ 580,957 was insured by the Federal Depository Insurance Corporation.
- B. \$ 9,726,548 was covered by collateral held by third party trustees pursuant to Section 135.181, Ohio Revised Code, in single institution collateral pools securing all public funds on deposit with specific depository institutions. The Code specifies that the total value of securities pledged as collateral must be at least equal to 110% of the total amount of the insured deposits, including any portion covered by federal deposit insurance. The Code also specifies what kind of securities are eligible to be pledged and what percentage of their face value counts as being eligible for collateral.
- C. \$ 47,769 was not insured or collateralized, contrary to Chapter 135, Ohio Revised Code.

Investments

The County's investments are categorized below 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 securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments with securities held by the broker's or dealer's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments with the securities held by the broker or dealer, or by its trust department or agent, but not in the County's name.

	<u>Category 3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
U.S. Government and Government Agency	\$ 3,669,746	\$ 3,669,746	\$ 3,700,691
Investment not subject to categorization:			
Mutual Fund	_____	14,075	14,075
Total Investments	<u>\$ 3,669,746</u>	<u>\$ 3,683,821</u>	<u>\$ 3,714,766</u>

The Mutual Fund investment is not classified by risk category because it is not evidenced by securities that exist in physical or book entry form.

**HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

3. DEBT OBLIGATIONS

Debt outstanding at December 31, 1999 consisted of the following:

General Obligation Notes	
Principal Outstanding	\$ 560,500
Interest Rate	3.89%
General Obligation Bonds	
Principal Outstanding	1,799,600
Interest Rate	4.5%-5%
Special Assessment Bonds	
Principal Outstanding	764,800
Interest Rate	4.5%
Water Pollution Control Loan Fund	
Principal Outstanding	7,672,796
Interest Rate	0%

The outstanding notes at December 31 had been issued for one year or less. This note was of the bond anticipation type. The note was issued during 1998 and renewed during 1999, for \$560,500 for the Board of Mental Retardation and Developmental Disabilities building addition and bus garage.

The annual requirements to amortize all note debt outstanding as of December 31, 1999, including interest payments of \$21,803 are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>General</u> <u>Obligation Notes</u>
2000	\$ <u>582,303</u>

The outstanding Madison Township Sewer Project bonds at December 31 had been issued for forty (40) years. The Series "A" bonds were issued as a special assessment bond and are to be repaid from special assessments. The Series "B" bonds were of the general obligation type and will be repaid by general revenue.

During 1997, the County issued general obligation type bonds for twenty (20) years. Both the series "A" and "B" bonds were issued for the acquisition, construction, and improvement costs on the Training and Education Center.

The Water Pollution Control Loan is a line of credit loan used as part of the financing package for the Rocky Fork Lake Sewer Project. The total line of credit for this project is \$8,130,000. The remaining line of credit will be used to complete the project subsequent to December 31, 1999. The loan will be repaid through special assessments applied to Rocky Fork Lake area property. Property owners have the option to pay the special assessment in full or have the special assessment included in their property tax over a twenty year period. A repayment schedule will be prepared after the project is completed and the actual amount of the line of credit used is known.

**HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

3. DEBT OBLIGATIONS (Continued)

The annual requirements to amortize all bonded debt outstanding as of December 31, 1999, including interest payments of \$1,737,134 are as follows:

Year Ending December 31	Special Assessment Bonds	General Obligation Bonds	Totals (Memorandum Only)
2000	\$43,816	\$156,227	\$200,043
2001	43,793	156,094	199,887
2002	43,852	156,201	200,053
2003	43,789	156,128	199,917
2004	43,807	156,177	199,984
2005-2009	218,912	780,611	999,523
2010-2014	218,979	780,698	999,677
2015-2019	219,040	331,277	550,317
2020-2024	218,989	31,679	250,668
2025-2029	219,005	31,769	250,774
2030-2034	<u>219,016</u>	<u>31,666</u>	<u>250,682</u>
Totals	<u>\$ 1,532,998</u>	<u>\$ 2,768,527</u>	<u>\$ 4,301,525</u>

4. PROPERTY TAXES

Real property taxes are levied on assessed values which equal 35% of appraised value. The County Auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 1997 and the reappraisal year was completed for tax year 1994.

Real property taxes become a lien on all non-exempt real property located in the County on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for the fiscal year ended December 31, 1998 was \$9.25 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$6.57 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$6.91 per \$1000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the County by the State of Ohio.

Owners of tangible personal property are required to file a list of such property, including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the fiscal year ended December 31, 1999 was \$9.25 per \$1,000 of assessed valuation.

**HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

4. PROPERTY TAXES (Continued)

Real Property - 1998 Valuation	
Residential/Agricultural	\$ 295,234,930
Commercial/Industrial	47,331,230
Public Utilities	32,960
Tangible Personal Property - 1998 Valuation	
General	49,580,510
Public Utilities	<u>33,745,540</u>
Total Valuation	<u>\$ 425,925,170</u>

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

5. 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. The County addresses these risks by maintaining a comprehensive risk management program through the purchase of various types of liability, inland marine, and property insurance from private carriers.

The County's exposure for the safety of its employees is covered by Ohio's Workers' Compensation department. The County carries commercial insurance for employee health and accident insurance. The County pays all elected and appointed official's bonds by statute.

6. PENSION PLANS

A. Public Employees Retirement System of Ohio

The County contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing, multiple employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement benefits, disability, and survivor benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215.

Plan members, other than those engaged in law enforcement, are required to contribute 8.5% of their annual covered salary to fund pension obligation and the employer is required to contribute 13.55%. For law enforcement employees, the employee contribution is 9% and the employer contribution is 16.7%. Contributions are authorized by state statute. The contribution rates are determined actuarially. The County's required contributions to PERS for the years ended December 31, 1999, 1998, and 1997 were \$ 1,100,446, \$1,015,889, and \$ 970,585, respectively. As of December 31, 1999, the County has made all required contributions.

HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

6. PENSION PLANS (Continued)

B. State Teachers Retirement System of Ohio

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

Plan members are required to contribute 9.3% of their annual covered salary and the employer is required to contribute 14%. 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. The County's contributions to STRS for the years ended December 31, 1999, 1998, and 1997 were \$ 27,836, \$ 35,116 and \$25,016, respectively. As of December 31, 1999, the County has made all required contributions.

7. COUNTY SALES TAX

The permissive tax was levied locally in the amount of one-half of one percent upon every retail sale made in Highland County. In 1999 the County received a total of \$2,614,275 from the State of Ohio as its share of the sales tax. Such receipts were credited to the County General Fund.

8. BUDGETARY COMPLIANCE

During 1999, the County received on-behalf loan assistance from the Ohio Water Development Authority for the Rocky Fork Lake Area Sewer Works Improvements Project. These funds were subject to budgetary requirements, but the County did not budget them as required. Expenditures exceeded appropriations by \$2,794,952 for the project.

9. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which maybe disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

10. ACCUMULATED UNPAID VACATION, PERSONAL, COMPENSATORY TIME AND SICK LEAVE

Accumulated unpaid vacation, compensatory time and sick leave are not accrued under the cash basis of accounting described in Note 1. All leave will either be absorbed by time off from work, or within certain limitations, be paid to the employees. It is not practicable to determine the value of these benefits as of December 31, 1999.

**HIGHLAND COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 1999**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education:</i>				
Food Distribution Program (See Note C)	N/A	10.550	\$0	\$1,657
National School Lunch Program (See Note D)	IRN - 066035	10.555	3,328	0
Total U.S. Department of Agriculture			3,328	1,657
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed Through Ohio Department of Development</i>				
Community Development Block Grant	B-F-98-033-1	14.228	198,662	0
Community Development Block Grant	B-F-97-033-1	14.228	17,136	0
Community Development Block Grant (See Note E)	B-C-98-033-1	14.228	526,660	0
Community Development Block Grant	B-W-96-033-1	14.228	500,000	0
Total U.S. Department of Housing and Urban Development			1,242,458	0
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed Through State Department of Mental Retardation and Developmental Disabilities</i>				
Social Services Block Grant Title XX	N/A	93.667	37,279	0
Community Alternative Funding System - Medical Assistance Program	N/A	93.778	458,711	0
Total U. S. Department of Health and Human Services			495,990	0
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through State Department of Education</i>				
<i>Special Education Grants to States:</i>				
Title VI-B	066035-6B-SF-00P	84.027	10,227	0
Pre-school Grant	066035-PG-S1-00P	84.173	5,585	0
Total U. S. Department of Education			15,812	0
U.S. DEPARTMENT OF JUSTICE				
<i>Passed Through Office of the Ohio Attorney General</i>				
Criminal Victim Assistance Grant	99-VAGENE-025	16.575	48,321	0
Criminal Victim Assistance Grant	2000-VAGENE-025	16.575	10,222	0
Criminal Victim Assistance Grant	2000-VAGENEO25X	16.575	862	0
Total Criminal Victim Assistance Grant			59,405	0
<i>Passed Through Ohio Office of Criminal Justice Service</i>				
Criminal Victim Assistance Grant - Byrne Formula Grant Program	98-DG-D02-7181	16.579	15,274	0
Southwest Regional Drug Unit Grant - Byrne Formula Grant Program	98-DG-A01-7220	16.579	100,000	0
Total Drug Control and System Improvement Formula Grant			115,274	0
Total U.S. Department of Justice			174,679	0
U.S. DEPARTMENT OF LABOR				
<i>Passed Through Community Action Organization-Service Delivery Area #18</i>				
<i>Job Training Partnership Act Cluster: (See Note B)</i>				
Title II	1-98-18-00-00-H	17.250	10,213	0
Title II	1-99-18-00-00-H	17.250	5,116	0
Title II	3-97-18-00-00-H	17.250	9,308	0
Title II	4-99-18-00-01-H	17.250	7,693	0
Title II	4-98-18-00-02-H	17.250	10,043	0
Title II	0-98-18-00-03-H	17.250	112,721	0
Title II	0-98-18-00-01-H	17.250	91,707	0
Title II	5-98-18-00-00-H	17.250	10,362	0
Title II	5-99-18-00-00-H	17.250	92,691	0
Title II	Y-98-18-00-03-H	17.250	66,486	0
Title II	Y-99-18-00-01-H	17.250	42,148	0
Total Title II			458,488	0
<i>Employment and Training Assistance - Dislocated Workers:</i>				
Title III	B-98-18-00-01	17.246	49,458	0
Title III	A-98-18-00-01		24,374	0
Title III	A-99-18-00-01		24,178	0
Total Title III			98,010	0
Total JTPA Cluster			566,498	0
<i>Passed Through the Ohio Bureau of Employment Services</i>				
Employment Service	3851	17.207	311,357	0
Total U.S. Department of Labor			867,855	0
Total Federal Financial Assistance			\$2,800,122	\$1,657

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

**HIGHLAND COUNTY
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 1999**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - JOB TRAINING PARTNERSHIP ACT - SCHEDULE OF VARIANCES

TITLE II	JTP OHIO	AUDIT REPORT	VARIANCE	
1-98-18-00-01-H	\$12,000	\$10,213	\$1,787	A
1-99-18-00-00-H	6,305	5,116	1,189	B
3-97-18-00-01-H	9,308	9,308	0	
4-98-18-00-00-H	18,707	10,043	8,664	A
4-99-18-00-02-H	8,410	7,693	717	B
0-98-18-00-02-H	160,017	112,721	47,296	A
0-99-18-00-03-H	98,575	91,707	6,868	B
5-98-18-00-00-H	165,072	10,362	154,710	A
5-99-18-00-00-H	92,691	92,691	0	
Y-98-18-00-02-H	105,395	66,486	38,909	A
Y-99-18-00-03-H	47,754	42,148	5,606	B
TOTAL CFDA # 17.250	724,234	458,488	265,746	
TITLE III				
B-98-18-00-01-H	49,458	49,458	0	
A-98-18-00-01-H	74,142	24,374	49,768	A
A-99-18-00-01-H	27,071	24,178	2,893	C
TOTAL CFDA # 17.246	150,671	98,010	52,661	

Explanation of Variances:

A - Variance consists of prior year expenditures and accruals.

B - Variance consists of December 31, 1999 accruals.

C - Variance consists of December 31, 1999 accruals and immaterial posting errors.

HIGHLAND COUNTY
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 1999
(Continued)

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At December 31, 1999, the County had no significant food commodities in inventory.

NOTE D - NATIONAL SCHOOL LUNCH PROGRAM

Federal funds were commingled with state subsidy and revenue from sale of meals. Assumed federal revenues were expended on a first-in/first-out basis.

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JIM PETRO, AUDITOR OF STATE

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

Highland County
114 Governor Foraker Place
Hillsboro, Ohio 45133

To the Board of County Commissioners:

We have audited the accompanying financial statements of the Highland County, Ohio (the County), as of and for the fiscal year ended December 31, 1999, and have issued our report thereon dated July 28, 2000, wherein we noted that the County did not adopt generally accepted accounting principals, which is required by statute. 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 the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-60436-001, 1999-60436-002 and 1999-60436-003. We also noted immaterial instances of noncompliance that we have reported to management of the County in a separate letter dated July 28, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the County in a separate letter dated July 28, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

July 28, 2000



STATE OF OHIO
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JIM PETRO, AUDITOR OF STATE

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

Highland County
114 Governor Foraker Place
Hillsboro, Ohio 45133

To the Board of County Commissioners:

Compliance

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

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

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

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, the Board of County Commissioners, 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.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

JIM PETRO
Auditor of State

July 28, 2000

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	CDBG - CFDA #14.228 Medicaid - CFDA # 93.778 Employment Service - CFDA #17.207
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A > \$300,000 Type B - all other programs
(d)(1)(ix)	Low Risk Auditee?	No

**HIGHLAND COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 1999
(Continued)**

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

FINDING NUMBER 1999-60436-001

Ohio Administrative Code, Section 117-1-11, requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepares its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

FINDING NUMBER 1999-60436-002

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every contract made without such a certificate shall be null and void, and no warrant shall be issued in payment of any amount due thereon.

This Section also provides for two exceptions to the above requirements:

- Then-and-Now Certificates – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the County may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within thirty days from the receipt of such certificate.
- If the amount involved is less than one thousand (\$1,000), the fiscal officer may authorize payment through a Then-and-Now Certificate without affirmation of the Board of County Commissioners, if such expenditure is otherwise valid.

The County Auditor did not issue the required certifications prior to expending County funds, in 48% of the purchases tested.

FINDING NUMBER 1999-60436-003

Ohio Rev. Code, Section 5705.09, requires the County to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose. Upon establishing a fund, estimated receipts should be certified as available for expenditure and anticipated expenditures should be included in the County's appropriations.

During 1999, the County participated in the Ohio Water Development Authority (OWDA) Pollution Control Loan Program. Under this program, the State made payments to contractor's on behalf of the County. The County did not formally establish the required fund to account for these monies within its annual budget. The financial statements include an adjustment to include OWDA transactions.

**HIGHLAND COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 1999
(Continued)**

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

FINDING NUMBER 1999-60436-003 (Continued)

Ohio Rev. Code, Section 57041(B), prohibits a subdivision from making an expenditure unless it has been properly appropriated. The financial statements reflect an adjustment to include OWDA receipts and expenditures; however, the County did not include these monies within its annual budget, which resulted in expenditures exceeding appropriations in the OWDA Rocky Fork Lake Sewer Construction Fund by \$2,794,952.

Expenditures also exceeded appropriations for Road and Bridge Fund by \$12,171 and the Issue II Fund by \$221,038.

We recommend that the County formally establish an OWDA Rocky Fork Sewer Construction Fund and record all future payments by the State to contractors on behalf of the County in this fund. The County should also include all OWDA monies in its annual budget and continue to monitor budgetary activity and obtain all necessary amendments.

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 1999
(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

HIGHLAND COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-60436-006	Section 40 USC 276a-276a-7 of the Davis Bacon Act	Yes	N/A



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HIGHLAND COUNTY FINANCIAL CONDITION

HIGHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 5, 2000