



***HOCKING COUNTY, OHIO***

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**SINGLE AUDIT**

**For the Year Ended December 31, 1999**

**J. L. UHRIG & ASSOCIATES**

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**CERTIFIED PUBLIC ACCOUNTANT**

78 North Plaza Blvd.  
Chillicothe, Ohio 45601





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

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Board of Commissioners  
Hocking County  
1 East Main Street  
Logan, Ohio 43138

We have reviewed the Independent Auditor's Report of Hocking County, prepared by J. L. Uhrig & Associates, 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. Hocking County is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

July 3, 2000



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For the Year Ended December 31, 1999

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# J. L. UHRIG & ASSOCIATES

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Certified Public Accountant

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## Independent Auditor's Report

Board of Commissioners  
Hocking County  
1 East Main Street  
Logan, Ohio 43138

We have audited the accompanying general purpose financial statements of Hocking County (the County), as of and for the year ended December 31, 1999. These general purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the County's discretely presented component units, Hocking Valley Community Hospital and Hocking Valley Industries, Inc. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Hocking Valley Community Hospital and Hocking Valley Industries, Inc., is based on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of the other auditors, 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 and discretely presented component units 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 22, 2000 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the County, taken as a whole. The accompanying schedule of federal awards expenditures required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* is presented for purposes of additional analysis 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 presented in all material respects in relation to the general purpose financial statements taken as a whole.

*J. L. Uhrig & Associates*

J. L. UHRIG AND ASSOCIATES  
Certified Public Accountant

June 22, 2000





HOCKING COUNTY, OHIO  
 COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS, AND  
 DISCRETELY PRESENTED COMPONENT UNITS  
 DECEMBER 31, 1999

	Governmental Fund Types				Proprietary Fund Type
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
<u>Assets and Other Debits:</u>					
<u>Assets:</u>					
Equity with County					
Treasurer (Notes 2, 5)	\$ 1,422,833	\$ 3,969,787	\$ 115,090	\$ 975,321	\$ 45,784
Cash and Cash Equivalents in					
Segregated Accounts (Notes 2, 5, 19, 20)	-	-	-	-	-
Investments in Segregated Accounts (Note 19)	-	-	-	-	-
Receivables - (net, where applicable of allowances for uncollectibles):					
Taxes (Notes 6, 7)	1,472,720	2,230,662	-	-	-
Accounts	-	6,437	-	-	8,066
Accrued Interest	13,764	-	-	-	-
Special Assessments	-	-	9,736	-	-
Other	-	-	-	-	-
Due from Other Funds (Note 15)	19,254	66,795	-	-	-
Interfund Receivable (Note 15)	1,000	-	-	-	-
Due from Other Governments	143,352	201,848	-	-	-
Materials and Supplies Inventory (Note 2)	-	163,114	-	-	-
Prepaid Items	-	-	-	-	-
Deferred Financing Costs (Net of Accumulated Amortization)	-	-	-	-	-
Other Assets	-	-	-	-	-
Assets Whose Use is Limited - Under Bond					
Indenture Agreement (Note 19)	-	-	-	-	-
Other Receivables (Note 19)	-	-	-	-	-
Fixed Assets (net, where applicable of accumulated depreciation) (Notes 2, 9)	-	-	-	-	2,118,817
<u>Other Debits:</u>					
Amount Available in Debt Service					
Fund For Retirement of General Obligation and Revenue Bonds	-	-	-	-	-
Amount to be Provided for					
Retirement of General Long-Term Obligations	-	-	-	-	-
<b>Total Assets and Other Debits</b>	<b>\$ 3,072,923</b>	<b>\$ 6,638,643</b>	<b>\$ 124,826</b>	<b>\$ 975,321</b>	<b>\$ 2,172,667</b>

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

Fiduciary Fund Type	Account Groups		Totals Primary Gov't (Memorandum Only) 1999	Component Units	Totals Reporting Entity (Memorandum Only) 1999
	General Fixed Assets	General Long-Term Obligations			
Agency					
\$ 1,171,118	\$ -	\$ -	\$ 7,699,933	\$ -	\$ 7,699,933
326,989	-	-	326,989	1,599,961	1,926,950
-	-	-	-	1,345,437	1,345,437
12,501,035	-	-	16,204,417	-	16,204,417
-	-	-	14,503	3,375,829	3,390,332
-	-	-	13,764	-	13,764
-	-	-	9,736	-	9,736
-	-	-	-	164,010	164,010
6,105	-	-	92,154	-	92,154
-	-	-	1,000	-	1,000
312,078	-	-	657,278	-	657,278
-	-	-	163,114	236,197	399,311
-	-	-	-	9,572	9,572
-	-	-	-	103,923	103,923
-	-	-	-	1,000	1,000
-	-	-	-	330,000	330,000
-	-	-	-	89,676	89,676
-	7,073,339	-	9,192,156	7,531,134	16,723,290
-	-	115,090	115,090	-	115,090
-	-	1,392,377	1,392,377	-	1,392,377
<u>\$ 14,317,325</u>	<u>\$ 7,073,339</u>	<u>\$ 1,507,467</u>	<u>\$ 35,882,511</u>	<u>\$ 14,786,739</u>	<u>\$ 50,669,250</u>

HOCKING COUNTY, OHIO  
 COMBINED BALANCE SHEET-ALL FUND TYPES, ACCOUNT GROUPS, AND  
 DISCRETELY PRESENTED COMPONENT UNITS  
 DECEMBER 31, 1999

	Governmental Fund Types				Proprietary Fund Type
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
Liabilities, Fund Equity and Other Credits:					
<u>Liabilities:</u>					
Accounts Payable	\$ 27,262	\$ 165,552	\$ -	\$ -	\$ 1,381
Contracts Payable	-	-	-	7,798	-
Accrued Wages and Benefits	123,463	258,693	-	-	-
Compensated Absences (Note 2)	-	-	-	-	-
Due to Other Funds (Note 15)	1,721	18,984	-	-	-
Interfund Payable	-	1,000	-	-	-
Due to Other Governments	4,344	31,778	-	-	3,703
Deferred Revenue	1,199,007	2,153,552	9,736	-	-
Undistributed Monies	-	-	-	-	-
Deposits Held and Due to Others	-	-	-	-	-
Notes Payable (Note 14)	-	-	-	-	-
Capital Leases Payable (Note 19)	-	-	-	-	-
County Hospital General Obligation Bonds (Note 19)	-	-	-	-	-
Special Assessment Bonds (Note 14)	-	-	-	-	-
Revenue Bonds (Note 14)	-	-	-	-	548,100
General Obligation Bonds (Note 14)	-	-	-	-	-
Total Liabilities	<u>1,355,797</u>	<u>2,629,559</u>	<u>9,736</u>	<u>7,798</u>	<u>553,184</u>
<u>Fund Equity and Other Credits:</u>					
Investment in General Fixed Assets	-	-	-	-	-
Contributed Capital (Note 2)	-	-	-	-	2,196,413
Retained Earnings:					
Unreserved	-	-	-	-	(576,930)
Fund Balance:					
Reserved for Encumbrances	45,731	363,264	-	34,176	-
Reserved for Inventory	-	163,114	-	-	-
Reserved for Debt Service	-	-	115,090	-	-
Undesignated	1,671,395	3,482,706	-	933,347	-
Total Fund Equity and Other Credits	<u>1,717,126</u>	<u>4,009,084</u>	<u>115,090</u>	<u>967,523</u>	<u>1,619,483</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$ 3,072,923</u>	<u>\$ 6,638,643</u>	<u>\$ 124,826</u>	<u>\$ 975,321</u>	<u>\$ 2,172,667</u>

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

Fiduciary Fund Type	Account Groups		Totals Primary Gov't (Memorandum Only) 1999	Component Units	Totals Reporting Entity (Memorandum Only) 1999
	General Fixed Assets	General Long-Term Obligations			
Agency					
\$ -	\$ -	\$ -	\$ 194,195	\$ 1,405,439	\$ 1,599,634
-	-	-	7,798	-	7,798
32,869	-	-	415,025	896,560	1,311,585
-	-	578,241	578,241	-	578,241
71,449	-	-	92,154	-	92,154
-	-	-	1,000	-	1,000
13,980,462	-	-	14,020,287	-	14,020,287
-	-	-	3,362,295	-	3,362,295
227,646	-	-	227,646	-	227,646
4,899	-	-	4,899	2,353	7,252
-	-	50,000	50,000	-	50,000
-	-	-	-	574,123	574,123
-	-	-	-	4,589,018	4,589,018
-	-	106,290	106,290	-	106,290
-	-	-	548,100	-	548,100
-	-	772,936	772,936	-	772,936
<u>14,317,325</u>	<u>-</u>	<u>1,507,467</u>	<u>20,380,866</u>	<u>7,467,493</u>	<u>27,848,359</u>
-	7,073,339	-	7,073,339	-	7,073,339
-	-	-	2,196,413	-	2,196,413
-	-	-	(576,930)	-	(576,930)
-	-	-	443,171	-	443,171
-	-	-	163,114	-	163,114
-	-	-	115,090	-	115,090
-	-	-	6,087,448	7,319,246	13,406,694
<u>-</u>	<u>7,073,339</u>	<u>-</u>	<u>15,501,645</u>	<u>7,319,246</u>	<u>22,820,891</u>
<u>\$ 14,317,325</u>	<u>\$ 7,073,339</u>	<u>\$ 1,507,467</u>	<u>\$ 35,882,511</u>	<u>\$ 14,786,739</u>	<u>\$ 50,669,250</u>

HOCKING COUNTY, OHIO  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1999

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Revenues:</b>					
Taxes	\$ 2,657,726	\$ 2,337,801	\$ -	\$ -	\$ 4,995,527
Charges for Services	829,675	673,233	-	-	1,502,908
Licenses and Permits	3,025	66,680	-	-	69,705
Fines and Forfeitures	143,196	141,689	-	-	284,885
Intergovernmental	864,115	7,347,467	-	280,251	8,491,833
Special Assessments	-	-	12,298	-	12,298
Investment Earnings	352,383	19,872	-	10,612	382,867
All Other Revenues	141,474	475,859	-	23,247	640,580
<b>Total Revenues</b>	<b>4,991,594</b>	<b>11,062,601</b>	<b>12,298</b>	<b>314,110</b>	<b>16,380,603</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>General Government:</b>					
Legislative and Executive	1,421,143	306,709	-	-	1,727,852
Judicial	856,383	209,826	-	-	1,066,209
Public Safety	1,073,483	456,306	-	-	1,529,789
Public Works	34,712	2,664,309	-	-	2,699,021
Health	48,488	2,414,588	-	-	2,463,076
Human Services	99,498	4,442,305	-	-	4,541,803
Economic Development and Assistance	720	703,326	-	-	704,046
Conservation and Recreation	181,443	-	-	-	181,443
Miscellaneous	303,449	-	-	2,971	306,420
Capital Outlay	-	-	-	751,146	751,146
<b>Debt Service:</b>					
Principal Retirement	-	-	60,016	-	60,016
Interest and Fiscal Charges	-	-	64,267	19,358	83,625
<b>Total Expenditures</b>	<b>4,019,319</b>	<b>11,197,369</b>	<b>124,283</b>	<b>773,475</b>	<b>16,114,446</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>972,275</b>	<b>(134,768)</b>	<b>(111,985)</b>	<b>(459,365)</b>	<b>266,157</b>

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

HOCKING COUNTY, OHIO  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1999

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Other Financing Sources (Uses):					
Proceeds from the Sale of Long Term Notes	-	50,000	-	-	50,000
Operating Transfers - In	54,500	705,105	117,054	322,000	1,198,659
Operating Transfers - Out	(779,671)	(403,326)	(677)	-	(1,183,674)
Total Other Financing Sources (Uses)	<u>(725,171)</u>	<u>351,779</u>	<u>116,377</u>	<u>322,000</u>	<u>64,985</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	247,104	217,011	4,392	(137,365)	331,142
Fund Balances at Beginning of Year	1,471,257	3,819,996	110,698	1,104,888	6,506,839
Increase (Decrease) in Fund Inventory	<u>(1,235)</u>	<u>(27,923)</u>	<u>-</u>	<u>-</u>	<u>(29,158)</u>
Fund Balances at End of Year	<u>\$ 1,717,126</u>	<u>\$ 4,009,084</u>	<u>\$ 115,090</u>	<u>\$ 967,523</u>	<u>\$ 6,808,823</u>

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

HOCKING COUNTY, OHIO  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 ALL GOVERNMENTAL FUND TYPES - BUDGET BASIS (NOTE 2)  
 FOR THE YEAR ENDED DECEMBER 31, 1999

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 2,339,493	\$ 2,631,771	\$ 292,278	\$ 1,997,081	\$ 2,332,311	\$ 335,230
Charges for Services	755,412	826,441	71,029	609,320	669,321	60,001
Licenses and Permits	2,689	3,025	336	59,098	59,440	342
Fines and Forfeitures	128,274	144,300	16,026	136,300	147,355	11,055
Intergovernmental	736,478	834,635	98,157	7,645,138	7,524,598	(120,540)
Special Assessments	-	-	-	-	-	-
Investment Earnings	316,624	356,181	39,557	18,737	18,835	98
All Other Revenues	202,825	239,272	36,447	534,116	465,524	(68,592)
<b>Total Revenues</b>	<b>4,481,795</b>	<b>5,035,625</b>	<b>553,830</b>	<b>10,999,790</b>	<b>11,217,384</b>	<b>217,594</b>
Expenditures:						
Current:						
General Government:						
Legislative and Executive	1,893,737	1,532,905	360,832	452,720	369,564	83,156
Judicial	900,035	871,385	28,650	315,067	256,840	58,227
Public Safety	1,175,235	1,079,480	95,755	811,891	659,324	152,567
Public Works	36,423	35,347	1,076	2,931,636	2,767,565	164,071
Health	83,055	58,064	24,991	2,534,412	2,441,159	93,253
Human Services	134,857	100,771	34,086	4,974,371	4,607,447	366,924
Economic Development and Assistance	900	720	180	1,232,915	706,442	526,473
Conservation and Recreation	183,800	183,500	300	-	-	-
Miscellaneous	407,159	303,860	103,299	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service:						
Principal Retirement	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>4,815,201</b>	<b>4,166,032</b>	<b>649,169</b>	<b>13,253,012</b>	<b>11,808,341</b>	<b>1,444,671</b>
Excess of Revenues Over (Under) Expenditures	(333,406)	869,593	1,202,999	(2,253,222)	(590,957)	1,662,265

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



HOCKING COUNTY, OHIO  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 ALL GOVERNMENTAL FUND TYPES - BUDGET BASIS (NOTE 2)  
 FOR THE YEAR ENDED DECEMBER 31, 1999

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Other Financing Sources (Uses):						
Proceeds from the Sale of Long-Term Notes	-	-	-	50,000	50,000	-
Advances - In	-	104,550	104,550	-	104,550	104,550
Advances - Out	(1,500)	(105,550)	(104,050)	-	(103,550)	(103,550)
Operating Transfers - In	-	54,500	54,500	637,589	705,105	67,516
Operating Transfer - Out	(799,103)	(779,671)	19,432	(379,638)	(403,326)	(23,688)
Total Other Financing Sources (Uses)	<u>(800,603)</u>	<u>(726,171)</u>	<u>74,432</u>	<u>307,951</u>	<u>352,779</u>	<u>44,828</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,134,009)	143,422	1,277,431	(1,945,271)	(238,178)	1,707,093
Appropriated Prior Year Encumbrances	79,420	79,420	-	340,496	340,496	-
Fund Balances at Beginning of Year	<u>1,137,768</u>	<u>1,137,768</u>	<u>-</u>	<u>3,310,074</u>	<u>3,310,074</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 83,179</u>	<u>\$ 1,360,610</u>	<u>\$ 1,277,431</u>	<u>\$ 1,705,299</u>	<u>\$ 3,412,392</u>	<u>\$ 1,707,093</u>

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

HOCKING COUNTY, OHIO  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 ALL GOVERNMENTAL FUND TYPES - BUDGET BASIS (NOTE 2)  
 FOR THE YEAR ENDED DECEMBER 31, 1999

	Debt Service Funds			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-
Intergovernmental	-	-	-	268,111	280,251	12,140
Special Assessments	12,910	12,298	(612)	-	-	-
Investment Earnings	-	-	-	10,590	10,612	22
All Other Revenues	-	-	-	22,748	23,247	499
<b>Total Revenues</b>	<b>12,910</b>	<b>12,298</b>	<b>(612)</b>	<b>301,449</b>	<b>314,110</b>	<b>12,661</b>
Expenditures:						
Current:						
General Government:						
Legislative and Executive	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Health	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Economic Development and Assistance	-	-	-	-	-	-
Conservation and Recreation	-	-	-	-	-	-
Miscellaneous	-	-	-	2,971	2,971	-
Capital Outlay	-	-	-	1,085,162	800,328	284,834
Debt Service:						
Principal Retirement	61,110	60,016	1,094	-	-	-
Interest and Fiscal Charges	65,112	64,267	845	19,358	19,358	-
<b>Total Expenditures</b>	<b>126,222</b>	<b>124,283</b>	<b>1,939</b>	<b>1,107,491</b>	<b>822,657</b>	<b>284,834</b>
Excess of Revenues Over (Under) Expenditures	(113,312)	(111,985)	1,327	(806,042)	(508,547)	297,495

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

HOCKING COUNTY, OHIO  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 ALL GOVERNMENTAL FUND TYPES - BUDGET BASIS (NOTE 2)  
 FOR THE YEAR ENDED DECEMBER 31, 1999

	Debt Service Funds			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Other Financing Sources (Uses):						
Proceeds from the Sale of Long-Term Notes	-	-	-	-	-	-
Advances - In	-	-	-	-	-	-
Advances - Out	-	-	-	-	-	-
Operating Transfers - In	112,622	117,054	4,432	50,000	322,000	272,000
Operating Transfer - Out	(300)	(677)	(377)	-	-	-
Total Other Financing Sources (Uses)	<u>112,322</u>	<u>116,377</u>	<u>4,055</u>	<u>50,000</u>	<u>322,000</u>	<u>272,000</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(990)	4,392	5,382	(756,042)	(186,547)	569,495
Appropriated Prior Year Encumbrances	3,800	3,800	-	153,397	153,397	-
Fund Balances at Beginning of Year	<u>106,897</u>	<u>106,897</u>	<u>-</u>	<u>967,295</u>	<u>967,295</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 109,707</u>	<u>\$ 115,089</u>	<u>\$ 5,382</u>	<u>\$ 364,650</u>	<u>\$ 934,145</u>	<u>\$ 569,495</u>

(Continued)

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

HOCKING COUNTY, OHIO  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 ALL GOVERNMENTAL FUND TYPES - BUDGET BASIS (NOTE 2)  
 FOR THE YEAR ENDED DECEMBER 31, 1999

	Totals-Memorandum Only		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 4,336,574	\$ 4,964,082	\$ 627,508
Charges for Services	1,364,732	1,495,762	131,030
Licenses and Permits	61,787	62,465	678
Fines and Forfeitures	264,574	291,655	27,081
Intergovernmental	8,649,727	8,639,484	(10,243)
Special Assessments	12,910	12,298	(612)
Investment Earnings	345,951	385,628	39,677
All Other Revenues	759,689	728,043	(31,646)
<b>Total Revenues</b>	<b>15,795,944</b>	<b>16,579,417</b>	<b>783,473</b>
Expenditures:			
Current:			
General Government:			
Legislative and Executive	2,346,457	1,902,469	443,988
Judicial	1,215,102	1,128,225	86,877
Public Safety	1,987,126	1,738,804	248,322
Public Works	2,968,059	2,802,912	165,147
Health	2,617,467	2,499,223	118,244
Human Services	5,109,228	4,708,218	401,010
Economic Development and Assistance	1,233,815	707,162	526,653
Conservation and Recreation	183,800	183,500	300
Miscellaneous	410,130	306,831	103,299
Capital Outlay	1,085,162	800,328	284,834
Debt Service:	-	-	
Principal Retirement	61,110	60,016	1,094
Interest and Fiscal Charges	84,470	83,625	845
<b>Total Expenditures</b>	<b>19,301,926</b>	<b>16,921,313</b>	<b>2,380,613</b>
Excess of Revenues Over (Under) Expenditures	(3,505,982)	(341,896)	3,164,086

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

HOCKING COUNTY, OHIO  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 ALL GOVERNMENTAL FUND TYPES - BUDGET BASIS (NOTE 2)  
 FOR THE YEAR ENDED DECEMBER 31, 1999

	Totals-Memorandum Only		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Other Financing Sources (Uses):			
Proceeds from the Sale of Long-Term Notes	50,000	50,000	-
Advances - In	-	209,100	209,100
Advances - Out	(1,500)	(209,100)	(207,600)
Operating Transfers - In	800,211	1,198,659	398,448
Operating Transfer - Out	(1,179,041)	(1,183,674)	(4,633)
Total Other Financing Sources (Uses)	<u>(330,330)</u>	<u>64,985</u>	<u>395,315</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,836,312)	(276,911)	3,559,401
Appropriated Prior Year Encumbrances	577,113	577,113	-
Fund Balances at Beginning of Year	<u>5,522,034</u>	<u>5,522,034</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 2,262,835</u>	<u>\$ 5,822,236</u>	<u>\$ 3,559,401</u>

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

HOCKING COUNTY, OHIO  
 COMBINED STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN FUND EQUITY/FUND BALANCES  
 PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS  
 FOR THE YEAR ENDED DECEMBER 31, 1999

	Primary Government		Totals (Memorandum Only) Reporting Entity
	Enterprise	Component Units	
Operating Revenues:			
Charges for Services	\$ 121,202	\$ 702,814	\$ 824,016
Patient Service Revenues	-	20,604,530	20,604,530
Other Operating Revenues	1,262	124,745	126,007
Total Operating Revenues	122,464	21,432,089	21,554,553
Operating Expenses:			
Personal Services	38,036	8,601,007	8,639,043
Contractual Services	117,299	4,846,109	4,963,408
Materials and Supplies	3,902	5,194,546	5,198,448
Provision for Bad Debts	-	1,355,907	1,355,907
Other Operating Expenses	-	12,259	12,259
Depreciation and Amortization	65,258	908,385	973,643
Total Operating Expenses	224,495	20,918,213	21,142,708
Operating Income (Loss)	(102,031)	513,876	411,845
Nonoperating Revenues (Expenses):			
Investment Income	-	43,664	43,664
Interest and Fiscal Charges	(12,772)	(263,843)	(276,615)
Transfers to Affiliates	-	(422,881)	(422,881)
Other Nonoperating Revenues	-	129,340	129,340
Total Nonoperating Revenues (Expenses)	(12,772)	(513,720)	(526,492)
Net Income (Loss) before Operating Transfers	(114,803)	156	(114,647)
Operating Transfers Out	(14,985)	-	(14,985)
Net Income (Loss)	(129,788)	156	(129,632)
Retained Earnings/Fund Balances at Beginning of the Year	(447,142)	7,319,090	6,871,948
Retained Earnings/Fund Balances at End of Year	(576,930)	7,319,246	6,742,316
Contributed Capital at Beginning of Year	2,191,413	-	2,191,413
Tap In Fees	5,000	-	5,000
Contributed Capital at End of Year	2,196,413	-	2,196,413
Total Fund Equity/Fund Balances at End of Year	\$ 1,619,483	\$ 7,319,246	\$ 8,938,729

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

HOCKING COUNTY, OHIO  
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN FUND EQUITY - BUDGET AND ACTUAL  
 PROPRIETARY FUND TYPE - BUDGET BASIS (NOTE 2)  
 FOR THE YEAR ENDED DECEMBER 31, 1999

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	\$ 154,510	\$ 130,136	\$ (24,374)
Special Assessments	1,490	1,262	(228)
Tap In Fees	5,000	5,000	-
Total Revenues	<u>161,000</u>	<u>136,398</u>	<u>(24,602)</u>
Expenses:			
Personal Services	41,852	42,024	(172)
Contractual Services	143,490	115,902	27,588
Materials and Supplies	7,537	4,227	3,310
Capital Outlay	5,308	2,791	2,517
Debt Service:			
Principal Retirement	2,300	2,300	-
Interest and Fiscal Charges	12,772	12,772	-
Total Expenses	<u>213,259</u>	<u>180,016</u>	<u>33,243</u>
Excess of Revenues Over (Under) Expenses Before Operating Transfers	(52,259)	(43,618)	8,641
Operating Transfers In	15,072	19,487	4,415
Operating Transfers Out	<u>(15,072)</u>	<u>(34,472)</u>	<u>(19,400)</u>
Excess of Revenues Over (Under) Expenses	<u>(52,259)</u>	<u>(58,603)</u>	<u>(6,344)</u>
Appropriated Prior Year Encumbrances	4,154	4,154	-
Fund Equity at Beginning of Year	<u>98,361</u>	<u>98,361</u>	<u>-</u>
Fund Equity at End of Year	<u>\$ 50,256</u>	<u>\$ 43,912</u>	<u>\$ (6,344)</u>

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

HOCKING COUNTY, OHIO  
 COMBINED STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS  
 FOR THE YEAR ENDED DECEMBER 31, 1999

	Primary Government		Totals (Memorandum Only)
	Enterprise	Component Units	Reporting Entity
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 130,136	\$ 19,629,352	\$ 19,759,488
Cash Received from Other Revenues	1,262	124,745	126,007
Cash Payments to Suppliers for Goods and Services	(121,048)	(10,134,711)	(10,255,759)
Cash Payments for Employee Services and Benefits	(42,024)	(8,525,905)	(8,567,929)
Cash Payments for Other Operating Expenses	-	(12,259)	(12,259)
Net Cash Provided by (Used for) Operating Activities	<u>(31,674)</u>	<u>1,081,222</u>	<u>1,049,548</u>
Cash Flows from Noncapital Financing Activities:			
Operating Transfers In	19,487	-	19,487
Operating Transfers Out	(34,472)	-	(34,472)
Interest Payments	-	(366)	(366)
Transfers to Affiliates	-	(422,881)	(422,881)
Other Nonoperating Revenues	-	54,875	54,875
Net Cash Used for Noncapital Financing Activities	<u>(14,985)</u>	<u>(368,372)</u>	<u>(383,357)</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from Issuance of Long Term Debt	-	2,610,000	2,610,000
Proceeds from the Sale of Assets	-	219	219
Tap In Fees	5,000	-	5,000
Bond and Note Principal Payments	(2,300)	(1,105,000)	(1,107,300)
Bond and Note Interest Payments	(12,772)	(233,506)	(246,278)
Capital Lease Payments	-	(303,684)	(303,684)
Capital Outlay	-	(637,839)	(637,839)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(10,072)</u>	<u>330,190</u>	<u>320,118</u>
Cash Flows from Investing Activities:			
Decrease in Investments, Net	-	(343,458)	(343,458)
Increase in Other Assets	-	40,707	40,707
Increase in Other Receivables	-	41,159	41,159
Interest on Investments	-	43,664	43,664
Net Cash Used for Investing Activities	<u>-</u>	<u>(217,928)</u>	<u>(217,928)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(56,731)	825,112	768,381
Cash and Cash Equivalents at Beginning of Year	<u>102,515</u>	<u>774,849</u>	<u>877,364</u>
Cash and Cash Equivalents at End of Year	<u>\$45,784</u>	<u>\$1,599,961</u>	<u>\$1,645,745</u>

(Continued)

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



HOCKING COUNTY, OHIO  
 COMBINED STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS  
 FOR THE YEAR ENDED DECEMBER 31, 1999

	Primary Government		Totals (Memorandum Only)
	Enterprise	Component Units	Reporting Entity
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ (102,031)	\$ 513,876	\$ 411,845
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and Amortization	65,258	908,385	973,643
Provision for Bad Debts	-	1,355,907	1,355,907
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts and Other Receivables	8,934	(1,462,755)	(1,453,821)
(Increase) in Inventory	-	(19,616)	(19,616)
(Increase) in Prepaids	-	139,582	139,582
(Increase) in Third Party Settlements	-	(215,237)	(215,237)
Increase/(Decrease) in Accounts Payable/Contracts Payable	115	(214,022)	(213,907)
(Decrease) in Deposits Held and Due to Others	-	(1,132)	(1,132)
Increase in Due to Other Governments	38	-	38
Increase/(Decrease) in Accrued Wages and Benefits	(2,090)	76,234	74,144
Increase in Compensated Absences Payable	(1,898)	-	(1,898)
Total Adjustments	<u>70,357</u>	<u>567,346</u>	<u>637,703</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (31,674)</u>	<u>\$ 1,081,222</u>	<u>\$ 1,049,548</u>

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

Hocking County, Ohio  
Notes to The General Purpose Financial Statements

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

Hocking County, Ohio (The County), was organized on March 1, 1818. The County is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, Municipal Court Judge, a Probate/Juvenile Judge and a Common Pleas Court Judge. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrators of public services for the entire County.

**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 Hocking County, this includes the Hocking County Board of Mental Retardation and Development Disabilities, Hocking County Children Services Board, Hocking County Child Support Enforcement Agency, and departments and activities that are directly operated by the elected County officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the 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 for which the County approves the budget, the issuance of debt or levying of taxes.

**Discretely Presented Component Units:** The component units column in the general purpose financial statements identify the combined financial data of the County's component units, Hocking Valley Industries, Inc. and Hocking Valley Community Hospital. Note 18 provides condensed financial information by individual component unit. Notes 19 and 20 provide component unit disclosures for Hocking Valley Community Hospital and Hocking Valley Industries, Inc., respectively. They are reported separately from the primary government to emphasize that they are legally separate from the County.

**Hocking Valley Industries, Inc.** - Hocking Valley Industries, Inc. is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. Hocking Valley Industries, Inc., under contractual agreement with the Hocking County Board of Mental Retardation and Developmental Disabilities, provides habilitation services for the mentally and physically handicapped adults in Hocking County. Hocking Valley Industries, Inc. operates on a fiscal year ending December 31.

The Hocking County Board of Mental Retardation and Developmental Disabilities provides Hocking Valley Industries with staff salaries and other funds and support necessary for the operation of Hocking Valley Industries, Inc. Based on the significant services and resources provided by the County to Hocking Valley Industries, Inc. and the non-profit organization's sole purpose of providing assistance to the mentally and physically handicapped adults of Hocking County, Hocking Valley Industries, Inc. is presented as a component unit of Hocking County. Separately issued audited financial statements can be obtained from Hocking Valley Industries, Inc., 1369 East Front Street, Logan, Ohio 43138.

Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

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

**Discretely Presented Component Units:** (Continued)

Hocking Valley Community Hospital - Hocking Valley Community Hospital is organized as a county hospital under provisions of the general statutes of the State of Ohio. The Board of Trustees are appointed by the county commissioners and the probate and common pleas court judges. The Hospital began operations in 1966 and has a 61-bed acute care unit and a 30-bed skilled nursing unit. Hocking Valley Community Hospital operates on a fiscal year ending December 31. The County has issued debt on behalf of the Hospital using the County's general taxing authority and the Hospital pays the debt service on this debt. Because the Hospital is a county hospital as defined under the Ohio Revised Code and the County does use their taxing authority to issue debt on behalf of the Hospital, the Hospital is presented as a component unit of Hocking County. Separately issued audited financial statements can be obtained from Hocking Valley Community Hospital, 601 State Route 664 North, Logan, Ohio 43138.

The County is associated with certain organizations which are defined as Jointly Governed Organizations. These organizations are presented in Note 16 to the General Purpose Financial Statements. These organizations are:

- Athens-Hocking-Vinton Alcohol, Drug Addiction and Mental Health District
- Athens-Hocking Joint Solid Waste Management District
- Buckeye Joint-County Self-Insurance Council

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 districts listed below, the County serves as fiscal agent, but the districts are not fiscally dependent on the County. Accordingly, the activity of the following districts and agencies are presented as agency funds within the County's financial statements.

- Hocking County Soil and Water Conservation District
- Hocking County General Health District

**Basis of Presentation - 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 enterprise funds) are accounted for through governmental funds. The following are the County's governmental fund types:

Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

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

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 for major capital projects) that are legally restricted to expenditure for specified purposes.

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

**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 Type:** 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 type:

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

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

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

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

Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

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**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. Condensed financial information on the County's discretely presented component units can be found in Note 18 to the general purpose financial statements. Notes 19 and 20 provide component unit disclosures for Hocking Valley Community Hospital and Hocking Valley Industries, Inc., respectively.

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

All enterprise 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. Enterprise fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

The modified accrual basis of accounting is followed for the governmental 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 entitlements, 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 revenue on its combined balance sheet. Deferred revenue arises 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 intended to finance 2000 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 and special assessment 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.

Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

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

The enterprise 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. Under the guidelines of GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting", the County has elected not to apply Financial Accounting Standards Boards Statements and Interpretations issued after November 30, 1989, to its proprietary activities.

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

**Tax Budget:** A budget of estimated revenues and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 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 statements 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.

Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

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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 enterprise 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 Cash Equivalents:** The County has adopted GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools; however, the County did not have any investments during 1999, so there was no impact on the financial statements. 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 interest bearing accounts and short-term certificates of deposit in order to provide improved cash management. Each fund type's share of the pool is presented on the balance sheet in the account "Equity with County Treasurer." For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, funds included within the Treasurer's cash management pool and investments with original maturities of three months or less are considered to be cash and cash equivalents. 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." Interest is distributed to the General Fund, the Motor Vehicle Gas Tax Fund, and the Sheriff LEBG Fund. Interest earned during 1999 amounted to \$382,867.

Nonparticipating investment contracts such as certificates of deposit are reported at cost.

**Inventory of Supplies:** Inventories of governmental funds are stated at cost while inventories of enterprise funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased. 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. As of December 31, 1999, the County did not have any significant prepaid items.

Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

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

**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.

**Fixed Assets and Depreciation:** In the case of land, buildings, and certain Enterprise Fund assets, the fixed asset values initially were determined at December 31, 1995, 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 value on the date donated. For all other assets, fixed assets were recorded at original cost. The County has implemented a comprehensive inventory management system over the past several years to monitor and track fixed assets and related depreciation. 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 operations) 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. The County does not include the assets related to Hocking Valley Community Hospital in the General Fixed Assets Account Group. Such assets are reported as part of the component unit.

**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>
Sewer treatment plants	25
Sewer lines and related assets	40-50

**Compensated Absences:** The County uses the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and by those employees for whom it is probable will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end.

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. Accumulated, unused sick leave is paid up to a maximum of 240 hours depending on the length of service.



Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

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

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

**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.

**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 1996, had not prepared financial statements in accordance with generally accepted accounting principles, the exact amount of contributed capital pertaining to years prior to 1996 could not always be determined. Consequently, only those amounts that have been able to be identified specifically have been classified as contributed capital in the accompanying general purpose financial statements. All other fund equity amounts pertaining to the enterprise funds have been classified as retained earnings.

**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, debt service, unclaimed monies, and inventory of supplies.

**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.

Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

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

**Total Columns on General Purpose Financial Statements:** Total columns on the general purpose financial statements are captioned "Totals (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.

**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 Basis) and Actual - All Governmental Fund Types and the Combined Statement of Revenues, Expenses, and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type 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).

Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

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

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			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$ 247,104	\$ 217,011	\$4,392	\$(137,365)
Increases (Decreases) Due To:				
Revenue Accruals	44,031	154,783	0	0
Expenditure Accruals	(84,491)	(16,384)	0	(8,005)
Advances In	104,550	104,550	0	0
Advances Out	(105,550)	(103,550)	0	0
Encumbrances	<u>(62,222)</u>	<u>(594,588)</u>	<u>0</u>	<u>(41,177)</u>
Budget Basis	<u>\$143,422</u>	<u>\$(238,178)</u>	<u>\$4,392</u>	<u>\$(186,547)</u>

Net Loss/Excess of Revenues  
Over (Under) Expenses  
Proprietary Fund Type

	<u>Enterprise</u>
GAAP Basis	\$ (129,788)
Increases (Decreases) Due To:	
Revenue Accruals	33,421
Expense Accruals	(23,322)
Depreciation	65,258
Note Principal Payment	(2,300)
Encumbrances	<u>(1,872)</u>
Budget Basis	<u>\$(58,603)</u>

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

**Legal Compliance:** The following funds had expenditures plus encumbrances in excess of appropriations at December 31, 1999:

<i>Special Revenue Funds</i>	
Marriage License Special Fund	
Health	10,029
Reclaim Ohio Fund	
Public Safety	15,677
Operating Transfers Out	33,834
CDBG 96 Fund	
Economic Development and Assistance	770
 <i>Debt Service Funds</i>	
Hospital Improvement Bond Retirement Fund	
Operating Transfers Out	163
County Health Building Bond Retirement Fund	
Operating Transfers Out	214

Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

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**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE** (Continued)

*Enterprise Funds*

Hocking County Sewer District	
Personal Services	172
Operating Transfers Out	14,985
Haydenville Sewer Construction	
Operating Transfers Out	4,415

The following funds had appropriations in excess of estimated receipts at December 31, 1999:

*General Fund*

Sheriff's Policing Rotary Fund
Unclaimed Money Fund

*Special Revenue Funds*

Human Services Fund
Indigent Guardianship Fund
United Way Eager Fund
Reclaim Ohio - Base 98 Fund
Senior Citizens Fund
Municipal Clerk's Computer Fund
Family Resources MR/DD Fund
Refreshment Fund
VOCA Grant 96 Fund
Family and Children First Fund
Rocky "629" Roadway Fund

**NOTE 5 - DEPOSITS AND INVESTMENTS**

**Policies and Procedures:** The County has adopted GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. However, at December 31, 1999, the County did not hold any investments. Moneys held by the County are classified by State Statute into two categories. Active moneys means an amount of public moneys determined to be necessary to meet current demand upon the County treasury. Active moneys must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

1. Bonds, notes, or other obligations of, or guaranteed by, the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase and reverse repurchase agreements in the securities listed above;
4. Bond and other obligations of the State of Ohio, its political subdivision, or other units or agencies of this State or its political subdivisions;

Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

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

5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
7. The State Treasurer's investment pool (STAR Ohio).

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

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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits. At year-end, the carrying amount of the County's deposits was \$8,026,922. The County had \$77,065 of cash on hand at year end and the bank balance was \$8,417,618. Of the bank balance, \$449,623 was covered by federal depository insurance. The remaining amounts were considered uninsured and uncollateralized. Although all Ohio statutory requirements for the collateralization of deposits had been followed, non-compliance with federal requirements could potentially prevent the County from exercising a successful claim as a secured creditor against the FDIC and render them a general creditor for the uncollateralized amount.

Investments. Statutory provisions require that the County Treasurer hold all securities acquired by the County or deposit them with a qualified trustee pursuant to Section 135.18, Revised Code.

GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that local governments disclose the carrying amounts and fair value of investments classified by risk. Category 1 includes investments that are insured or registered for which the securities are held by the County. Category 2 includes uninsured and unregistered investments for which the securities are held in the counter party'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 counter party or by its trust department but not in the County's name. The County held no investments as of December 31, 1999.

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. Because there are no differences between investments per GASB Statement No. 9 and GASB Statement No. 3, no reconciliation is necessary.

**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. The last revaluation was completed in 1993. Real property taxes are payable annually or semiannually. The first payment is due February 14, with the remainder payable by July 18.

Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

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

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 October 17. 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 October 17.

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 is therefore offset by a credit to deferred revenue.

The full tax rate for all County operations for the year ended December 31, 1999, was \$11.20 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	
Residential/Agricultural	\$230,263,850
Commercial/Industrial	33,253,690
Public Utilities	113,010
Minerals	1,183,350
Tangible Personal Property	
General	29,040,747
Public Utility	<u>55,268,960</u>
Total Property Taxes	<u>\$349,123,607</u>

**NOTE 7 - PERMISSIVE SALES TAX**

In prior years, the County Commissioners, by resolution, imposed a one percent tax on certain retail sales, made in the County. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

Proceeds of the tax are credited entirely to the general fund. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue. Sales and use tax revenue for 1999 amounted to \$1,566,826.

Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

**NOTE 7 - PERMISSIVE SALES TAX** (Continued)

In 1998, a 911 Sales Tax in the amount of one quarter of one percent on certain retail sales made in the County was imposed. The proceeds from this tax are credited to the Hocking County 911 Fund and are used for 911 purposes. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue. The 911 sales and use tax revenue for 1999 amounted to \$359,586.

**NOTE 8 - INTERGOVERNMENTAL RECEIVABLES (DUE FROM OTHER GOVERNMENTS)**

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

Fund / Type	Amount
<i>General Fund</i>	
Grants	\$9,938
Local Government & Local Government Revenue Assistance	110,938
Other	<u>22,475</u>
<i>Total General Fund</i>	<u>143,352</u>
<i>Special Revenue Funds</i>	
License, Gasoline, and Permissive Taxes	148,326
Grants and Entitlements	50,877
Other	<u>2,650</u>
<i>Total Special Revenue Funds</i>	<u>201,848</u>
<i>Agency Funds</i>	
License, Gasoline, and Permissive Taxes	11,822
Undivided Library Tax	76,773
Local Government & Local Government Revenue Assistance	217,526
Other	<u>5,957</u>
<i>Total Agency Funds</i>	<u>312,078</u>
<b><i>Total All Funds</i></b>	<b><u>\$657,278</u></b>

**NOTE 9 - FIXED ASSETS**

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

	Enterprise
Land	\$39,401
Sewer Plants and Buildings	305,301
Sewer Lines and Related Assets	<u>2,479,028</u>
Total Fund Fixed Assets	2,823,730
Less: Accumulated Depreciation	<u>(704,913)</u>
Total Fund Fixed Assets (net of accumulated depreciation)	<b><u>\$2,118,817</u></b>

Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

**NOTE 9 - FIXED ASSETS** (Continued)

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

<u>Asset Category</u>	<u>Balance for the Year Ended 12/31/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance for the Year Ended 12/31/99</u>
Land & Land Improvements	\$358,916	\$1,675	\$0	\$360,591
Buildings	1,736,953	0	0	1,736,953
Machinery and Equipment	2,297,397	351,553	68,851	2,580,099
Vehicles	1,874,512	540,029	18,845	2,395,696
Totals	<u>\$6,267,778</u>	<u>\$893,257</u>	<u>\$87,696</u>	<u>\$7,073,339</u>

**NOTE 10 - RISK MANAGEMENT**

The Buckeye Joint-County Self Insurance Council is jointly governed organization that serves Athens, Hocking, Jackson, Lawrence, Meigs, Monroe, Morgan, Noble, Perry, Pike, Vinton and Washington counties, and was formed as an Ohio non-profit corporation for the purpose of establishing an insurance pool to obtain general liability, law enforcement, professional and fleet insurance. Member counties provide operating resources to the corporation based on actuarially determined rates.

The degree of control exercised by any participating government is limited to its representation on the Board. The Governing Board is composed of at least one County Commissioner from each of the participating counties. The Governing Board annually elects officers which include a President, Vice President, Second Vice-President and two Governing Board members. The expenditures and investments of funds by the officer must be approved by the Governing Board unless specific limits have been set by the Governing Board.

In the event of losses, the first \$250 to \$1,000 of any valid claim depending on the type of loss, will be paid by the member. The next payment, with a maximum pay ranging from \$100,000 to \$ 1,000,000 per occurrence, will come from the self-insurance pool based on the member's percentage of contribution. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments. Hocking County does not have any ongoing financial interest or responsibility.

The agreement between the County and the Council indicates that a voluntary withdrawal or termination by the County shall constitute a forfeiture of any pro-rata share of the Council reserve fund.

In the event of the termination of the Council, current members shall be paid in an amount they have contributed to the Council as of the last month of the Council's existence. Current calculation of this potential residual interest is, therefore, not possible. During 1999, Hocking County paid \$95,537 to the Council for insurance coverage. This jointly governed organization is a cost-sharing pool.

The County pays the State Bureau of Worker's Compensation System a premium based on a rate per \$100 salary. This rate is calculated based upon accident history and administrative costs. The County pays all elected officials' bonds by statute.



Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

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**NOTE 11- DEFINED BENEFIT RETIREMENT PLANS**

**Public Employees Retirement System:** All Hocking County full-time employees, other than certified teachers with the Board of Mental Retardation and Developmental Disabilities (MR/DD), participate in the Public Employees Retirement System of Ohio (the "System"), a cost-sharing multiple-employer public employee retirement system 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 43215-4642 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. Hocking County's contributions to PERS for the years ended December 31, 1999, 1998, and 1997 were \$1,343,708, \$1,323,320, and \$1,254,809, respectively; 92% has been contributed for 1999 and 100% for years 1998 and 1997. Of the 1999 amount, \$109,647 was unpaid at December 31, 1999 and is recorded as a liability within the respective funds.

**State Teachers Retirement System:** The Hocking 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 for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 222-5853.

Plan members are required to contribute 9.3% of their annual covered salary and the County is required to contribute 14%; 8.0 % was the portion allocated to fund pension obligations for 1999. 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. Hocking County's contributions to STRS for the years ended December 31, 1999, 1998, and 1997 were \$17,995, \$14,384, and \$12,665, respectively; 94.0% has been contributed for 1999 and 100% for years 1998 and 1997. Of the 1999 amount, \$1,085 was unpaid at December 31, 1999 and is recorded as a liability within the respective fund.

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 had elected social security.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

**Public Employees Retirement System:** The Public Employees Retirement System of Ohio (the System) 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 and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. A portion of each employer's contribution to the System is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 1999 employer contribution rate was 13.55 % of covered payroll; 4.2 % was the portion that was used to fund health care for 1999. The law enforcement employer rate for 1999 was 16.7% of covered payroll and 4.2% 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.

Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

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**NOTE 12 - POSTEMPLOYMENT BENEFITS** (Continued)

Other postemployment benefits are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health and Medicare, 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 other postemployment benefits during 1999 were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future other postemployment benefits payments were \$9,870,285,641. The number of benefit recipients eligible for other postemployment benefits at December 31, 1999 was 118,062.

Employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Hocking County contributions to fund health care expenses for 1999 were \$251,224.

**State Teachers Retirement System:** Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly medicare premiums. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The State Teachers Retirement System is funded on a pay-as-you-go basis.

For the State Teachers Retirement System, all benefit recipients are required to pay a portion of health care costs in the form of a monthly premium. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The Retirement Board allocates employer contributions equal to two percent of covered payroll to a Health Care Reserve Fund from which payments for health care benefits are paid. However, for the fiscal year-ended June 30, 1999, the Retirement Board allocated employer contributions equal to 3.5% of the covered payroll to the Health Care Reserve Fund. For the County, this amount equaled \$2,040 during the 1999 fiscal year. The balance in the Health Care Reserve Fund was \$2,783 million on June 30, 1999. The Health Care Reserve allocation for the year ended June 30, 2000, will be 8% of covered payroll. For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000. There were 95,796 eligible benefit recipients.

**NOTE 13 - OTHER EMPLOYEE BENEFITS**

**Deferred Compensation Plans:** Hocking County employees and elected officials may participate in either of two state-wide deferred compensation plans created in accordance with Internal Revenue Code Section 457. One is offered by the State of Ohio, and the other is provided by the County Commissioners Association of Ohio. Participation is on a voluntary payroll deduction basis. Each plan permits deferral of compensation until future years. The deferred pay and income earned on it is not subject to taxation until it is received by the employee. According to the plans, the deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. During 1998, all plan assets under the Ohio Public Employees Deferred Compensation Program were switched and are now being held in a trust arrangement for the exclusive benefit of participants and their beneficiaries, as required by the Small Business Job Protection Act of 1996. Under this Act, all existing deferred compensation plans were required to implement such a trust arrangement by January 1, 1999. As a result, the assets and associated liabilities of this plan are no longer reflected in the general purpose financial statements of the County as of December 31, 1999.

During 1997, under the County Commissioners' Association of Ohio Deferred Compensation Program, all plan assets were switched and were being held in a trust arrangement for the exclusive benefit of participants and their beneficiaries, as required by the Small Business Job Protection Act of 1996. Under this Act, all existing deferred compensation plans were required to implement such a trust arrangement by January 1, 1999. As a result, the assets and associated liabilities of this plan were removed from the general purpose financial statements of the County as of December 31, 1997.

Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

**NOTE 14 - LONG-TERM DEBT**

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

<u>Types / Issues</u>	<u>Outstanding at 12/31/98</u>	<u>Increases</u>	<u>Decreases</u>	<u>Outstanding at 12/31/99</u>
<i>General Long-Term Obligations</i>				
<i>General Obligation Bonds:</i>				
1998 - 3.8 - 5.35% Consolidated County Building Bonds	\$725,000	\$0	\$35,000	\$690,000
1995 - 8.5% County Annex Bonds	<u>100,952</u>	<u>0</u>	<u>18,016</u>	<u>82,936</u>
Total General Obligation Bonds	825,952	0	53,016	772,936
<i>Long Term Notes:</i>				
1999 - 5.5% Road Equipment Series Notes	0	50,000	0	50,000
<i>Special Assessment Bonds:</i>				
1996 - 4.5% Rockbridge Sewer Special Assessment Bonds	51,800	0	1,800	50,000
1991 - 5.875% Haydenville FmHA Special Assessment Bonds	40,000	0	2,100	37,900
1985 - 5.0% West Logan Water FmHA Special Assessment Bonds	<u>21,490</u>	<u>0</u>	<u>3,100</u>	<u>18,390</u>
Total Special Assessment Bonds	113,290	0	7,000	106,290
Compensated Absences	<u>514,248</u>	<u>63,993</u>	<u>0</u>	<u>578,241</u>
Total General Long-Term Obligations	<u>\$1,453,490</u>	<u>\$113,993</u>	<u>\$60,016</u>	<u>\$1,507,467</u>
<i>Enterprise Fund</i>				
1996 - 4.5% Rockbridge Sanitary Sewer Revenue Bonds	\$333,000	\$0	\$0	\$333,000
1991 - 5.875% Haydenville Sewer FmHA Revenue Bonds	<u>217,400</u>	<u>0</u>	<u>2,300</u>	<u>215,100</u>
Total Enterprise Fund	<u>\$550,400</u>	<u>\$ 0</u>	<u>\$ 2,300</u>	<u>\$548,100</u>

Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

**NOTE 14 - LONG-TERM DEBT** (Continued)

The General Obligation Bonds will be paid from the Debt Service Funds. The Road Equipment Series Notes will be paid from the Auto Gas Fund (a Special Revenue Fund). The Special Assessment Bonds will be paid through special assessments levied on the benefitting property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the County. The Enterprise Fund Sanitary Sewer Revenue Bonds will be paid by operating revenues generated from sewer fees. The compensated absences liability will be paid from the fund from which the employees are paid. Additions and deletions of accrued vacation and sick leave are shown net since it is impractical for the County to determine these amounts separately.

As more fully described in Note 19, Hocking Valley Community Hospital is responsible for the debt service on the 1993 Hospital Refunding and Improvement Bonds and the 1999 County Hospital Improvement Bonds. The County is not reporting this debt as part of the County's Primary Government. The Hospital is responsible for paying off this debt, therefore, the debt is being reported within the Hocking Valley Community Hospital, a discretely presented component unit of the County. In the event that the Hospital would fail to pay the debt, the County would be responsible for making payment.

The following is a summary of the County's future principal and interest requirements for long-term debt obligations, including \$1,012,136 of interest :

	Consolidated County Building Bonds	County Annex Bonds	Special Assessment Bonds	Sanitary Sewer Revenue Bonds	Total
2000	\$69,238	\$25,906	\$12,496	\$33,522	\$141,162
2001	67,768	25,906	12,530	33,524	139,728
2002	71,228	25,906	12,144	33,509	142,787
2003	74,426	19,429	12,257	33,479	139,591
2004	72,358	0	11,945	33,533	117,836
2005-2009	352,670	0	46,333	167,593	566,596
2010-2014	184,850	0	29,472	167,575	381,897
2015-2019	113,375	0	12,330	167,558	293,263
2020-2024	0	0	0	167,426	167,426
2025-2029	0	0	0	167,489	167,489
2030-2034	0	0	0	122,332	122,332
2035-2038	0	0	0	55,330	55,330
Totals	<u>\$1,005,913</u>	<u>\$97,147</u>	<u>\$149,507</u>	<u>\$1,182,870</u>	<u>\$2,435,437</u>

The Road Equipment Series Notes are payable as follows:

2000	\$27,750
2001	<u>26,375</u>
Total	<u>\$54,025</u>

Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

**NOTE 15 - INTERFUND TRANSACTIONS**

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

<u>Fund Type/Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<i>General Fund</i>	\$19,254	\$1,721
<i>Special Revenue Funds</i>		
Auto Gas Fund	21,908	0
Hocking Co. DHS/CSEA Fund	4,531	779
Human Services Fund	0	7,363
Special Marriage License Fund	524	0
Probate Court Business Fund	12	0
Indigent Guardianship Fund	430	0
MR/DD Fund	0	521
Emergency Medical Services Fund	22,588	115
Felony Delinquent Care and Custody Fund	0	9,678
Senior Citizens Fund	0	383
Indigent Drivers Alcohol Treatment Fund	245	0
Enforcement & Education Fund	105	0
Computerized Legal Research Fund	60	0
Municipal Court Legal Research Fund	1,346	0
Municipal Clerk's Computer Fund	4,557	0
Hocking County Integrated Intervention/CCA Fund	0	0
Children's Services Fund	0	145
Certificate of Title Administrative Fund	8,538	0
Juvenile Court Computer Fund	1,261	0
Probate Court Computer Fund	310	0
Common Pleas Clerk's Computer Fund	380	0
<b>Total Special Revenue Funds</b>	<b><u>66,795</u></b>	<b><u>18,984</u></b>
<i>Agency Funds</i>		
Law Library Fund	6,105	0
CSEA Fund	0	4,531
Probate Court Fund	0	3,478
Sheriff Fund	0	996
Emergency Medical Services Fund	0	22,588
Clerk of Courts Fund	0	12,520
Juvenile Court Fund	0	4,617
Municipal Court Fund	0	22,719
<b>Total Agency Funds</b>	<b><u>6,105</u></b>	<b><u>71,449</u></b>
<b>Total All Funds</b>	<b><u>\$92,154</u></b>	<b><u>\$92,154</u></b>
	<u>Interfund</u>	<u>Interfund</u>
<u>Fund Type/Fund</u>	<u>Receivable</u>	<u>Payable</u>
<i>General Fund</i>	\$1,000	\$0
<i>Special Revenue Funds</i>		
Hocking County Integrated Intervention/CCA Fund	<u>0</u>	<u>1,000</u>
<b>Total All Funds</b>	<b><u>\$1,000</u></b>	<b><u>\$1,000</u></b>

Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

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**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS**

**Athens-Hocking-Vinton Alcohol, Drug Addiction and Mental Health District**

The County is a member of the Athens-Hocking-Vinton Alcohol, Drug Addiction and Mental Health District, which is a jointly governed organization of these three counties. The purpose of the District is to provide alcohol, drug addiction and mental health services to residents of each of these three counties. Each participating county has agreed to levy a tax within their county to assist in the operation of the District, whose passage requires a majority in the total three county district.

This entity is governed by an eighteen member board that is responsible for its own financial matters and operates autonomously from Hocking County. The Athens County Auditor serves as fiscal agent for the activities of the Board. Nine of the board members are appointed by the Ohio Department of Alcohol and Drug Addiction Service and the other four members are appointed by the Ohio Department of Mental Health. The District derives its revenue from local property taxes, intergovernmental grants and reimbursements, and other miscellaneous revenue. Hocking County has no ongoing financial interest or responsibility in this District.

**Athens/Hocking Joint Solid Waste Management District**

The County is a member of the Athens/Hocking Joint Solid Waste Management District, which is a jointly governed organization of these two counties. The purpose of the District is to make disposal of waste in the two-county area more comprehensive in terms of recycling, incinerating, and land filling. The District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste. Although the counties contributed amounts to the District at the time of its creation, all contributions have since been returned to the respective counties and no future contributions by the counties are anticipated. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

**Buckeye Joint-County Self Insurance Council**

The Buckeye Joint-County Self Insurance Council is a jointly governed organization that serves Athens, Hocking, Jackson, Meigs, Monroe, Morgans, Noble, Perry, Pike, Vinton, and Washington Counties and was formed as an insurance pool for the purpose of providing general liability, law enforcement, professional and fleet insurance. Member counties provide operating resources to the organization base on actuarially determined rates.

The degree of control exercised by any participating government is limited to its representation on the Board. Hocking County does not have any ongoing interest or responsibility in the organization.

Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

**NOTE 17 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The County maintains one enterprise fund for reporting purposes. This fund is intended to be self-supporting through user fees charged for services provided to consumers for sewage services. The component units, Hocking Valley Community Hospital and Hocking Valley Industries, Inc. were excluded because detailed financial information on these component units is presented in Note 18. Financial segment information as of and for the year ended December 31, 1999, is as follows:

	Hocking County Sewer Fund
Operating Revenues	\$122,464
Operating Expenses Before Depreciation	159,237
Depreciation Expense	65,258
Operating Loss	(102,031)
Nonoperating Revenues (Expenses):	
Interest and Fiscal Charges	(12,772)
Operating Transfers Out	(14,985)
Net Loss	(129,788)
Net Working Capital	48,766
Total Assets	2,172,667
Revenue Bonds Payable	548,100
Total Fund Equity	1,619,483
Encumbrances Outstanding at December 31, 1999	1,872

**NOTE 18 - CONDENSED FINANCIAL INFORMATION FOR DISCRETELY PRESENTED COMPONENT UNITS**

<u>A. Balance Sheet</u>	Hocking Valley Community Hospital	Hocking Valley Industries, Inc.	<u>Total</u>
Assets			
Cash and Cash Equivalents in Segregated Accounts	\$1,395,390	\$204,571	\$1,599,961
Investments in Segregated Accounts	1,345,437	0	1,345,437
Accounts Receivable	3,375,829	0	3,375,829
Other Receivables	164,010	0	164,010
Materials and Supplies Inventory	221,259	14,938	236,197
Prepaid Items	9,572	0	9,572
Deferred Financing Costs	103,923	0	103,923
Other Assets	0	1,000	1,000
Assets Whose Use is Limited - Under Bond Indenture Agreement	330,000	0	330,000
Other Receivables	89,676	0	89,676
Fixed Assets (Net of Accumulated Depreciation)	7,412,179	118,955	7,531,134
Total Assets	<u>\$14,447,275</u>	<u>\$339,464</u>	<u>\$14,786,739</u>

Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

**NOTE 18 - CONDENSED FINANCIAL INFORMATION FOR DISCRETELY PRESENTED COMPONENT UNITS**  
(Continued)

<u>A. Balance Sheet</u>	<u>Hocking Valley Community Hospital</u>	<u>Hocking Valley Industries, Inc.</u>	<u>Total</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$1,405,439	\$0	\$1,405,439
Accrued Wages and Benefits	896,560	0	896,560
Deposits Held and Due to Others	0	2,353	2,353
Capital Leases Payable	574,123	0	574,123
County Hospital Bonds & Long Term Notes	4,589,018	0	4,589,018
Total Liabilities	<u>7,465,140</u>	<u>2,353</u>	<u>7,467,493</u>
Fund Balances - Undesignated	<u>6,982,135</u>	<u>337,111</u>	<u>7,319,246</u>
Total Liabilities and Fund Balances	<u>\$14,447,275</u>	<u>\$339,464</u>	<u>\$14,786,739</u>
 <u>B. Statement of Revenues, Expenses and Changes in Fund Balances</u>			
	<u>Hocking Valley Community Hospital</u>	<u>Hocking Valley Industries, Inc.</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$0	\$702,814	\$ 702,814
Patient Service Revenues	20,604,530	0	20,604,530
Other Operating Revenues	119,056	5,689	124,745
Total Operating Revenues	<u>20,723,586</u>	<u>708,503</u>	<u>21,432,089</u>
Operating Expenses:			
Personal Services	8,085,722	515,285	8,601,007
Contractual Services	4,808,562	37,547	4,846,109
Materials and Supplies	5,147,516	47,030	5,194,546
Provision for Bad Debts	1,355,907	0	1,355,907
Other	0	12,259	12,259
Depreciation and Amortization	876,744	31,641	908,385
Total Operating Expenses	<u>20,274,451</u>	<u>643,762</u>	<u>20,918,213</u>
Operating Income	449,135	64,741	513,876
Nonoperating Revenues (Expenses):			
Investment Income	39,533	4,131	43,664
Interest and Fiscal Charges	(263,477)	(366)	(263,843)
Transfers to Affiliates	(422,881)	0	(422,881)
Other	129,340	0	129,340
Total Nonoperating Revenues (Expenses)	<u>(517,485)</u>	<u>3,765</u>	<u>(513,720)</u>
Excess of Revenues Over Expenses	(68,350)	68,506	156
Fund Balance at 1/1/99	<u>7,050,485</u>	<u>268,605</u>	<u>7,319,090</u>
Fund Balance at 12/31/99	<u>\$6,982,135</u>	<u>\$337,111</u>	<u>\$7,319,246</u>



Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

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**NOTE 19 - COMPONENT UNIT DISCLOSURES - HOCKING VALLEY COMMUNITY HOSPITAL**

As indicated in Note 1 to the General Purpose Financial Statements, the following disclosures are made on behalf of Hocking Valley Community Hospital:

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization** - Hocking Valley Community Hospital (Hospital), located in Hocking County, Logan, Ohio, is organized as a county hospital under provisions of the general statutes of the State of Ohio requiring no specific articles of incorporation. The organization is exempt from Federal income taxes. The Board of Trustees, appointed by the county commissioners and the probate and common pleas court judges, is charged with the management and operation of the Hospital, its finances and staff. The Hospital, which began operations in 1966, has a 61-bed acute care unit and a 30-bed skilled nursing unit.

**Basis of Presentation** - The financial statements have been presented in conformity with generally accepted accounting principles as recommended in the Audit Guide (Audits of Providers of Health Care Services) published by the American Institute of Certified Public Accountants. The significant accounting policies conform to Generally Accepted Accounting Principles (GAAP) for governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. The Hospital also applies the Financial Accounting Standards Board Statements and Interpretations issued prior to November 30, 1989 to the extent that they do not contradict or conflict with GASB pronouncements.

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

**Proprietary Fund Accounting** - The Hospital utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis.

**Charity Care** - The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. As a part of previous financing related to its current hospital facilities, the Hospital received grants from the Hill-Burton Agency of the Federal government. Attached to the grants are certain restrictions requiring the Hospital to provide an annual amount of uncompensated care to indigent patients. The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy, the estimated cost of those services and supplies, and equivalent service statistics. The amount of charity care not recorded as revenue was approximately \$893,000 in 1999.

**Net Patient Service Revenue** - Normal billing rates for patient services are included in patient service revenue. Patient accounts receivable are adjusted for contractual allowances which are reported on the basis of preliminary estimates of the amounts to be received from third party payors. Final adjustments are recorded in the period such amounts are finally determined. In 1999, approximately 50% of the Hospital's total patient revenue was derived from Medicare payments while 12% was derived from Medicaid payments. The remaining revenue was derived primarily from commercial insurance payments and individual self-payments.

**Investments** - The Hospital's policy is to invest available funds in obligations of the U.S. Government, certificates of deposit, mutual funds and money market funds. Marketable equity securities owned by the Hospital were received through donations. The portfolio is carried at fair value at December 31, 1999.

**Assets Whose Use is Limited** - Assets whose use is limited consists of certificates of deposit restricted by the Trustee for maintenance of a minimum operating reserve in connection with the Hospital's Refunding and Improvement Bonds (see item 6 of this Note 19). The certificates are carried at fair value which approximates cost.

**Inventory** - Inventories are stated at the lower of cost (first-in, first-out) or market.

Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

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**NOTE 19 - COMPONENT UNIT DISCLOSURES - HOCKING VALLEY COMMUNITY HOSPITAL**  
(Continued)

**Property, Plant and Equipment** - Property, plant and equipment are reported on the basis of cost, except for donated items which are recorded at fair value at the date of the donation. Expenditures which materially increase values, change capacities, or extend useful lives are capitalized. Depreciation is computed using the straight-line method over the expected useful lives of depreciable assets. Equipment under capital leases is amortized using the straight-line method over the lease term or the estimated useful life of the equipment.

**Deferred Financing Costs** - Deferred financing costs primarily consist of underwriter fees and other costs related to the issuance of the bonds (see item 6 of this Note 19) and are being amortized over the life of the bonds on the straight-line method. Accumulated amortization as of December 31, 1999 was \$10,589.

**Cash and Cash Equivalents** - The Hospital considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

**Risk Management** - The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance is purchased for claims arising from such matters. Settled claims have not exceeded this coverage.

**2. NET PATIENT SERVICE REVENUE**

The Hospital has agreements with third-party payors that provide for payment to the Hospital at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's billings at established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with major third-party payors follows:

- 7 Inpatient acute care services rendered to Medicare and Medicaid program beneficiaries are paid at prospectively determined rates-per-discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors; and
- 7 Certain other costs applicable to the Medicare and Medicaid programs, primarily depreciation and other defined capital costs, skilled nursing costs and certain outpatient costs for the Medicare program, and outpatient costs for the Medicaid program are paid under a cost reimbursement methodology. As a result, final payment for these services will be determined after submission the Hospital's cost reports and audits by the third-party payors (see item 5 of this Note 19).

Gross patient service revenue and the allowances to reconcile to net patient service revenue for the year ended December 31, 1999 is as follows:

Gross patient service revenues	\$30,494,864
Less third-party allowances	<u>9,890,334</u>
Net patient service revenue	<u>\$20,604,530</u>

**3. DEPOSITS AND INVESTMENTS**

The classification of cash and cash equivalents, assets whose use is limited and investments in the financial statements differs from criteria set forth in GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Agreements". A reconciliation between the general fund classifications of cash and cash equivalents, assets whose use is limited and investments per GASB Statement No. 3 is as follows:

Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

**NOTE 19 - COMPONENT UNIT DISCLOSURES - HOCKING VALLEY COMMUNITY HOSPITAL**  
(Continued)

	<b>Cash and Cash Equivalents</b>	<b>Assets Whose Use is Limited</b>	<b>Investments</b>
Financial statements	\$1,395,390	\$330,000	\$1,345,437
Government securities	0	0	(114,632)
Mutual funds and equities	0	0	(923,073)
Star Ohio	(281,381)	0	0
Merrill Lynch cash management account	(58,641)	0	0
Advest money market account	(1,098,656)	0	0
Cash on hand	<u>(700)</u>	<u>0</u>	<u>0</u>
GASB Statement No. 3 deposits	<u>\$ (43,988)</u>	<u>\$330,000</u>	<u>\$ 307,732</u>

**Deposits** - At December 31, 1999, the carrying amount of the Hospital's bank deposits for all funds is \$593,744 as compared to a bank balance of \$988,989. The difference in carrying amounts and bank balances are caused by outstanding checks and deposits in-transit. Of the bank balances, \$123,210 is covered by Federal insurance programs and \$667,393 is collateralized with securities held by the financial institution or by its trust department or agent but not in the Hospital's name.

**Investments** - The Hospital's investments for GASB Statement 3 purposes are categorized below to give an indication of the level of risk assumed by the entity. Risk Category 1 includes those investments that meet any one of the following criteria: a) Insured; b) Registered; or c) Held by the Hospital or its agent in the Hospital's name.

Risk categories 2 and 3 include investments which are neither insured or registered. Category 2 includes investments which are held by the counterparty's trust department (or agent) in the Hospital's name. Category 3 includes investments held by a) the counterparty, or b) the counterparty's trust department (or agent), but not in the Hospital's name.

	<b>1</b>	<b>Category 2</b>	<b>3</b>	<b>Carrying Amount</b>
Government securities	\$0	\$0	\$114,632	\$114,632
Certificates of deposit	0	307,732	0	307,732
Mutual funds and equities	<u>0</u>	<u>0</u>	<u>923,073</u>	<u>923,073</u>
Total	<u>\$17,214</u>	<u>\$307,732</u>	<u>\$1,037,705</u>	<u>\$1,345,437</u>

**4. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consists of the following:

Land improvements	\$ 236,656
Buildings and improvements	8,415,975
Equipment	6,822,436
Equipment under capital lease obligations	<u>1,179,018</u>
Total	16,654,085
Less accumulated depreciation	<u>9,241,906</u>
Total	<u>\$7,412,179</u>

Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

**NOTE 19 - COMPONENT UNIT DISCLOSURES - HOCKING VALLEY COMMUNITY HOSPITAL**  
(Continued)

**5. MEDICARE AND MEDICAID THIRD-PARTY SETTLEMENTS**

Reimbursement for Medicare and Medicaid patients is subject to audit and final settlements by the respective intermediaries. Final settlements have been reached with Medicare through 1996 and with Medicaid through 1994. The amounts reported in the financial statements represent the estimated settlements outstanding at December 31, 1999, which Hospital management believes will approximate final settlements after audit by the respective agencies.

**6. LONG-TERM DEBT AND LEASES**

Long-term debt consists of the following:

County Hospital Refunding and Improvement Bonds, dated July 15, 1993:	
Serial bonds, principal due each December 1 through 2003 ranging from \$150,000 to \$185,000, interest due each June 1 and December 1 with rates ranging from 3.95% to 4.8%.	\$690,000
Term bonds, 5.35%, due December 1, 2008, mandatory annual redemption beginning December 1, 2004 in installments ranging from \$195,000 to \$235,000, plus interest.	1,075,000
Term bonds, 5.45%, due December 1, 2013, mandatory annual redemption beginning December 1, 2009 in installments ranging from \$50,000 to \$65,000, plus interest.	290,000
County Hospital Improvement Bonds, dated March 3, 1999:	
Serial bonds, rates ranging from 3.3% to 4.65%, principal due each December 1 through 2013, ranging from \$90,000 to \$145,000, with interest due each June 1 and December 1.	1,585,000
Term bonds, 4.75%, due December 1, 2019, mandatory annual redemption beginning December 1, 2014 in installments ranging from \$150,000 to \$185,000, plus interest.	1,025,000
Less - bond discount	<u>(75,982)</u>
Total	4,589,018
Less current portion	<u>250,000</u>
Long-term debt, excluding current portion	<u>\$4,339,018</u>

In 1993, the Hospital received \$3,300,000 in proceeds from the issuance of Hocking County Hospital Refunding and Improvement Bonds (Refunding and Improvement Bonds) which was used to repay \$2,040,000 Hocking County Hospital Refunding Bonds (Refunding Bonds) before their scheduled maturity, repay a capital lease and construct certain Hospital improvements. The Hospital has agreed with the Hocking County Commissioners, as Trustee for the Refunding and Improvement Bonds, to maintain a minimum operating reserve of \$330,000.

In 1997, the Hospital received \$950,000 in proceeds from the issuance of a County Hospital Improvement Bond Anticipation Note which was used to construct a behavioral health unit. This Note was repaid through the 1999 County Hospital Improvement Bonds.

Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

**NOTE 19 - COMPONENT UNIT DISCLOSURES - HOCKING VALLEY COMMUNITY HOSPITAL**  
(Continued)

**6. LONG-TERM DEBT AND LEASES (Continued)**

In 1999, the Hospital received \$2,610,000 in proceeds from the issuance of Hocking County Hospital Improvement Bonds. The proceeds of the bonds were used to retire the \$950,000 County Hospital Improvement Bond Anticipation Note, construct a purchasing facility and various other remodeling projects.

The Hospital leases equipment under capital lease agreements which generally require the Hospital to pay insurance and maintenance costs. These capital leases are due in monthly installments including interest at rates ranging from approximately 2.5% to 14.9%. They expire at various dates through May 2004 and are collateralized by the equipment leased.

Cost of equipment under capital lease	\$1,179,018
Accumulated amortization	<u>428,565</u>
Net carrying amount	<u>\$750,453</u>

Minimum payments on these obligations to maturity as of December 31, 1999 follows:

	Debt	Capital Leases	Total
Year:			
2000	\$250,000	\$326,621	\$576,621
2001	260,000	198,800	458,800
2002	270,000	68,386	338,386
2003	280,000	43,272	323,272
2004	100,000	12,718	112,718
Thereafter	<u>3,505,000</u>	<u>0</u>	<u>3,505,000</u>
Subtotal	4,665,000	649,797	5,314,797
Less amount representing interest on capital leases	0	75,674	75,674
Less bond discount	<u>75,982</u>	<u>0</u>	<u>75,982</u>
Total	4,589,018	574,123	5,163,141
Less current portion	<u>250,000</u>	<u>284,680</u>	<u>534,680</u>
Long-term portion	<u>\$4,339,018</u>	<u>\$289,443</u>	<u>\$4,628,461</u>

**7. PENSION PLAN**

*Plan Description* - All Hospital employees are required to participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, health care benefits and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code assigns the authority to establish and amend benefit provision. PERS issues a publicly available comprehensive annual financial report may be obtained by writing to Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614)466-2085 or (800)222-PERS (7377).

*Funding Policy* - The Hospital and employees contributed at actuarially determined rates for 1999, 13.55% and 8.5%, respectively, of covered employee payroll to PERS. The Hospital's contributions to PERS for the years ended December 31, 1999, 1998 and 1997 were \$881,658, \$963,226 and \$926,977, respectively.

Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

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**NOTE 19 - COMPONENT UNIT DISCLOSURES - HOCKING VALLEY COMMUNITY HOSPITAL**  
(Continued)

**7. PENSION PLAN (Continued)**

PERS also provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The healthcare coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB). The Ohio Revised Code provides statutory authority for employer contributions. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. For the year ended December 31, 1999, that portion was 4.2%. OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree healthcare, along with investment income on allocated assets and periodic adjustments in healthcare 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, were 118,062.

**8. PROFESSIONAL LIABILITY INSURANCE**

The Hospital has professional liability insurance with a commercial carrier. Coverage is \$1,000,000 per occurrence and \$3,000,000 in the aggregate. In addition, the Hospital has umbrella coverage of \$1,000,000 per occurrence and \$1,000,000 in the aggregate. The policy also requires that certain members of the medical staff carry professional liability coverage of no less than \$1,000,000 per occurrence and \$1,000,000 in the aggregate. The Hospital's coverage is on a claims made basis.

**9. DEFERRED COMPENSATION**

Employees of the Hospital may elect to participate in the Ohio Public Employees Deferred Compensation Program (Program), a deferred compensation plan under Internal Revenue Code Section 457. Under the Program, employees may elect to defer a portion of their pay until a later date, usually after retirement. The deferred pay and any income earned thereon is not subject to Federal and state income taxes until actually received by the employee.

During 1998, all plan assets under the Ohio Public Employees Deferred Compensation Program were switched and are now being held in a trust arrangement for the exclusive benefit of participants and their beneficiaries, as required by the Small Business Job Protection Act of 1996. Under this Act, all existing deferred compensation plans will be required to implement such a trust arrangement by January 1, 1999. The assets (market value of \$599,303) and associated liabilities of this plan are not reflected in the financial statements of the Hospital as of December 31, 1999.

Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

**NOTE 19 - COMPONENT UNIT DISCLOSURES - HOCKING VALLEY COMMUNITY HOSPITAL**  
(Continued)

**10. COMMUNITY HOSPITAL OF OHIO**

During 1995 the Hospital, along with thirteen other Ohio hospitals, became a member of and advanced funds to the Community Hospitals of Ohio (CHO), an Ohio nonprofit corporation, in order to purchase the assets of Licking Memorial Health Plan, a health maintenance organization. The CHO operates in five Ohio communities and commenced its Logan operations in 1996. At December 31, 1999, the Hospital has recorded an investment in CHO of approximately \$-0-.

The Hospital provides employee health insurance through CHO. During 1999, the Hospital paid insurance premiums of approximately \$663,000 to CHO. The Hospital is also a provider of health services to CHO. As a provider, the Hospital has entered into a capitated agreement for services rendered to the Hospital's enrollees.

**11. RELATED PARTIES**

In January 1980, the Hocking Valley Community Hospital Memorial Fund, Inc. (Foundation) was organized as a separate not-for-profit membership corporation. The purpose of the Foundation is to solicit gifts for the benefit of the Hospital. The Board of Directors of the Foundation are elected by the Foundation's members. The accompanying financial statements do not include the assets, obligations, revenues or expenses of the Foundation. During the year ended December 31, 1999, the Foundation did not make significant contributions to the Hospital.

In May 1995, Hocking Valley Health Services (HVHS), a not-for-profit membership corporation located in Logan, Ohio, was formed. The purpose of HVHS is to provide health care and physician services and to own, lease, operate and/or provide health care facilities for the promotion of health in the area served by the Hospital. Additionally, HVHS is to conduct strategic health care planning and otherwise operated exclusively for the benefit and support of the Board of Governors of the Hospital. The Board of Trustees of HVHS are elected by HBHS's members of which fifty percent of the voting rights are controlled by the Board of Governors of the Hospital.

In March 1996, Hocking Valley Medical Group, Inc. (HVMG) was organized as a separate not-for-profit stock professional corporation. The purpose of HVMG is to engage in the practice, and to render the professional services, of medicine and to further the charitable purposes of the Foundation and the Hospital. At December 31, 1999, the sole shareholder of HVMG has entered an agreement with the Foundation and HVMG that states the shares of HVMG will be voted as directed by the Foundation. The accompanying financial statements do not include the assets, obligations, revenues or expenses of HVMG.

During 1999, the Hospital transferred \$422,881 to HVMG. This transfer is reflected in the changes in fund balance.

On September 24, 1999 the Hospital entered into a 10 year non-cancelable lease with the Foundation for the Medical Arts Building. The Hospital is responsible for utilities, taxes, maintenance and insurance in addition to the rental payments of \$6,256 per month. Future minimum rental payments are as follows for the years ending December 31:

2000	\$ 75,075
2001	75,075
2002	75,075
2003	75,075
2004	75,075
Thereafter	356,606
Total minimum lease payments	<u>\$731,981</u>

**13. SUBSEQUENT EVENTS**

In March of 2000, the Hospital entered into a capital lease for computer equipment. The total cost of assets under this lease is \$859,203 with a monthly payment of \$19,186. The lease has a term of sixty (60) months with an APR of 12.2%.

Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

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**NOTE 20 - COMPONENT UNIT DISCLOSURES - HOCKING VALLEY INDUSTRIES, INC.**

As indicated in Note 1 to the General Purpose Financial Statements, the following disclosures are made on behalf of Hocking Valley Industries, Inc.:

**1. ORGANIZATION AND OPERATIONS**

Hocking Valley Industries, Inc. is incorporated in the State of Ohio. The Organization provides habilitation services for the mentally and physically handicapped.

**2. ACCOUNTING POLICIES**

Equipment is stated at cost and includes expenditures for new equipment and those which significantly extend the useful lives of existing equipment. Maintenance, repairs and renewals are expensed as incurred. When properties are retired or otherwise disposed of, the related cost and allowances for depreciation are removed from respective accounts and any gain or loss is included in the statement of income.

Depreciation is computed using the accelerated cost recovery system and the modified accelerated depreciation system as appropriate.

Basis of accounting - The accompanying financial statements have been prepared on the cash basis. Consequently, certain revenues and expenses are recognized in the determination of income in different reporting periods than they would be if the financial statements were prepared in conformity with generally accepted accounting principles.

Inventory is priced at lower of cost or market, principally using the first-in, first-out method.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**3. TAX STATUS**

The agency is a nonprofit voluntary agency, exempt from income tax under Section 501 (c) (3) of the U.S. Internal Revenue Code. The nonprofit corporation is in compliance with the Internal Revenue Code in its respective filings of Form 990, Return of Organization Exempt from Income Tax.

**4. LEASES**

The agency is leasing its premises from Hocking County Board of Mental Retardation and Developmental Disabilities. For the period beginning January 1, 1998 through January 1, 1999, the lease was \$850 per month. This lease was renewed for the period of January 28, 1999 through January 28, 2000 for \$850 a month. This lease was extended while a new contract was being negotiated. Effective for the three year period July 1, 1999 through June 30, 2002, these payments will continue at \$850 per month. Lease expense (rent) for the year ended December 31, 1999 was \$9,350. The Hocking County Board of Mental Retardation and Developmental Disabilities also pays the salaries of certain supervisory personnel.

The following is a schedule of remaining lease payments on the above operating lease:

2000	\$10,200
2001	10,200
2002	<u>5,100</u>
Total lease payments	<u>\$25,500</u>



Hocking County, Ohio  
Notes to The General Purpose Financial Statements  
(Continued)

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**NOTE 20 - COMPONENT UNIT DISCLOSURES - HOCKING VALLEY INDUSTRIES, INC.**  
(Continued)

**5. CONCENTRATIONS OF CREDIT RISK**

The agency maintains its cash balances in one financial institution located in Logan, Ohio. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 1999 the agency's uninsured cash balances totaled \$104,571.

**NOTE 21 - 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.

The County had no significant pending litigation cases at December 31, 1999 which could have a significant impact on the general purpose financial statements for the year ended December 31, 1999.

Hocking County, Ohio  
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>U.S. Department of Health &amp; Human Services</u></b>			
<i>Passed through Ohio Department of Mental Retardation:</i>			
Social Services Block Grant, Title XX	37-90-4058	93.667	\$24,313
<i>Passed through Buckeye Hills - Hocking Valley Regional Development District:</i>			
Disease Prevention & Health Promotion, Title III-F	H-101-207-B90	93.043	2,073
Grants for Senior Centers, Title III-B	H-101-207-B90	93.044	41,098
Low Income Home Energy Assistance - HEAP	H-101-207-B90	93.568	1,602
Passport/Medical Assistance Program on Aging	H-101-207-B90	93.778	4,695
<b>Total U.S. Department of Health and Human Services</b>			73,781
<b><u>U.S. Department of Justice</u></b>			
<i>Passed through Ohio Office of Criminal Justice Services:</i>			
Local Law Enforcement Block Grants	66-KB-KEB3034	16.592	5,978
Byrne Formula Grant	98-LE-LEB-3034	16.579	7,000
<b>Total U.S. Department of Justice</b>			12,978
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<i>Passed through Ohio Department of Development:</i>			
Small Cities - Formula Grant	B-F-96-034-01	14.228	770
Small Cities - Formula Grant	B-F-97-034-01	14.228	2,622
Small Cities - Formula Grant	B-F-98-034-01	14.228	18,710
Small Cities - Formula Grant	B-P-98-034-01	14.228	100,000
Small Cities - Formula Grant	B-E-98-034-01	14.228	400,000
<b>Total U.S. Department of Housing and Urban Development</b>			522,102
<b><u>Federal Emergency Management Agency</u></b>			
<i>Passed through Ohio Department of Public Safety - Emergency Management Agency:</i>			
Emergency Management-State and Local Assistance Program	N/A	83.534	9,607
Public Assistance Grants - Hazard Mitigation Program	FEMA-DR-1164-OH	83.548	4,250
<b>Total Federal Emergency Management Agency</b>			13,857
<b>Total Federal Awards Expenditures</b>			\$622,718

Hocking County, Ohio  
Schedule Of Federal Awards Expenditures  
For The Year Ended December 31, 1999

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**Note 1 - Significant Accounting Policies**

The County prepares its Schedule of Federal Awards Expenditures on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

**Note 2 - Federal Funds Not Reported**

Federal funds received by the Hocking County Department of Human Services are not included in this schedule due to the fact that these funds are both reported and audited at the State of Ohio level of government.

**Report on Compliance and on Internal Control over Financial Reporting  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards**

Board of Commissioners  
Hocking County  
1 East Main Street  
Logan, Ohio 43138

We have audited the financial statements of Hocking County (the County), as of and for the year ended December 31, 1999, and have issued our report thereon dated June 22, 2000. We did not audit the financial statements of the County's discretely presented component units, Hocking Valley Community Hospital and Hocking Valley Industries, Inc. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Hocking Valley Community Hospital and Hocking Valley Industries, Inc., is based on the reports of the other auditors. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted several instances of noncompliance that we have reported to the management of the County in a separate letter dated June 22, 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 certain matters involving the internal control over financial reporting that we have reported to the management of the County in a separate letter dated June 22, 2000.

Board of Commissioners  
Hocking County  
Report on Compliance and on Internal Control over Financial Reporting  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

This report is intended for the information and use of the Financial Report Review Committee, Commissioners, management, 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.

*J. L. Uhrig & Associates*

J. L. UHRIG & ASSOCIATES  
Certified Public Accountant

June 22, 2000

**Report on Compliance with Requirements Applicable to Each Major  
Program and Internal Control over Compliance in Accordance with  
OMB Circular A-133**

Board of Commissioners  
Hocking County  
1 East Main Street  
Logan, Ohio 43138

**Compliance**

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

We conducted our audit of compliance in accordance with 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.

Board of Commissioners  
Hocking County  
Report on Compliance with Requirements Applicable to Each Major  
Program and 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 the Financial Report Review Committee, Commissioners, management, 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.

*J. L. Uhrig & Associates*

J. L. UHRIG & ASSOCIATES  
Certified Public Accountant

June 22, 2000

Hocking County, Ohio  
 Schedule of Findings and Questioned Costs  
 For the Year Ended December 31, 1999

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

1. <i>Type of Financial Statement Opinion</i>	Unqualified
2. <i>Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?</i>	No
3. <i>Were there any other reportable internal control weaknesses reported at the financial statement level (GAGAS)?</i>	No
4. <i>Was there any material noncompliance reported at the financial statement level (GAGAS)?</i>	No
5. <i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
6. <i>Were there any other reportable internal control weaknesses reported for major federal programs?</i>	No
7. <i>Type of Major Programs' Compliance Opinion</i>	Unqualified
8. <i>Are there any reportable findings under § .510?</i>	No
9. <i>Major Programs (list):</i>	Community Development Block Grants: Small Cities - Formula Grants - CFDA #14.228
10. <i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: All Other Programs
11. <i>Low Risk Auditee?</i>	Yes

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

There were no findings related to the financial statements required to be reported in accordance with GAGAS.

**C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs for federal awards.





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**HOCKING COUNTY FINANCIAL CONDITION**

**HOCKING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**AUGUST 1, 2000**