



MAHONING COUNTY, OHIO
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 1999

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STATE OF OHIO
OFFICE OF THE AUDITOR

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The Honorable County Commissioners
and County Auditor
Mahoning County, Ohio

We have reviewed the independent auditor's report of Mahoning County, prepared by Cohen & Company, Certified Public Accountants, for the audit period January 1, 1999 through 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. Mahoning County is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro", written over a horizontal line.

JIM PETRO
Auditor of State

July 6, 2000

HONORABLE COUNTY COMMISSIONERS
HONORABLE COUNTY AUDITOR
MAHONING COUNTY, OHIO

Independent Auditors' Report

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

We conducted our audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Mahoning County, Ohio as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund types and discretely presented component unit 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 23, 2000 on our consideration of Mahoning 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 Mahoning County, Ohio, taken as a whole. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements of Mahoning County, Ohio. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

June 23, 2000
Youngstown, Ohio

Cohen & Company



MAHONING COUNTY, OHIO
 Combined Balance Sheet
 All Fund Types, Account Groups
 and Discretely Presented Component Unit

December 31, 1999

	Governmental Fund Types				Proprietary Fund Types			Fiduciary Fund Types			Account Groups			Totals	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Expendable Trusts and Agency	General Fixed Assets	Long-term Debt	Primary Government	Component Unit	Totals			
												December 31, 1999	December 31, 1999		
Assets and Other Debits															
Assets															
Equity in pooled cash and investments at fair value	\$ 2,849,760	\$ 40,289,629	\$ 2,853,534	\$ 6,457,737	\$ 7,974,105	\$ 1,602,548	\$ 13,337,254	\$	\$	\$ 75,364,567	\$	\$	\$	\$ 75,364,567	\$
Cash and cash equivalents - segregated accounts		532,079	2,435,000		22,103		3,951,673			3,951,673	328,238			4,279,911	
Cash and cash equivalents with fiscal agent	9,000,000						220,129			774,311				774,311	
Investments										11,435,000				11,435,000	
Taxes	771,297	23,757,192	6,788,008		2,843,876	192,474,684				233,791,181	58,844			233,791,181	
Accounts		726,949		8,689						2,843,876				2,902,720	
Loans										726,949				726,949	
Mortgage note										8,689				8,689	
Special assessments - current portion	871,565		9,368		50,847	10,461,706				10,512,553				10,512,553	
Accrued interest					66,496					302,292				302,292	
Other	2,558,396	302,292								947,429				947,429	
Due from other funds	2,726,016	537,960								3,096,356				3,096,356	
Due from other governments		9,645,915	650,080	67,914						33,127,524				33,127,524	
Restricted assets:															
Equity in pooled cash and investments					456,901					456,901				456,901	
Cash and cash equivalents with fiscal agent					1,309,924					1,309,924				1,309,924	
Special assessments receivable - noncurrent					406,258					406,258				816,038	
Fixed assets in service:															
Land					137,440					880,246				1,017,686	
Land improvements					184,511					106,468				290,979	
Utility plant in service					112,124,843					112,124,843				112,124,843	
Buildings, structures and improvements					635,671					53,378,934				54,014,605	
Furniture, fixtures and equipment					1,911,601					18,534,938				20,589,762	
Less: Accumulated depreciation					(58,968,460)					(58,968,460)				(58,968,460)	
Construction-in-progress					635,258					2,149,711				2,784,969	
Other Debits															
Amount available in debt service funds										\$ 5,371,294				5,371,294	
Amount to be provided for retirement of general long-term obligations															
Total Assets and Other Debits	\$ 18,777,034	\$ 76,186,805	\$ 12,750,981	\$ 6,534,340	\$ 69,791,374	\$ 1,602,548	\$ 240,483,045	\$ 75,050,297	\$ 44,178,118	\$ 545,354,542	\$ 402,430	\$	\$	\$ 545,756,972	\$

(Cont'd)

Combined Balance Sheet

All Fund Types, Account Groups and Discretely Presented Component Unit

December 31, 1999

	Governmental Fund Types				Proprietary Fund Types			Fiduciary Fund Types			Account Groups			Totals	
	General		Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Expendable Trusts and Agency	General Fixed Assets	General Long-term Debt	Primary Government	Component Unit	Totals		
													Governmental	Proprietary	
Liabilities, Equity and Other Credits:															
Liabilities															
Accounts payable	\$ 1,163,897	\$ 4,062,634		\$ 503,573	\$ 939,149	\$ 21,545		\$ 6,690,798	\$ 573,150	\$ 6,690,798		\$ 6,690,798		\$ 6,690,798	
Claims and judgments payable	75,000				15,800			663,950		663,950		663,950		663,950	
Accrued wages and benefits	1,100,870	1,743,743			273,968	2,413		4,911,034	1,790,030	4,911,034	42,507	4,953,531		4,953,531	
Compensated absences payable	262,121	553,796		248,885	373,184	456		5,685,895	4,496,338	5,685,895		5,685,895		5,685,895	
Renewable payable	71,245	2,505,643			39,631			451,386		451,386		451,386		451,386	
Due to other funds					34,434		\$ 485,034	3,096,356		3,096,356		3,096,356		3,096,356	
Due to other governments							222,973,989	222,973,989		222,973,989		222,973,989		222,973,989	
Deferred revenue	836,524	30,418,115	\$ 7,377,037		31,811			38,663,487		38,663,487		38,663,487		38,663,487	
Bond anticipation notes				11,355,000	80,000			11,435,000		11,435,000		11,435,000		11,435,000	
Current portion of long-term loans				46,839	910,789			910,789		910,789		910,789		910,789	
Accrued interest on notes and bonds					16,699			63,538		63,538		63,538		63,538	
Current portion of general obligation bonds					63,897			63,897		63,897		63,897		63,897	
Current portion of special assessment bonds					290,808			200,808		200,808		200,808		200,808	
Other liabilities							15,748,146			15,748,146		15,748,146		15,748,146	
Payable from restricted assets:															
Accrued revenue bond interest					298,155			298,155		298,155		298,155		298,155	
Current portion of revenue bonds					225,000			225,000		225,000		225,000		225,000	
Debit:															
Long-term loans (net of current portion)					14,030,126			14,030,126		14,030,126		14,030,126		14,030,126	
Long-term notes payable								695,004		695,004		695,004		695,004	
Long-term mortgage note payable								127,970		127,970		127,970		127,970	
Revenue bonds (net of current portion)					9,325,000			9,325,000		9,325,000		9,325,000		9,325,000	
Less: Unamortized revenue bond charges					(220,069)			(220,069)		(220,069)		(220,069)		(220,069)	
General obligation bonds (net of current portion)					507,532			36,451,282		36,451,282		36,451,282		36,451,282	
Capital lease obligations								44,344		44,344		44,344		44,344	
Special assessment debt with governmental commitment:															
Special assessment bonds (net of current portion)					2,096,481			2,096,481		2,096,481		2,096,481		2,096,481	
Total Liabilities	3,509,657	39,446,801	7,377,037	12,154,297	29,242,404	24,414	239,207,169	44,178,118	44,178,118	375,139,897	42,507	375,139,897		375,139,897	
Equity and Other Credits															
Investment in general fixed assets															
Contributed capital															
Retained earnings:															
Reserved for restricted assets					35,664,225			35,664,225		35,664,225		35,664,225		35,664,225	
Unreserved					385,252	1,578,134		385,252		385,252	359,923	385,252		385,252	
Fund balance (deficit):															
Reserved for encumbrances	3,102,954	6,021,619	2,650	2,141,807											
Reserved for loans		726,949													
Unreserved:															
Undesignated	12,164,423	29,991,436	5,371,294	(7,761,764)			1,275,876								
Total Equity and Other Credits	15,267,377	36,740,004	5,373,944	(5,619,957)	40,548,970	1,578,134	1,275,876	75,050,297	75,050,297	375,139,897	42,507	375,139,897		375,139,897	
Total Liabilities, Equity and Other Credits	\$ 18,777,034	\$ 76,186,805	\$ 12,750,981	\$ 6,534,340	\$ 69,791,374	\$ 1,602,548	\$ 240,483,045	\$ 75,050,297	\$ 44,178,118	\$ 545,354,542	\$ 402,430	\$ 545,756,972		\$ 545,756,972	

*Combined Statement of Revenues,
Expenditures and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Funds*

For the Year Ended December 31, 1999

	General	Special Revenue	Debt Service	Capital Projects	Fiduciary Fund Type Expendable Trusts	Totals (Parentheses 1999)
Revenues						
Property and other taxes	\$ 2,616,879	\$ 24,974,458	\$ 5,789,334	\$ 239,075		\$ 33,619,746
Sales tax	12,506,251					12,506,251
Fees and charges for services	4,157,577	8,041,301				12,198,878
Licenses and permits	28,260	291,023				319,283
Fines and forfeitures	1,526,229	132,208				1,658,437
Intergovernmental	7,065,776	61,209,898	708,809	357,796		69,342,279
Special assessments		286,375	66			286,441
Investment earnings	4,108,676	298,064	195,639	289,152		4,891,531
Net decrease in fair value of investments	(634,120)					(634,120)
All other revenue	816,197	691,107	129,961	59,931	27,620	1,724,816
Total Revenues	<u>32,191,725</u>	<u>95,924,434</u>	<u>6,823,809</u>	<u>945,954</u>	<u>27,620</u>	<u>135,913,542</u>
Expenditures						
Current:						
General government	8,722,355	1,825,992				10,548,347
Judicial	10,079,502	1,030,038				11,109,540
Public safety	13,709,353	4,462,687				18,172,040
Public works		7,939,378				7,939,378
Health		35,556,509			3,370	35,556,509
Human services	737,630	38,292,117			54,707	39,083,117
Other	1,905,377	1,244,622		4,513,341		2,664,706
Capital outlay						
Debt service:						
Principal retirement	44,343					44,343
Interest and fiscal charges	6,322	48,446	3,418,530			3,462,873
Total Expenditures	<u>34,604,882</u>	<u>90,399,789</u>	<u>6,061,142</u>	<u>5,407,59</u>	<u>38,077</u>	<u>136,177,990</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>(2,413,157)</u>	<u>5,524,645</u>	<u>762,667</u>	<u>(4,108,146)</u>	<u>(30,457)</u>	<u>(264,448)</u>
Other Financing Sources (Uses)						
Proceeds from notes						
Transfers to component unit		(56,948)		127,970		127,970
Operating transfers in	12,124	2,808,767	397,680	1,885,557		5,104,128
Operating transfers out	(1,845,823)	(3,434,057)		(417,248)		(5,697,128)
Total Other Financing Sources (Uses)	<u>(1,833,699)</u>	<u>(682,238)</u>	<u>397,680</u>	<u>1,596,279</u>		<u>(521,978)</u>
Excess (Deficiency) Of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>(4,246,856)</u>	<u>4,842,407</u>	<u>1,160,347</u>	<u>(2,511,867)</u>	<u>(30,457)</u>	<u>(786,426)</u>
Fund Balance (Deficit) At Beginning of Year (Restated - Note D)	<u>19,514,233</u>	<u>31,897,597</u>	<u>4,213,597</u>	<u>(3,108,090)</u>	<u>1,306,333</u>	<u>53,823,670</u>
Fund Balance (Deficit) At End of Year	<u>15,267,377</u>	<u>36,740,004</u>	<u>5,373,944</u>	<u>(5,619,957)</u>	<u>1,275,876</u>	<u>53,037,244</u>

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

	General Fund			Budgeted/Special Revenue Funds			Debt Service Funds			Capital Projects Funds			Expendable Trust Funds		
	Revised Budget	Budgetary Actual	Variance	Revised Budget	Budgetary Actual	Variance	Revised Budget	Budgetary Actual	Variance	Revised Budget	Budgetary Actual	Variance	Revised Budget	Budgetary Actual	Variance
Revenues:															
Property and other taxes	\$ 2,491,603	\$ 2,622,877	\$ 131,274	\$ 24,661,987	\$ 25,151,382	\$ 489,395	\$ 5,984,696	\$ 6,081,191	\$ 96,495						
Sales tax	12,140,000	12,340,520	200,520												
Fees and charges for services	3,144,200	4,071,641	927,441	7,724,810	7,890,058	165,248									
Licenses and permits	33,000	28,260	(4,740)	302,000	291,023	(10,977)									
Fines and forfeitures	1,230,400	1,514,965	284,565	101,750	130,490	28,740									
Intra-governmental	6,651,709	7,137,842	486,133	65,581,597	60,446,727	(5,134,870)	927,120	918,132	(8,988)	241,637	282,796	41,159			
Special assessments				286,500	286,375	(125)	63,000	60,267	(2,733)						
Investment earnings	3,457,250	3,612,172	154,922	155,353	238,253	82,900	100,000	185,729	85,729	263,000	289,152	26,152			
All other revenue	489,800	816,197	326,397	506,443	691,106	(215,337)				59,931	59,931		50,000	27,620	(22,380)
Total Revenues	29,637,962	32,144,474	2,506,512	99,720,440	95,125,414	(4,595,026)	7,074,816	7,245,319	170,503	564,568	631,879	67,311	50,000	27,620	(22,380)
Expenditures:															
Current:															
General government	11,111,851	10,387,972	723,879	2,994,983	2,227,289	767,694									
Judicial	11,461,288	10,748,039	713,249	1,309,082	1,152,105	156,977									
Public safety	16,480,470	15,627,081	853,389	6,167,828	4,915,543	1,252,285									
Public works				9,666,579	8,982,981	683,598									
Health				47,428,910	41,219,226	6,209,684									
Human services	1,565,406	813,532	751,874	44,128,003	41,806,495	2,321,508									
Other	3,036,753	2,397,692	639,061	2,387,345	1,791,852	595,493									
Capital outlay															
Debt service:															
Principal retirement															
Interest and fiscal charges															
Total Expenditures	43,655,768	39,974,316	3,681,452	114,082,610	102,095,491	11,987,119	18,932,072	18,651,508	280,564	9,531,930	7,604,595	1,927,335	94,039	58,077	35,962
Excess (Deficiency) Of Revenues Over Expenditures	(14,017,806)	(7,829,842)	6,187,964	(14,362,170)	(6,970,077)	7,392,093	(11,857,256)	(11,406,189)	451,067	(8,567,362)	(6,972,716)	1,994,646	(44,039)	(30,457)	13,582
Other Financing Sources (Uses)															
Proceeds from notes															
Operating transfers in		12,174	12,174	2,594,373	2,596,935	2,562									
Operating transfers out	(1,909,521)	(1,826,456)	83,065	(3,432,028)	(3,398,347)	33,686									
Total Other Financing Sources (Uses)	(1,909,521)	(1,814,332)	95,189	(837,655)	(801,407)	36,248	12,657,305	12,603,619	(53,686)	1,087,774	892,401	(194,373)			
Excess (Deficiency) Of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(15,927,327)	(9,644,174)	6,283,153	(15,195,825)	(7,771,484)	7,428,341	800,049	1,197,430	397,381	(7,879,588)	(6,079,315)	1,800,273	(44,039)	(30,457)	13,582
Fund Balance At Beginning of Year	14,708,647	14,708,647		25,435,440	25,435,440		4,335,358	4,335,358		4,995,155	4,995,155		1,306,334	1,306,334	
Prior Year Encumbrances Appropriated	3,272,567	3,272,567		12,068,796	12,068,796		10,050	10,050		4,687,331	4,687,331				
Fund Balances At End of Year	\$ 2,053,887	\$ 8,337,040	\$ 6,283,153	\$ 27,304,411	\$ 29,732,752	\$ 7,428,341	\$ 5,145,457	\$ 5,542,838	\$ 397,381	\$ 1,802,898	\$ 3,603,171	\$ 1,800,273	\$ 1,262,295	\$ 1,275,877	\$ 13,582

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

MAHONING COUNTY, OHIO
**Combined Statement of Revenues,
Expenses and Changes in Retained Earnings**
All Proprietary Fund Types and Discretely Presented Component Unit

For the Year Ended December 31, 1999

	Enterprise	Internal Service	Totals (Memorandum Only) Primary Government	Component Unit	Totals (Memorandum Only) Reporting Entity
<i>Operating Revenues:</i>					
Fees and charges for services	\$ 14,032,082	\$ 88,282	\$ 14,120,364	\$ 594,432	\$ 14,714,796
Licenses and permits	815,445		815,445		815,445
All other revenue	92,391		92,391	16,988	109,379
Total Operating Revenues	14,939,918	88,282	15,028,200	611,420	15,639,620
<i>Operating Expenses:</i>					
Personal services	3,912,052	11,788	3,923,840	485,275	4,409,115
Materials and supplies	165,554	105,341	270,895	67,945	338,840
Contractual services	3,250,362		3,250,362	4,770	3,255,132
Travel	89,655		89,655		89,655
Utilities	1,190,308	1,092	1,191,400		1,191,400
Repair and maintenance	885,283		885,283		885,283
Claims and other expenses	165,752		165,752	23,482	189,234
Depreciation	2,435,278		2,435,278	4,931	2,440,209
Total Operating Expenses	12,094,244	118,221	12,212,465	586,403	12,798,868
Operating Income (Loss)	2,845,674	(29,939)	2,815,735	25,017	2,840,752
<i>Nonoperating Revenues (Expenses)</i>					
Investment income	366,431		366,431		366,431
Interest expense and fiscal charges	(1,604,821)		(1,604,821)		(1,604,821)
Loss on disposal of fixed assets	(3,700)		(3,700)		(3,700)
Total Nonoperating Revenues (Expenses)	(1,242,090)		(1,242,090)		(1,242,090)
Income (Loss) Before Operating Transfers	1,603,584	(29,939)	1,573,645	25,017	1,598,662
Operating transfers in	5,385,344	500,000	5,885,344		5,885,344
Transfers from primary government				56,948	56,948
Operating transfers out	(5,292,344)		(5,292,344)		(5,292,344)
Net Income	1,696,584	470,061	2,166,645	81,965	2,248,610
<i>Depreciation on Fixed Assets Acquired By Contributed Capital</i>	1,624,446		1,624,446		1,624,446
Retained Earnings at Beginning of Year (Restated - Note D)	1,563,715	1,108,073	2,671,788	277,958	2,949,746
Retained Earnings at End of Year	\$ 4,884,745	\$ 1,578,134	\$ 6,462,879	\$ 359,923	\$ 6,822,802

MAHONING COUNTY, OHIO
Combined Statement of Cash Flows
All Proprietary Fund Types and Discretely Presented Component Unit

For the Year Ended December 31, 1999

<i>Increase (Decrease) in Cash and Cash Equivalents</i>	<i>Enterprise</i>	<i>Internal Service</i>	<i>Totals</i>		<i>Totals</i>	
			<i>(Memorandum Only)</i>		<i>(Memorandum Only)</i>	
			<i>Primary Government</i>	<i>Component Unit</i>	<i>Reporting Entity</i>	
<i>Cash flows from operating activities:</i>						
Cash receipts from customers	\$ 14,243,030	\$ 100,589	\$ 14,343,619	\$ 597,454	\$ 14,941,073	
Cash payments to employees for services	(3,977,186)	(24,025)	(4,001,211)	(492,426)	(4,493,637)	
Cash payments to suppliers for goods and services	(5,883,773)	(111,222)	(5,994,995)	(96,197)	(6,091,192)	
Cash from other sources	907,836		907,836	16,988	924,824	
<i>Net cash provided by (used for) operating activities</i>	<u>5,289,907</u>	<u>(34,658)</u>	<u>5,255,249</u>	<u>25,819</u>	<u>5,281,068</u>	
<i>Cash flows from noncapital financing activities:</i>						
Operating transfers in	5,385,344	500,000	5,885,344		5,885,344	
Operating transfers out	(5,292,344)		(5,292,344)		(5,292,344)	
Transfers from primary government				56,948	56,948	
<i>Net cash provided by noncapital financing activities</i>	<u>93,000</u>	<u>500,000</u>	<u>593,000</u>	<u>56,948</u>	<u>649,948</u>	
<i>Cash flows from capital and related financing activities:</i>						
Proceeds from bond anticipation notes	80,000		80,000		80,000	
Principal paid on bond anticipation notes	(120,000)		(120,000)		(120,000)	
Interest paid on bond anticipation notes	(5,400)		(5,400)		(5,400)	
Proceeds from long-term loans	172,092		172,092		172,092	
Principal paid on long-term loans	(856,614)		(856,614)		(856,614)	
Interest paid on long-term loans	(658,125)		(658,125)		(658,125)	
Principal paid on revenue bonds	(205,000)		(205,000)		(205,000)	
Interest paid on revenue bonds	(722,904)		(722,904)		(722,904)	
Principal paid on general obligation bonds	(59,690)		(59,690)		(59,690)	
Interest paid on general obligation bonds	(43,416)		(43,416)		(43,416)	
Cash from special assessments	25,500		25,500		25,500	
Principal paid on special assessment bonds	(190,701)		(190,701)		(190,701)	
Interest paid on special assessment bonds	(167,791)		(167,791)		(167,791)	
Proceeds from capital contributions	723,877		723,877		723,877	
Acquisition and construction of capital assets	(1,289,300)		(1,289,300)	(8,038)	(1,297,338)	
<i>Net cash used for capital and related financing activities</i>	<u>(3,317,472)</u>		<u>(3,317,472)</u>	<u>(8,038)</u>	<u>(3,325,510)</u>	
<i>Cash flows from investing activities:</i>						
Cash from interest income	363,815		363,815		363,815	
<i>Net cash provided by investing activities</i>	<u>363,815</u>		<u>363,815</u>		<u>363,815</u>	
Net increase in cash and cash equivalents	2,429,250	465,342	2,894,592	74,729	2,969,321	
Cash and cash equivalents at beginning of year	7,333,783	1,137,206	8,470,989	253,509	8,724,498	
Cash and cash equivalents at end of year	<u>\$ 9,763,033</u>	<u>\$ 1,602,548</u>	<u>\$ 11,365,581</u>	<u>\$ 328,238</u>	<u>\$ 11,693,819</u>	

(Cont'd)

MAHONING COUNTY, OHIO
Combined Statement of Cash Flows
All Proprietary Fund Types and Discretely Presented Component Unit

For the Year Ended December 31, 1999

	Enterprise	Internal Service	Totals (Memorandum Only)		Reporting Entity
			Primary Government	Component Unit	
<i>Reconciliation of operating income to net cash provided by (used for) operating activities:</i>					
Operating income (loss)	\$ 2,845,674	\$ (29,939)	\$ 2,815,735	\$ 25,017	\$ 2,840,752
<i>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</i>					
Depreciation	2,435,278		2,435,278	4,931	2,440,209
Decrease in accounts receivable	210,948		210,948	3,022	213,970
Decrease in other receivables		12,307	12,307		12,307
Decrease in accounts payable	(170,900)	(4,789)	(175,689)		(175,689)
Increase in retainage payable	18,241		18,241		18,241
Decrease in due to other funds			-		-
Decrease in accrued wages and benefits	(121,708)	(2,750)	(124,458)	(7,151)	(131,609)
Increase (decrease) in compensated absences	56,574	(9,487)	47,087		47,087
Increase in claims and judgements payable	15,800		15,800		15,800
<i>Total adjustments</i>	<u>2,444,233</u>	<u>(4,719)</u>	<u>2,439,514</u>	<u>802</u>	<u>2,440,316</u>
<i>Net cash provided by (used for) operating activities</i>	<u>\$ 5,289,907</u>	<u>\$ (34,658)</u>	<u>\$ 5,255,249</u>	<u>\$ 25,819</u>	<u>\$ 5,281,068</u>

Noncash investing, capital and financing activities:

The enterprise fund recognized noncash capital contributions in the amount of \$661,572

Notes to the Combined Financial Statements

December 31, 1999

NOTE A - Description of Mahoning County

Mahoning County was created in 1846. It operates as a political subdivision of the State of Ohio exercising only those powers conferred by the Ohio legislature. A total of eleven legislative and administrative County officials are elected by Mahoning County voters. The three member Board of Commissioners is the legislative and executive body of the County. The County Auditor is the chief fiscal officer and tax assessor and the County Treasurer serves as the custodian of all County funds and as tax collector. In addition, there are six other elected administrative officials provided for by Ohio law which include: the Clerk of Courts, Recorder, Coroner, Engineer, Prosecuting Attorney, and Sheriff. The judicial branch of the County includes five Common Pleas Court Judges, four County (area) Judges, one Domestic Relations Judge, one Juvenile Court Judge and one Probate Judge.

Mahoning County provides a multitude of services to its approximately 252,600 residents. For example, the County offers a wide range of human and social services, health and community assistance services, law enforcement services, road and building maintenance services as well as other general and administrative support services. Additionally, Mahoning County operates water and wastewater systems.

Reporting Entity

For financial reporting purposes, the County complies with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity." The financial reporting entity consists of the County as the primary government, which also includes all of the elected officials, organizations, activities and functions which are not legally separate from the County and whose corporate powers the County holds. The financial reporting entity also includes the component units for which the elected officials of the County are financially accountable or for which the County is not financially accountable, but the nature and significance of their relationship with the County are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate entities that meet any of the following criteria: (1) The primary government appoints the voting majority of the potential component unit's board, and (a) the primary government is able to impose its will on the potential component unit or (b) the primary government is in a relationship of financial benefit or burden with the potential component unit; (2) The potential component unit is fiscally dependent upon the primary government or; (3) The financial statements would be misleading if data from the potential component unit were not included. Based on this criteria, the following is presented as a component unit:

Component Unit: Mahoning Adult Services Company, Inc. (MASCO, Inc.) is a legally separate, non-profit organization which provides sheltered employment for mentally handicapped persons. MASCO, Inc. enters into work service contracts with private businesses that provide the employees of MASCO, Inc. an opportunity to maximize their potential for independence. The County, through the Board of Mental Retardation (MRDD), provides MASCO, Inc. with personnel for its operations. This includes salaries and benefits. The relationship between the County MRDD and MASCO, Inc., results in a significant related party transaction since services and resources are provided by the County to MASCO, Inc., and MASCO, Inc.'s sole purpose is to provide vocational training opportunities for adults with mental retardation/developmental disabilities. Because the relationship is so significant, it would be misleading to exclude MASCO, Inc. from presentation in the County's financial statements. MASCO, Inc. is therefore, reflected as a component unit of Mahoning County.

The component unit is not blended as part of the primary government. It is discretely presented by reporting component unit financial data in a column separate from the financial data of the primary government. The component unit is presented in this manner as a proprietary fund type. The component unit operates on a fiscal year ending June 30. Separately issued financial statements can be obtained from MASCO, Inc., 160 Marwood Circle, Boardman, OH 44512.

NOTE B - Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The accounts of the County are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for based on a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The various funds are summarized by type in the general purpose financial statements.

Amounts in the "Totals-Memorandum Only-Primary Government" columns in the combined financial statements represent a summation of the combined financial statement line items of the fund types and account groups of the primary government only and are presented solely for analytical purposes. The summation includes fund types and account groups that use different bases of accounting. In addition, amounts in the "Totals-Memorandum Only-Reporting Entity" columns in the combined financial statements represent a summation of the combined financial statement line items of the fund types and account groups of the primary government and its discretely presented component unit. Consequently, amounts shown in these "totals-memorandum only" columns are not comparable to a consolidation and do not represent the total resources available or total revenues and expenditures/expenses of the County or the reporting entity.

The County uses the following fund types and account groups:

Governmental Funds: Those funds through which most governmental functions are typically financed. Included are:

General Fund: This fund accounts for all financial resources not required to be accounted for in another fund. The major revenue sources are sales and use tax, charges for services, investment earnings, and intergovernmental revenues. The General Fund is the operating fund of the County.

Special Revenue Funds: These are funds used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. These funds include the Child Support Enforcement Agency Fund, Human Services Fund, Children Services Board Fund, Board of Mental Health Fund, Board of Mental Retardation Fund, and all other federal and state grant funds.

Debt Service Funds: These funds are used to account for the accumulation of resources for and the payment of, principal, interest and related costs on general long-term debt not being financed by proprietary funds.

Capital Projects Funds: These funds are used to account for the acquisition or construction of major capital facilities and capital improvements other than those financed by proprietary funds or trust funds.

Proprietary Funds: The proprietary funds are used to account for those County activities which are similar to those often found in the private sector. Funds included are:

Enterprise Funds: These funds account for the acquisition, operation, and maintenance of County facilities which are financed primarily by user charges.

Internal Service Funds: These funds are used to account for the financing of goods or services provided by one department to other departments of the County on a cost-reimbursement basis.

Fiduciary Funds: 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 funds. The County's fiduciary funds are comprised of:

Expendable Trust Funds: These funds are accounted for in essentially the same manner as governmental funds.

Agency Funds: Agency funds are custodial in nature (assets equal liabilities) and do not purport to present the financial position or results of operations of the related entities. These funds include property and other taxes, as well as other intergovernmental resources.

Account Groups: Account groups are used to establish accounting control and accountability for the County's general fixed assets and general long-term debt. The two account groups include:

General Fixed Assets Account Group: This account group is used to account for all fixed assets of the County other than those accounted for in the proprietary funds. General fixed assets include land, land improvements, buildings, structures and improvements, and furniture, fixtures and equipment owned by the County.

General Long-term Debt Account Group: This account group is used to account for all long-term debt of the County except those accounted for in the proprietary funds.

NOTE B - Basis of Presentation and Summary of Significant Accounting Policies (Cont'd.)

Component Unit: A component unit is a legally separate organization for which the elected officials of the County are financially accountable, or for which the nature and significance of its relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete.

Summary of Significant Accounting Policies

The accompanying financial statements of the County are prepared in conformity with Generally Accepted Accounting Principles (GAAP) for local governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental and expendable trust funds are accounted for using a flow of current financial resources measurement focus. Governmental and expendable trust fund operating statements represent increases and decreases in net current assets. Their reported fund balance is considered a measure of available spendable resources.

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings. Proprietary fund income statements represent increases and decreases in net total assets.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus.

Basis of Accounting

All financial transactions for governmental and fiduciary funds are accounted for on the modified accrual basis of accounting. Under the modified accrual basis, revenues for these funds are recognized when they become both measurable and available to finance County operations (collected within sixty days after year-end). In applying this concept, County revenues accrued at the end of the year include sales tax, investment earnings, charges for services, and reimbursements for grant expenditures. Governmental fund expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable. However, there are exceptions including interest on long-term debt, which is recorded when due, and certain compensated absences and claims and judgements, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," the County follows GASB guidance as applicable to proprietary funds, and follows the Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with, or contradict GASB pronouncements. The proprietary funds, including the component unit, are accounted for on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as incurred.

Budgetary Accounting and Control

The County is required by state law to adopt annual budgets for all funds except agency funds and the Revolving Loan Fund. For budgeted funds, the Board of County Commissioners must, at a minimum, adopt a temporary appropriations budget on or around January 1st of a given year, and must adopt a permanent appropriations budget by April 1st. Budgets are adopted for each organizational unit by major expenditure/expense category.

Each County department, in conjunction with the Office of Management and Budget, prepares a budget which is approved by the Board of County Commissioners. Modifications, throughout the year, to the original budget are processed by the Office of Management and Budget. Any and all modifications involving revisions between expenditure/expense categories or to total appropriated amounts must be approved through legal resolution by the Board of County Commissioners. Each revised budget includes all modifications that were made throughout the year, including any supplemental appropriations. During the year, supplementary appropriations were necessary. The County maintains budgetary control within an organizational unit and fund by not permitting expenditures/expenses and encumbrances to exceed appropriations at the object level. A separate budgetary report has been issued to reflect compliance at this legal level of control. Unencumbered and unexpended appropriations lapse at year-end. Prior year encumbrances and corresponding prior year appropriations are carried forward as part of the budgetary authority for next year and are included in the revised budget amounts shown in the budget-to-actual comparisons.

NOTE B - Basis of Presentation and Summary of Significant Accounting Policies (Cont'd.)

The County's budgetary process accounts for certain transactions on a budgetary basis instead of on a GAAP basis. The major differences between the budget basis and the GAAP basis are that revenues are recorded when actually received (budget) as opposed to when susceptible to accrual (GAAP) and expenditures/expenses are recorded when paid (budget) as opposed to when incurred (GAAP). Additionally, the County reflects outstanding encumbrances as the equivalent of expenditures/expenses on the budgetary basis.

The actual results of operations compared to the revised appropriation for governmental funds are presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Budgeted Governmental Fund Types and Expendable Trust Funds - (Non-GAAP Budgetary Basis). Budgetary information for MASCO, Inc. (component unit) is not reported because it is not included in the entity for which the "appropriated budget" is adopted. In addition, the budgetary process does not include the Revolving Loan Fund (a special revenue fund); therefore, comparisons with annually appropriated funds do not provide meaningful data and are not presented.

Encumbrances

Encumbrance accounting for purchase orders and contracts is used during the normal course of operations to reserve portions of appropriations in County funds as an extension of budgetary control. An encumbrance is a reserve on the available spending authority due to a commitment related to unperformed contracts for goods or services and does not represent an expenditure or liability as defined by GAAP. Reserves for encumbrances are reported separately for each governmental fund as a separate component of fund balance.

Cash and Cash Equivalents and Investments

The County Treasurer pools and invests all active and inactive County funds. The County Treasurer maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in pooled cash and investments." If a fund overdraws its account in the Treasury pool, the overdraft is reported as an interfund liability in that fund, with a corresponding interfund receivable reported in the general fund.

For purposes of the Statement of Cash Flows, proprietary fund participation in the Treasurer's investment pool is treated as cash and cash equivalents. In addition, all highly liquid investments held by fiscal agents in segregated accounts, with a maturity of three months or less from the date of purchase, are also considered to be cash equivalents. Under the existing Ohio statutes, all investment earnings accrue to the general fund unless statutorily required to be credited to a specific fund. Investment revenue earned during 1999 by the primary government amounted to \$5,257,962.

Investments, primarily commercial paper and U.S. Government Obligations, are stated at fair value.

Inventories and Prepaid Items

The costs of governmental fund-type inventories are recorded as expenditures when purchased (purchases method) rather than when consumed. Inventories of proprietary funds, if material, are recorded as expenses when consumed.

Expenditures for insurance and similar services extending over more than one accounting period are considered expenditures when purchased (purchases method) for governmental funds. For proprietary funds, a current asset is recorded at the time of purchase and the expense is reported in the year in which the services are consumed, if material.

Restricted Assets

Pursuant to a bond indenture for the Wastewater Proprietary Fund, restricted assets include certain revenue bond debt proceeds, funds reserved for the redemption of matured revenue and general obligation bond coupons, funds reserved for the replacement of assets, and funds to cover unexpected contingencies.

NOTE B - Basis of Presentation and Summary of Significant Accounting Policies (Cont'd.)

Fixed Assets

Primary Government: The General Fixed Assets Account Group (GFAAG) is used to account for all fixed assets of the County other than those accounted for in the proprietary funds. General fixed assets include land, land improvements, buildings, structures and improvements, and furniture, fixtures and equipment owned by the County. Fixed assets are stated on the basis of historical cost, or, if contributed, at fair market value at the date received. In cases where information supporting original costs are not available, estimated historical costs are developed based on estimated market value which is then indexed to the year acquired using the Consumer Price Index. The County has used this method in developing estimated historical costs for approximately 11% of its fixed assets. All fixed assets which are acquired or constructed for general governmental purposes are reported as expenditures in the fund that finances the assets' acquisition and are capitalized (recorded and accounted for) in the GFAAG. It is the County's capitalization policy to exclude "infrastructure" (e.g., immovable assets, such as bridges and roads, which are of value only to the County), and assets with a cost of less than \$1,000 from being reported in the GFAAG. Depreciation is not provided for in the GFAAG. Interest on debt issued to finance the construction of general fixed assets is not capitalized.

Fixed assets of proprietary funds are accounted for at historical cost or, if donated, at fair market value on the date received. Infrastructure related to proprietary funds are capitalized within the appropriate proprietary fund. These fixed assets are depreciated on a straight-line basis over their useful lives and depreciation is charged as an expense against current operations. Depreciation of fixed assets in the proprietary funds is computed using the following estimated useful lives:

<u>Class</u>	<u>Estimated Useful Life</u>
Land improvements	40 years
Utility plant in service	40 years
Buildings, structures and improvements	40 years
Furniture, fixtures and equipment	5-12 years

Discretely Presented Component Unit: Furniture, fixtures and equipment of MASCO, Inc. are depreciated using the straight-line method over their useful lives and depreciation is charged as an expense against current operations. The estimated useful lives range from five to seven years.

Long-term Liabilities

In accordance with GAAP, long-term liabilities are not recognized within governmental funds. They are, instead, reported as liabilities in the General Long-term Debt Account Group. Long-term liabilities used to finance proprietary fund operations and directly payable from revenues of those funds are reported in the applicable proprietary fund.

Unamortized Bond Charges

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized as expenditures in the period incurred. For proprietary fund types, bond discounts and issuance costs are capitalized and amortized over the life of the bond using the straight-line method. Unamortized bond charges are shown on the balance sheet as a contra-liability account.

Capitalization of Interest

The County's policy is to capitalize net interest costs on funds borrowed to finance proprietary fund construction projects until the project is substantially completed. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project and the interest earned from temporary investments of the debt proceeds.

Contributed Capital

Contributed capital is not subject to repayment and represents non-monetary assets contributed to proprietary funds by residential and commercial developers, federal and state grants restricted for capital acquisitions, general fixed assets, and those capital improvements financed by special assessments. Depreciation on those assets acquired or constructed with contributed resources is charged to contributed capital.

NOTE B - Basis of Presentation and Summary of Significant Accounting Policies (Cont'd.)

Special Assessments

The County applies the provisions of GASB Statement No. 6, "Accounting and Financial Reporting for Special Assessments," in accounting for and reporting special assessments and related transactions. Service-type special assessments are reported in the fund type that best reflects the nature of the transaction. Both the assessment revenues and expenditures for which the assessments were levied by the County are recognized on the modified accrual basis in a special revenue fund. These assessments are recorded as a receivable when levied. The delinquent special assessments outstanding and available to the County within the first 60 days after year end are recorded as revenue. The remaining special assessment receivable is offset by a credit to deferred revenue.

The County applies GASB Statement No. 6, Paragraph 23 when capital improvements financed by special assessments provide capital assets to an enterprise fund. All transactions and balances of special assessment projects are reflected on the enterprise fund's balance sheet to properly reflect the actual administration of the project. The entire amount assessed to property owners is recorded as the enterprise fund's assessments receivable at the time of the levy; special assessment debt is recorded as a liability of the enterprise fund and reflected as special assessment debt with governmental commitment. The improvement is capitalized on the enterprise fund's balance sheet and is offset by contributed capital.

Intergovernmental Revenues

Intergovernmental revenues, such as grants, entitlements, or shared revenues, are recognized as revenue when measurable and available in governmental funds and when earned and measurable in proprietary funds. Federal and state reimbursement-type grants for the acquisition or construction of fixed assets in certain proprietary funds are recorded as receivables and contributed capital when the related expenses are incurred. All other federal and state reimbursement-type grants are recorded as receivables and revenues when the related expenditures/expenses are incurred. All intergovernmental revenues are received from federal and state governments.

Sales Tax

The County has levied a ½% sales tax which is collected by the State of Ohio and remitted to the County monthly. The Board of County Commissioners enacted this tax under the authority of the Ohio Revised Code. The sales tax was effective July 1, 1997 and will expire December 31, 2002. An additional ½% sales tax was enacted by the County Commissioners effective January 1, 2000 and will expire December 31, 2004.

Sales tax revenues from the ½% sales tax effective July 1, 1997 are credited to the County's general fund and provide financing for current operating expenditures; whereas, 25% of sales tax revenues from the ½% sales tax effective January 1, 2000 have been earmarked for special revenue funds. The remaining sales tax revenues generated from the January 1, 2000 sales tax are credited to the general fund and provide financing for current operating expenditures. The County accrues sales tax revenues for taxes collected by the State as of year end which are remitted to the County within 60 days following year end.

Receivables and Payables

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.

Interfund Transactions

Charges for services provided by one fund to another are accounted for as revenues and expenditures/expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it, that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Compensated Absences

The County applies the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Compensated absences payable are accrued for vacation time, personal time, compensatory time, and sick leave time. Vacation, compensatory and personal time are accrued as a liability as the benefits are earned. Sick leave benefits are accrued as a liability using the Vesting Method. An accrual for sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the County's past experience of making termination payments.

NOTE B - Basis of Presentation and Summary of Significant Accounting Policies (Cont'd.)

For governmental funds, the current portion of the liability, that amount which is expected to be paid with expendable available financial resources, is recorded in the "compensated absences payable" account in the corresponding fund in which it was incurred. The remaining portion of the liability not currently due is reported in the General Long-term Debt Account Group (GLTDAG). The compensated absences liability related to the proprietary funds is reported entirely within those funds, per the National Council on Government Accounting Statements (NCGAS), Statement No. 4.

The accumulated vacation time is accrued as to specific stipulations set forth by either legal statute from the Ohio Revised Code minimums of sections 9.44, 124.18, and 325.19 or specific provisions of collective bargaining agreements for certain departments. The same is true for accrued sick leave time as to the amount to be recognized. Historical data indicates that for various funds and departments, a threshold of either five or nine years dictates on average whether certain employees will attain the employment level of ten years for a sick leave termination payout.

Fund Equity

The County records reservations for portions of fund equity which are legally segregated for specific future uses or which do not represent available, spendable resources and therefore, are not available for appropriations for expenditures. Designations of fund equity are amounts that have been designated by management for a specific use, which are not legally segregated. Unreserved/undesignated fund equity indicates that portion of fund equity which is available for appropriations in future periods.

NOTE C - Reconciliation-GAAP Basis to Budget Basis

Accounting principles used to develop data on a budgetary basis differ from those used to prepare financial statements in conformity with GAAP. The major differences are: (1) revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP), (2) expenditures are recorded when paid in cash (budget) as opposed to when susceptible to accrual (GAAP), and (3) outstanding year-end encumbrances are treated as expenditures (budget) as opposed to reservations of fund balances (GAAP).

The following schedule reconciles the amounts on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Budgeted Governmental Fund Types and Expendable Trust Funds - (Non-GAAP Budgetary Basis) to the amounts on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds (GAAP basis).

Adjustment Description	Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses				
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trusts
Non-GAAP Budgetary Basis	\$ (9,644,174)	\$ (7,771,484)	\$ 1,197,430	\$ (6,079,315)	\$ (30,457)
Adjustment for encumbrances	4,266,851	10,247,122	2,650	2,891,765	
Net adjustment for revenue accruals	47,251	951,041	(361,309)	314,075	
Net adjustment for expenditure accruals	1,083,216	1,391,839	(850,939)	56,195	
Principal retirement			11,985,000		
Interest expense and fiscal charges		6,262	538,013	(540,759)	
Proceeds from notes			(11,355,000)	8,689	
Transfers in for debt service				837,483	
Nonbudgeted fund		17,627			
Perspective difference			4,502		
GAAP Basis	<u>\$ (4,246,856)</u>	<u>\$ 4,842,407</u>	<u>\$ 1,160,347</u>	<u>\$ (2,511,867)</u>	<u>\$ (30,457)</u>

NOTE D - Prior Period Adjustments

For the year ended December 31, 1999, the following adjustments resulted in the restatement of fund balance/retained earnings. Following are the details of the adjustments and the resulting effect on fund equity.

Capital Projects Fund	
Fund Balance as previously reported	\$ (5,125,861)
Overstatement of due to other governments	<u>2,017,771</u>
Restated Fund Balance December 31, 1998	\$ <u>(3,108,090)</u>

Component Unit	
Retained Earnings as previously reported	\$ 318,908
Overstatement of accounts receivable	(13,678)
Understatement of accrued wages	<u>(27,272)</u>
Restated Retained Earnings December 31, 1998	\$ <u>77,958</u>

The effect of these changes on the deficiency of revenues and other financing sources over (under) expenditures/net income as previously reported for the year ended December 31, 1998 is as follows:

Capital Projects Fund	
Deficiency as previously reported	\$ (3,718,275)
Overstatement of due to other governments	<u>2,017,771</u>
Restated Deficiency for the year ended December 31, 1998	\$ <u>(1,700,504)</u>

Component Unit	
Net Income as previously reported	\$ 71,384
Overstatement of accounts receivable	(13,678)
Understatement of accrued wages	<u>(27,272)</u>
Restated Net Income for the year ended December 31, 1998	\$ <u>30,434</u>

NOTE E - Cash, Deposits and Investments

Primary Government: Monies held in the County Treasury are pooled for the purpose of investment management. Earnings on the pooled investments are distributed as prescribed by the Ohio Revised Code to those funds eligible to receive investment income. The County Treasurer maintains a cash and investment pool that is available for use by all funds. The County invests in those instruments identified in section 135.35 of the Ohio Revised Code. Specifically, authorized investment instruments consist of (1) United States Treasury bills, notes, bonds, or any other obligation guaranteed as to principal and interest by the United States; (2) Bonds, notes, or other obligations or securities issued by any federal government agency or instrumentality; (3) Repurchase agreements under the terms of which agreement the County purchases and the seller agrees unconditionally to repurchase any of the securities listed in (1) or (2); (4) Bonds and other obligations of Ohio or of political subdivisions of Ohio, only if the political subdivision is located wholly or partly within Mahoning County; (5) the Ohio Subdivision's Fund (STAR Ohio); (6) Securities lending agreements with an institution eligible to become a public depository under ORC section 135.12 that is a member of the Federal Reserve System or Federal Home Loan Bank. The terms of the securities lending agreement must provide that the investing authority lends securities and the eligible institution agrees to simultaneously exchange either United States securities or federal agency or instrumentality securities or cash, or both securities and cash, equal value for equal value; (7) Commercial paper issued by any corporation incorporated under the laws of the United States or a state, if both of the following conditions are met: a) two nationally recognized rating agencies rank the commercial paper in either of their two highest categories; and b) the total amount invested in commercial paper at any time does not exceed 5% of the County's total average portfolio; and (8) Banker's acceptances, if the following conditions are met: a) the acceptances mature in 270 or fewer days from the date of settlement; b) the acceptances are eligible for purchase by the Federal Reserve System; and c) the total amount invested in banker's acceptances at any time does not exceed 10% of the County's total average portfolio.

Funds invested by fiscal agents are determined by trust agreements and bond indentures. Like the cash invested by the County Treasurer, eligible investments include U.S. government obligations.

Amounts available for deposit or investment are as follows:

Deposits	
Pooled	\$ (7,594,625)
Segregated	3,951,673
Cash and cash equivalents with fiscal agent	2,084,235
Reconciling items to arrive at bank balance.....	<u>9,276,362</u>
	7,717,645
Investments.....	<u>94,851,093</u>
Total available for deposit and investment: (Bank balance of deposits/carrying amount of investments)	<u>\$ 102,568,738</u>

Any public depository at the time it receives a County deposit or investment is required to pledge to the investing authority, as collateral, eligible securities of aggregate market value that, when added to the portion of the insured deposit by the Federal Deposit Insurance Corporation or the Savings Association Insurance Fund equals or exceeds the amount of County funds deposited. A public depository may, at its option, pledge a single pool of eligible securities to secure the repayment of all public monies held by the depository. The pool of securities so pledged must have a current market value at least equal to 110% of all public monies on deposit with the depository including the amount covered by federal insurance.

NOTE E - Cash, Deposits and Investments (Cont'd.)

The Governmental Accounting Standards Board (GASB Statement No. 3) has established credit risk categories for deposits and investments as follows:

Category 1 - Investments that are insured or registered, or securities held by the County or its agent in the County's name.

Deposits that are insured or collateralized with securities held by the County or its agent in the County's name.

Category 2 - Investments that are uninsured and unregistered with securities held by the counterparty's trust department or agent in the County's name.

Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.

Category 3 - Investments that are uninsured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the County's name.

Deposits that are uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the County's name.

Based on the above criteria, the County's deposits and investments at December 31, 1999 are classified as follows:

	1	Category 2	3	Bank Balance	Carrying Amount	Market Value
Deposits:						
Federally Insured Deposits	\$ 1,549,262			\$ 1,549,262		
Demand Deposits			\$ 6,168,383	6,168,383		
Total Deposits	\$ 1,549,262		\$ 6,168,383	\$ 7,717,645		
Investments:						
Money Market Funds	\$ 1,198,466				\$ 1,198,466	\$ 1,198,466
Commercial Paper	4,911,572				4,911,572	4,911,572
U.S. Government Securities	37,839,475				37,839,475	37,839,475
Repurchase Agreements (1)			\$ 39,299,074		39,299,074	39,299,074
Investment in Mahoning County Notes	11,435,000				11,435,000	11,435,000
Investment in Beloit Township Bonds	167,506				167,506	167,506
Total Investments	\$ 55,552,019		\$ 39,299,074		\$ 94,851,093	\$ 94,851,093

(1) All of the County's repurchase agreements are overnight investments.

The following funds have made disbursements from the "equity in pooled cash and investments" account in excess of their individual equity. These amounts are reported as "due to/from other funds" The following are the funds with a deficit cash balance:

Fund	Cash Deficit
Special Revenue:	
Child Support Enforcement Agency	\$ 19,619
Agency:	
Board of Health - Federal Grants	\$ 100,392

Discretely Presented Component Unit: At year end, the carrying amount of Mahoning Adult Services Company, Inc. (MASCO, Inc.) deposits was \$328,238 and the bank balance was \$342,220. MASCO, Inc. did not have any investments at year end. MASCO, Inc.'s cash is held in accounts whose balances are all federally insured. There are no statutory guidelines regarding the deposit and investment of funds by the not-for-profit corporation.

NOTE F - Interfund Receivables/Payables

Individual fund interfund receivables and payables balances, for the primary government, as of December 31, 1999 are as follows:

	<i>Due from Receivables</i>	<i>Due to Payables</i>
General Fund	\$ 2,558,396	\$ 71,245
Special Revenue Funds:		
Motor Vehicle Gas Tax	8,027	0
Revolving Loans	34,434	0
Board of Mental Health.....	0	192,465
Department of Human Services.....	14,953	2,170,709
Child Support Enforcement Agency.....	0	19,619
Federal Grants.....	248,757	59,556
State Grants.....	0	63,294
Other	<u>231,789</u>	<u>0</u>
Total Special Revenue Funds	537,960	2,505,643
Enterprise Funds:		
Water	<u>0</u>	<u>34,434</u>
Total Enterprise Funds.....	0	34,434
Agency Funds:		
Other	<u>0</u>	<u>485,034</u>
Total Agency Funds	0	485,034
Total.....	<u>\$ 3,096,356</u>	<u>\$ 3,096,356</u>

There were no amounts due to or due from the discretely presented component unit at the end of the year.

NOTE G - General Fixed Assets Account Group

A summary of changes in general fixed assets account group follows:

	Balance January 1, 1999	Additions	Deductions	Balance December 31, 1999
Land	\$ 880,246			\$ 880,246
Land improvements	106,468			106,468
Buildings, structures and improvements	53,378,934			53,378,934
Furniture, fixtures and equipment	15,106,694	\$ 3,921,254	\$ (493,010)	18,534,938
Construction-in-progress	<u>550,663</u>	<u>1,599,048</u>		<u>2,149,711</u>
	<u>\$ 70,023,005</u>	<u>\$ 5,520,302</u>	<u>\$ (493,010)</u>	<u>\$ 75,050,297</u>

NOTE H - Long-term Debt and Other Obligations

Following is a summary of bond and other long-term obligations of the County as of December 31, 1999. The long-term obligations consist of general obligation bonds which will be repaid by unvoted general property tax levies, voted general tax levies, enterprise fund revenues, county engineer fund revenues, or by capital lease revenues. General obligation bonds are direct obligations of the County for which its full faith and credit are pledged. Special assessment bonds with governmental commitment are to be repaid by collections of assessments against affected property owners. The County would be obligated to pay the bonds from general operating revenues should the assessments not be collected. Ohio Public Works Commission and Ohio Water Developmental Authority loans will be repaid by wastewater revenues. Revenue bonds will also be repaid from wastewater revenues.

Description/Purpose Issuance	Interest Rate	Maturity Date	Outstanding Jan. 1, 1999	Additions in 1999	Reductions in 1999	Outstanding Dec. 31, 1999
Revenue Bonds Payable from Enterprise Fund Revenues:						
<i>Payable from wastewater revenues:</i>						
Sanitary Sewerage						
1989	6.40%-7.50%	2019	<u>\$ 9,755,000</u>	<u>\$ 0</u>	<u>\$ (205,000)</u>	<u>\$ 9,550,000</u>
Total Revenue Bonds Payable from Enterprise Fund Revenues			<u>\$ 9,755,000</u>	<u>\$ 0</u>	<u>\$ (205,000)</u>	<u>\$ 9,550,000</u>
Self-Supporting General Obligation Bonds Payable from Enterprise Funds:						
Market St. Improvement (#418)						
1991	4.30%-8.20%	2006	\$ 496,291	\$ 0	\$ (47,266)	\$ 449,025
Eastlake (#420)						
1991	4.30%-8.20%	2006	<u>122,106</u>	<u>0</u>	<u>(11,629)</u>	<u>110,477</u>
<i>Total payable from wastewater revenues</i>			<u>618,397</u>	<u>0</u>	<u>(58,895)</u>	<u>559,502</u>
<i>Payable from water revenues:</i>						
Water System Improvement						
1989	6.10%-7.63%	2009	<u>12,722</u>	<u>0</u>	<u>(795)</u>	<u>11,927</u>
<i>Total payable from water revenues</i>			<u>12,722</u>	<u>0</u>	<u>(795)</u>	<u>11,927</u>
Total Self-Supporting General Obligation Bonds Payable from Enterprise Funds			<u>\$ 631,119</u>	<u>\$ 0</u>	<u>\$ (59,690)</u>	<u>\$ 571,429</u>
General Obligation Bonds - Voted. Reported in the General Long-term Debt Account Group:						
Bridges						
1989	6.60%-8.50%	2004	\$ 6,365,000	\$ 0	\$ (890,000)	\$ 5,475,000
Bridges						
1991	4.30%-8.20%	2004	<u>510,000</u>	<u>0</u>	<u>(70,000)</u>	<u>440,000</u>
Total General Obligation Bonds - Voted			<u>\$ 6,875,000</u>	<u>\$ 0</u>	<u>\$ (960,000)</u>	<u>\$ 5,915,000</u>

MAHONING COUNTY, OHIO

NOTE H - Long-term Debt and Other Obligations (Cont'd.)

Description/Purpose Issuance	Interest Rate	Maturity Date	Outstanding Jan. 1, 1999	Additions in 1999	Reductions in 1999	Outstanding Dec. 31, 1999
<i>General Obligation Bonds - Unvoted. Reported in the General Long-term Debt Account Group:</i>						
Various Purpose						
1989	6.05%-7.20%	2009	\$ 8,255,000	\$ 0	\$ (520,000)	\$ 7,735,000
Courthouse Renovation						
1991	4.30%-8.20%	2006	2,133,978	0	(203,236)	1,930,742
Siren						
1991	4.30%-8.20%	2006	171,913	0	(16,373)	155,540
Engineer/Roads						
1991	4.30%-8.20%	2001	450,000	0	(140,000)	310,000
Engineer/Roads						
1994	5.60%-5.70%	2004	1,135,000	0	(160,000)	975,000
County Jail						
1994	5.60%-5.70%	2009	20,055,000	0	(1,220,000)	18,835,000
Minimum Security Facility						
1994	5.60%-5.70%	2009	<u>635,000</u>	<u>0</u>	<u>(40,000)</u>	<u>595,000</u>
<i>Total General Obligation Bonds - Unvoted</i>			<u>\$ 32,835,891</u>	<u>\$ 0</u>	<u>\$ (2,299,609)</u>	<u>\$ 30,536,282</u>

Ohio Water Development Authority (O.W.D.A.) Loans Payable from Wastewater Revenues:

Meander						
1977	5.50%	2017	\$ 4,491,740	\$ 0	\$ (152,349)	\$ 4,339,391
Craig Beach						
1990	5.00%	2011	4,403,622	0	(275,654)	4,127,968
New Middletown						
1990	5.00%	2011	3,881,906	0	(242,996)	3,638,910
N. Lima Sewer						
1999	3.20%	2004	<u>0</u>	<u>172,092</u>	<u>(18,640)</u>	<u>153,452</u>
<i>Total Ohio Water Development Authority Loans Payable from Wastewater Revenues</i>			<u>\$ 12,777,268</u>	<u>\$ 172,092</u>	<u>\$ (689,639)</u>	<u>\$ 12,259,721</u>

MAHONING COUNTY, OHIO

NOTE H - Long-term Debt and Other Obligations (Cont'd.)

Description/Purpose	Interest Rate	Maturity Date	Outstanding Jan. 1, 1999	Additions in 1999	Reductions in 1999	Outstanding Dec. 31, 1999
Ohio Public Works Commission (O.P.W.C.) Loans Payable from Wastewater Revenues:						
Kreider Interceptor						
1993	0.00%	2013	\$ 276,448	\$ 0	\$ (19,746)	\$ 256,702
Sewer Rehab						
1995	0.00%	2016	752,250	0	(44,250)	708,000
Woodside Lake						
1995	0.00%	2015	237,555	0	(14,397)	223,158
Pallotta Pump Station						
1995	0.00%	2016	59,703	0	(3,512)	56,191
Pump Station Stand By						
1995	0.00%	2016	111,523	0	(6,560)	104,963
Axe Factory						
1996	0.00%	2016	416,500	0	(24,500)	392,000
Penny Lane						
1994	0.00%	2017	280,408	0	(15,157)	265,251
Sherwood Forest Rehab						
1997	0.00%	2017	439,280	0	(24,405)	414,875
Sherwood Forest Plant						
1998	0.00%	2018	<u>274,502</u>	<u>0</u>	<u>(14,448)</u>	<u>260,054</u>
<i>Total Ohio Public Works Commission Loans Payable from Wastewater Revenues</i>			<u>\$ 2,848,169</u>	<u>\$ 0</u>	<u>\$ (166,975)</u>	<u>\$ 2,681,194</u>
General Obligation Long-term Notes Supported by Lease Revenues. Reported in the General Long-term Debt Account Group:						
Public Library Improvement						
1994	Various	1999	\$ 129,961	\$ 0	\$ (129,961)	\$ 0
<i>Total Long-term Notes</i>			<u>\$ 129,961</u>	<u>\$ 0</u>	<u>\$ (129,961)</u>	<u>\$ 0</u>
Long-term Notes Reported in the General Long-term Debt Account Group:						
West Branch Reservoir						
1968	2.95%	2007	\$ 723,963	\$ 0	\$ (28,959)	\$ 695,004
<i>Total Long-term Notes</i>			<u>\$ 723,963</u>	<u>\$ 0</u>	<u>\$ (28,959)</u>	<u>\$ 695,004</u>
Long-term mortgage notes Reported in the General Long-term Debt Account Group:						
The mortgage note payable to the Ohio Department of Mental Health will be forgiven in forty years provided that the County uses the facility for mental health services.						
Mental Health Annex						
1999	0.00%	2038	\$ 0	\$ 127,970	\$ 0	\$ 127,970
<i>Total Long-term Mortgage Notes</i>			<u>\$ 0</u>	<u>\$ 127,970</u>	<u>\$ 0</u>	<u>\$ 127,970</u>

MAHONING COUNTY, OHIO

NOTE H - Long-term Debt and Other Obligations (Cont'd.)

Description/Purpose Issuance	Interest Rate	Maturity Date	Outstanding Jan. 1, 1999	Additions in 1999	Reductions in 1999	Outstanding Dec. 31, 1999
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Special Assessment Bonds with Governmental Commitment:

An unvoted property tax levy (special assessment) secures special assessment bonds, which constitutes a lien on assessed properties. The bonds are also backed by the full faith and credit of the County as additional security. As prescribed by GASB Statement No. 6, paragraph 23, these bonds are recorded as special assessment debt with governmental commitment in the enterprise funds.

Payable from water/wastewater assessments:

Water System Improvement 1989	6.10%-7.63%	2009	\$ 467,278	\$ 0	\$ (29,205)	\$ 438,073
Market Street Improvement (#418)* 1991	4.30%-8.20%	2006	403,100	0	(38,390)	364,710
Eastlake (#420)* 1991	4.30%-8.20%	2006	1,082,612	0	(103,106)	979,506
Various Sewer (#429)* 1994	5.60%-5.70%	2014	<u>535,000</u>	<u>0</u>	<u>(20,000)</u>	<u>515,000</u>
<i>Total Special Assessment Bonds</i>			<u>\$ 2,487,990</u>	<u>\$ 0</u>	<u>\$ (190,701)</u>	<u>\$ 2,297,289</u>

* Assessments have not yet been levied for these bonds.

The annual requirements to amortize long-term obligations outstanding as of December 31, 1999 are as follows:

Year Ending December 31	General Obligation Bonds	Special Assessment Bonds	Mortgage Revenue Bonds	O.W.D.A. Loans	All Other Loans	Long-term Notes
2000	\$ 5,892,414	\$ 357,286	\$ 932,475	\$ 1,362,804	\$ 166,975	\$ 50,323
2001	5,902,407	359,851	925,563	1,362,804	166,975	50,323
2002	5,739,328	359,383	927,188	1,362,804	166,975	50,323
2003	5,762,663	362,060	922,500	1,362,804	166,975	50,323
2004	5,776,500	368,423	926,313	1,344,361	166,975	50,323
2005-2009	20,441,606	1,081,535	4,603,939	6,629,591	834,875	251,617
2010-2014		270,755	4,594,814	2,923,498	795,383	251,616
2015-2019			4,553,377	799,089	216,061	150,970
2038						127,970
Total	<u>\$49,514,918</u>	<u>\$ 3,159,293</u>	<u>\$18,386,169</u>	<u>\$ 17,147,755</u>	<u>\$ 2,681,194</u>	<u>\$ 1,033,788</u>

NOTE H - Long-term Debt and Other Obligations (Cont'd.)

The amounts of interest and principal included in the total debt service requirements for the above categories are as follows:

	<u>Principal portion of total debt service requirements</u>	<u>Interest portion of total debt service requirements</u>
General Obligation Bonds	\$ 37,022,711	\$ 12,492,207
Special Assessment Bonds	2,297,289	862,004
Mortgage Revenue Bond	9,550,000	8,836,169
O.W.D.A. Loans	12,259,721	4,888,034
Long-term notes	822,974	210,814
All Other Loans	<u>2,681,194</u>	<u>0</u>
Total	<u>\$ 64,633,889</u>	<u>\$ 27,289,228</u>

Legal Debt Margin: The Ohio Revised Code provides debt margins (limitations) for general obligation debt. The direct debt margin represents the amount of voted and unvoted debt which is available to be issued by the County. At December 31, 1999, the County had an unvoted debt margin of \$17.5 million and a direct debt margin of \$64.3 million.

Capital Lease Obligation: The County is obligated under a lease accounted for as a capital lease. The asset and the obligation for this agreement are recorded in the General Fixed Asset Account Group and the General Long-term Debt Account Group, respectively. The asset under capital lease obligation totaled \$221,716 at December 31, 1999.

The following summarizes future minimum lease payments under the above capital lease, and the present value of net lease payments at December 31, 1999:

Total minimum lease payments in year 2000	\$ 50,665
Less: Amount representing interest	<u>(6,321)</u>
Present value of net minimum lease payments	<u>\$ 44,344</u>

Operating Leases: At December 31, 1999, the County had several operating leases for office and storage space. Current operating leases provide for set annual payments with options to renegotiate the terms of the agreement at the end of the lease period. The operating lease arrangements range in length from one month to ten years, and do not contain purchase options, escalation clauses, or other restrictions. Total operating lease payments during the year ended 1999 amounted to \$965,975. Operating lease payments are recorded in the period paid. The future minimum annual lease payments are as follows:

<u>Year</u>	<u>Lease Payments</u>
2000.....	\$ 762,157
2001.....	674,479
2002.....	349,470
2003.....	314,195
2004.....	187,026
Thereafter	<u>132,312</u>
Total minimum lease payments	<u>\$ 2,419,639</u>

NOTE H - Long-term Debt and Other Obligations (Cont'd.)

The remaining components of the General Long-term Debt Account Group are accounted for as follows:

	Balance Jan. 1, 1999	Additions	Reductions	Balance Dec. 31, 1999
Compensated absences payable:				
Sick leave.....	\$ 1,572,361	\$ 2,461,269	\$ (2,521,836)	\$ 1,511,794
Vacation.....	2,290,600	2,261,834	(2,315,650)	2,236,784
Compensatory.....	591,286		(352,402)	238,884
Personal.....		508,876		508,876
Total compensated absences payable....	4,454,247	5,231,979	(5,189,888)	4,496,338
Pension obligations.....	1,784,947	5,083		1,790,030
Total remaining obligations.....	<u>\$ 6,239,194</u>	<u>\$ 5,237,062</u>	<u>\$ (5,189,888)</u>	<u>\$ 6,286,368</u>

Compensated Absences Payable: Upon retirement, employees with at least 10 years of County service credit are compensated for unused sick leave based on varying percentages of the total number of hours accumulated. Of the total vested sick leave hours accumulated by County employees, approximately 121,262 comprise the year-end liability. Unused vacation cannot be accumulated for more than three years, according to Ohio law, and is payable at the employee's current wage rate. The year-end liability for vacation time consists of approximately 153,282 vacation hours. The remaining portion of compensated absences payable is made up of approximately 13,749 compensatory time hours and 28,259 personal time hours.

The following represents a summary of those long-term liabilities that are not reported as fund liabilities (*i.e., debt of the proprietary funds*) but are reported in the General Long-term Debt Account Group.

	Balance Jan. 1, 1999	Additions	Reductions	Balance Dec. 31, 1999
General Obligation Bonds.....	\$ 39,710,891		\$ (3,259,609)	\$ 36,451,282
Compensated Absences.....	4,454,247	\$ 5,231,979	(5,189,888)	4,496,338
Notes Payable.....	853,924	127,970	(158,920)	822,974
Claims and Judgements.....	1,010,068	133,417	(570,335)	573,150
Capital Leases.....	88,687		(44,343)	44,344
Pension Obligations.....	1,784,947	1,790,030	(1,784,947)	1,790,030
Total	<u>\$ 47,902,764</u>	<u>\$ 7,283,396</u>	<u>\$ (11,008,042)</u>	<u>\$ 44,178,118</u>

Conduit Debt Obligations: Periodically, the County has issued Industrial Development and Hospital Revenue Bonds. The proceeds were used to acquire, construct and equip industrial, commercial and health-care facilities deemed to be in the public interest. These bonds are secured by the property financed and are payable solely from payment received on the underlying mortgage loans. The bonds do not constitute a debt or pledge of the full faith and credit of the County, and therefore, are not reported in the financial statements. As of December 31, 1999, there were sixty-nine series of Industrial Development and Hospital Revenue Bonds outstanding. The aggregate principal amount payable for the seven series issued after January 1, 1996, was \$152.1 million at December 31, 1999. The aggregate principal amount payable for the sixty-two series issued prior to January 1, 1996 could not be determined, however, their original issue amounts totaled \$161.8 million.

NOTE I - Pension Obligations and Other Post-employment Benefits

The County has implemented GASB Statement No. 27 in connection with the following pension plan disclosures. Post-employment benefit disclosures continue to conform to GASB Statement No. 12.

PERS: All Mahoning County full-time employees, other than teachers, participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple-employer defined benefit public employee retirement system created by the State of Ohio. PERS provides basic 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. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 1999 was 8.50% for employees other than law enforcement. Law enforcement employees contribute 9.00% of covered salary. The employer contribution rate was 13.55% of covered payroll; 9.35% was the portion used to fund pension obligations for 1999. The law enforcement employer rate was 16.70% of covered payroll and 12.50% was the portion used to fund pension obligations for 1999. The County's required contributions for pension obligations to PERS for the years ended December 31, 1999, 1998, and 1997 were \$4,993,110, \$4,511,628 and \$4,245,589 respectively. As of December 31, 1999, 76.96% has been contributed for 1999 and 100% for 1998 and 1997. The unpaid contribution for 1999 of \$1,644,694 is recorded as a liability within the respective funds (and the general long-term debt account group).

Other Postemployment Benefits: The Public Employees Retirement System of Ohio provides postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit. 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). A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. For 1999, the employer rate for PERS was 13.55% of covered payroll; 4.20% was the portion that was used to fund health care for the year 1999. The law enforcement employer rate for 1999 was 16.70%, and 4.20% was used to fund health care.

The portion of the County's 1999 employer contributions actually used to fund postemployment benefits was \$2,144,958.

Effective January 1, 1998, PERS adopted a new calculation method for determining employer contributions applied to health care expenses. The contributions allocated to retirant health care along with investment income on allocated assets and periodic adjustments in health care provisions are expected to sustain the program. Under the new method, employer contributions are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retirant health care coverage.

The number of active contribution participants at December 31, 1998 was 371,563. The net assets available for OPEB at December 31, 1999 (the latest information available) were \$9.8 billion. As of December 31, 1998 (latest information available) the plan was fully funded.

STRS: Certified teachers employed by the County's Board of Mental Retardation participate in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides 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.

NOTE I - Pension Obligations and Other Post-employment Benefits, (Cont'd.)

Plan members are required to contribute 9.30% of their annual covered salary and the County is required to contribute 14.00%; 6.00% was the portion used to fund pension obligations through June 1999. The percentage remains the same through June 2000. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10.00% for members and 14.00% for employers. The County's required contributions for pension obligations to STRS for the years ended December 31, 1999, 1998, and 1997 were \$89,387, \$121,840, and \$153,744 respectively. As of December 31, 1999, 88.75% has been contributed for 1999 and 100% for 1998 and 1997. The unpaid contribution for 1999 of \$23,467 is recorded as a liability within the respective funds.

Other Postemployment Benefits: The State Teachers Retirement System of Ohio provides postretirement health care coverage to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs, and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB). The plan is financed on a pay-as-you-go basis. A portion of each employer's contribution to STRS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement health care through their contributions to STRS, and how much, if any, of the health care costs will be absorbed by STRS. For 1999, the employer contribution rate for STRS was 14.00% of covered payroll; 8.00% was the portion that was used to fund health care through June 1999. The percentage remains the same through June 2000.

The portion of the County's 1999 employer contributions actually used to fund STRS postemployment benefits was \$119,169.

The balance in the health care reserve was \$2.78 billion at June 30, 1999. During the most recent actuarial study, there were no changes in the actuarial assumptions, benefit provisions, or actuarial funding methods. For the fiscal year ended June 30, 1999, the net health care costs paid by STRS were \$300.1 million. There were 95,796 retirees and beneficiaries receiving benefits.

NOTE J - Deferred Compensation

Mahoning County employees and elected officials may participate in the Ohio Public Employees Deferred Compensation Program, created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available to employees until termination, retirement, death or in the case of an unforeseeable emergency.

NOTE K - Bond Anticipation Notes

The full faith and credit of the County backs all notes. Generally, notes are issued in anticipation of long-term bond financing and will mature in one year. The County intends to refinance the notes until such bonds are issued. All notes were financed internally and are held by the issuing funds as investments. The note liability is recorded in the fund that received the proceeds. Notes outstanding at December 31, 1999 are as follows:

Description	Maturity Date	Interest Rate	Outstanding Dec. 31, 1999
<i>Governmental Funds:</i>			
Canfield Fairgrounds	7/03/00	5.50%	\$ 440,000
County Administration Building	7/03/00	5.50%	770,000
County Engineer Building	7/03/00	5.50%	650,000
County Jail	7/03/00	5.50%	1,200,000
Court Computer System	7/03/00	5.50%	1,000,000
Engineer/Various Roads	7/03/00	5.50%	120,000
Engineer/Various Roads	7/03/00	5.50%	395,000
Engineer/Mahoning Ave.	7/03/00	5.50%	460,000
Engineer/South Ave. Phase 4	7/03/00	5.50%	410,000
Financial Accounting Software	7/03/00	5.50%	3,000,000
GIS Information System	7/03/00	5.50%	1,235,000
GIS Information System	7/03/00	5.50%	750,000
Sheriff Inmate Management	7/03/00	5.50%	750,000
Sheriff Inmate Management	7/03/00	5.50%	<u>175,000</u>
<i>Total Governmental Funds</i>			<u>\$ 11,355,000</u>
<i>Enterprise Funds:</i>			
Craig Beach	7/03/00	5.50%	<u>80,000</u>
<i>Total Enterprise Funds</i>			<u>80,000</u>
<i>Total Bond Anticipation Notes</i>			<u>\$ 11,435,000</u>

NOTE L - Property Tax Revenues

Property taxes include amounts levied against real, public utility and tangible personal property. The assessed value by property classification, upon which the 1999 tax levy was based, follows:

Real property	\$ 3,031,034,600
Public utility real property	1,298,640
Tangible personal property	331,190,930
Public utility tangible personal property	<u>249,041,060</u>
Total	<u>\$ 3,612,565,230</u>

Ohio law prohibits taxation of property from all taxing authorities in excess of 10 mills of assessed value without a vote of the people. Presently, the County levies 2.10 mills of the first 10 mills of assessed value. During 1999, in addition to the 2.10 mills, 8.75 mills were levied based upon mills voted for the Mental Health, Children Services, Mental Retardation School, Library, TB Clinic and Bond Indebted Levies.

A summary of voted millage follows:

Purpose	Voter	Authorized	Rate Levied for		Final
	Levy		Current Year		
	Date	Rate (a)	R/A	(b) C/I	Year
Mental Health	1976	0.50	0.21	0.29	2000
Mental Health	1976	0.85	0.35	0.49	2003
Children Services	1976	0.85	0.35	0.49	1999 (c)
Children Services	1983	0.50	0.31	0.34	2002
Children Services	1995	1.00	0.76	0.84	1999 (c)
Mental Retardation School	1986	2.00	1.25	1.38	2000
Mental Retardation School	1992	2.00	1.29	1.42	2001
Library	1976	0.60	0.25	0.34	2000
TB Clinic	1976	0.10	0.04	0.06	2002
Bond Indebted	1984	<u>0.35</u>	<u>0.35</u>	<u>0.35</u>	2003
Total		8.75	5.16	6.00	

(a) In mills per \$1,000 of assessed valuation.

(b) Ohio law provides for a tax credit to voted levies to offset increased values resulting from reappraisal of property. To attain this tax credit, reduction factors are applied to authorized levies so that each levy yields the same amount of property taxes as in the year in which the levy was approved. Increases to voted levy revenues are restricted to assessments from new construction. The reduction factors are computed and applied separately for residential/agricultural (R/A) property and commercial/industrial (C/I) property.

(c) Both levies were renewed for tax year 2000 with a final levy year of 2004.

NOTE L - Property Tax Revenues (Cont'd.)

Assessed values are established by the County Auditor at 35% of appraised market value. A revaluation of real property is required to be completed no less than every six years, with a statistical update every third year. The most recent revaluation was completed in 1999. A statistical update (triennial update) was completed in 1996. Public utility property taxes are assessed on tangible personal property, as well as land and land improvements at true value (which is generally net book value). Tangible personal property is assessed at 25% of true value, while inventories are assessed at 25% of average value (excluding the first \$10,000 of value). Tangible personal property taxes collected in a calendar year are levied in the same calendar year, on assessed values during and at the close of the most recent fiscal year of the taxpayer (ending on or before March 31 of said calendar year).

The real property collection calendar is as follows:

Assessed valuation date	January 1, 1998
Levy date	October 1, 1998
Lien date	January 1, 1999
Taxpayer payment dates	March 26, 1999 (first half taxes) August 27, 1999 (second half taxes)

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collection of the taxes and their remittance to the taxing districts are accounted for in various agency funds of the County. Property taxes receivable in the governmental funds represent current and delinquent property taxes outstanding which were measurable as of December 31, 1999. The delinquent taxes outstanding and available to the County within the first 60 days of 2000 were recorded as 1999 revenue; the remaining taxes receivable are offset by a credit to deferred revenue. At December 31, 1999, receivables were recorded net of an allowance of \$621,297 for doubtful accounts.

NOTE M - Segment Information for Enterprise Funds

The County maintains two enterprise funds. Selected segment information for the year ended December 31, 1999 follows:

	Water	Wastewater	Total Enterprise Funds
Operating revenues	\$ 165,167	\$ 14,774,751	\$ 14,939,918
Operating expenses before depreciation.....	153,787	9,505,179	9,658,966
Depreciation	72,086	2,363,192	2,435,278
Operating income (loss)	(60,706)	2,906,380	2,845,674
Operating transfers:			
in	47,200	5,338,144	5,385,344
(out)	(47,200)	(5,245,144)	(5,292,344)
Net income (loss).....	(64,913)	1,761,497	1,696,584
Increase/decrease in contributed capital	(57,180)	(181,817)	(238,997)
Property, plant and equipment additions.....	0	1,950,872	1,950,872
(disposals).....	0	(61,029)	(61,029)
Net working capital	34,363	7,942,894	7,977,257
Total Assets	\$ 2,906,618	\$ 66,884,756	\$ 69,791,374
Bonds and other long-term obligations payable from operating revenues (net of current portions)	420,000	25,539,139	25,959,139
Total Equity	\$ 2,285,308	\$ 38,263,662	\$ 40,548,970

NOTE N - Related Party Transactions

During the fiscal year ended June 30, 1999, Mahoning County provided facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of programs to MASCO, Inc., a discretely presented component unit of Mahoning County. MASCO, Inc. reported \$56,948 for such contributions, recording revenue and expenses at cost or fair value, as applicable, to the extent the contribution is related to the vocational purposes of MASCO, Inc. Additional habilitative services provided directly to MASCO, Inc.'s clients by Mahoning County amounted to \$3,911,130 during the fiscal year ended June 30, 1999.

NOTE O - Jointly Governed Organizations

1. Western Reserve Port Authority

The Western Reserve Port Authority is statutorily created as a separate and distinct political subdivision of the State. The eight Port Authority Board members are appointed equally by the Mahoning and Trumbull County Commissioners. The Port Authority adopts its own budget, authorizes expenditures, and hires and fires its own staff. The County contributed \$300,000 to the Western Reserve Port Authority in 1999.

2. Mahoning and Columbiana Training Association, Inc.

The Mahoning and Columbiana Training Association (MCTA) is a jointly governed organization between Mahoning and Columbiana County. MCTA's purpose is to foster cooperation between the member counties through sharing of facilities, manpower, and grants under the Jobs Training Partnership Act (JTPA) for the purpose of providing job training for economically disadvantaged individuals and other individuals facing serious barriers to employment. The Executive Council of the MCTA is made up of three Commissioners from each of the two Counties. Revenues are generated from grants received pursuant to the JTPA. Mahoning County contributed \$168,811 to the MCTA in 1999.

3. Mahoning County Family and Children First Council

The Mahoning County Family and Children First Council is a jointly governed organization which was established to promote collaborative planning of health, education, and social services for children and families. Members of the Council from Mahoning County include the Alcohol & Drug Board, Juvenile Court, Children Services Board, Mental Health Board, Juvenile, Department of Human Services, Board of Health, Board of Mental Retardation and County Administrator. Other members are the United Way, Early Intervention Collaborative, Educational Service Center, Ohio Department of Youth Services, City of Youngstown, Youngstown City Schools, Youngstown State University, Help Hotline, United Methodist Community Center, OCCCH, Associated Neighborhood Centers, Head Start, and a parent representative. All members have an equal vote on the Council. The County does not maintain an ongoing financial interest in or an ongoing responsibility for the Council.

NOTE P - Fund Balance Deficits

At December 31, 1999, the following funds had deficits:

<u>Fund</u>	<u>Deficit</u>
<i>Capital Projects:</i>	
County Engineer	\$ 1,096,040
Mahoning County Justice Center	1,468,336
Computer System	752,176
Canfield Fairgrounds	398,769
County Administration Building	468,687
County Engineer Building	370,612
GIS Information System	783,884
Data Processing Board	2,414,202

The deficit balance in each of the Capital Projects Funds is due to the fact that bond anticipation notes are reflected as liabilities of these funds pursuant to statements issued by the Governmental Accounting Standards Board. The notes were issued in anticipation of long-term bond financing, and the County intends to refinance the notes until such bonds are issued. Once the bonds are issued, the liability will be reflected in the General Long-term Debt Account Group.

NOTE Q - Excess of Expenditures over Appropriations

For the year ended December 31, 1999, expenditures exceeded budget at the object level (ie., the legal level of budgetary control) in the Federal Grants Fund by \$50,350. The overexpenditures were in personal services in the Prosecutor's grants, however, revenue to cover these overexpenditures is expected to be collected in 2000.

NOTE R - Contributed Capital

During the year, contributed capital in proprietary funds changed by the following amounts:

	Source				
	Contributed Capital January 1, 1999	State and Federal Funding	Developers/ Special Assessments	Total Changes	Contributed Capital December 31, 1999
<i>Enterprise Funds:</i>					
Water	\$ 1,984,579				\$ 1,984,579
Less Depreciation		\$ (8,874)	\$ (48,306)	\$ (57,180)	(57,180)
Total Water	<u>1,984,579</u>	<u>(8,874)</u>	<u>(48,306)</u>	<u>(57,180)</u>	<u>1,927,399</u>
Wastewater	33,918,643	723,877	661,572	1,385,449	35,304,092
Less Depreciation		(32,708)	(1,534,558)	(1,567,266)	(1,567,266)
Total Wastewater	<u>33,918,643</u>	<u>691,169</u>	<u>(872,986)</u>	<u>(181,817)</u>	<u>33,736,826</u>
Total Enterprise	<u>\$35,903,222</u>	<u>\$ 682,295</u>	<u>\$ (921,292)</u>	<u>\$ (238,997)</u>	<u>\$ 35,664,225</u>

NOTE S - Risk Management

The County is exposed to various risks of loss related to torts and general liability; theft of, damage to, and destruction of assets; natural disasters; errors and omissions; and injuries to employees. The County maintains comprehensive auto, real property and contents, and public officials and employee liability insurance with private carriers. There have been no significant reductions in insurance coverage since the prior year. Settled claims have not exceeded commercial coverage in any of the past three years. Also, the County pays the Bureau of Ohio Worker's Compensation a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The liability for the premium is accrued and reflected as a fund liability of the respective governmental and proprietary funds.

In addition to insurance with private carriers, in 1986, the County established a self-insurance fund to provide coverage for claims arising against the Children Services Board members, employees, volunteers and foster parents from the performance of their duties. During 1999, no claims were incurred or paid by the self-insurance fund. In 1999, the Children Services Board paid a claim in the amount of \$300,000 from the Children Services Board Special Revenue Fund. The County analyzes all outstanding and potential claims which have arisen or could arise due to the occurrence of a loss contingency on or before December 31, 1999. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities for claims and judgements of governmental funds are recorded as fund liabilities if it is anticipated that they will be paid from expendable available financial resources, or as liabilities of the GLTDAG if payment is not expected to be liquidated with expendable available financial resources. Claims of proprietary funds are recorded as liabilities of the respective funds.

Changes in claims liabilities during 1998 and 1999 were as follows:

	Year Ended December 31, 1998	Year Ended December 31, 1999
Unpaid claims at January 1	\$ 860,425	\$ 1,085,068
Incurred claims	511,060	224,217
Claim payments	(286,417)	(645,335)
Unpaid Claims at December 31	<u>\$ 1,085,068</u>	<u>\$ 663,950</u>

NOTE T - Contingencies and Commitments

Contingencies Under Grant Programs

The County participates in other federal and state assisted grants and programs that are subject to financial compliance audits by the grantor agencies or their representatives. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The County believes that disallowed claims, if any, will not have a material adverse affect on the County's financial position.

Litigation

At December 31, 1999, there were several lawsuits pending against the County. The County Prosecutor has used his best judgement as legal counsel for the County to estimate the possible liability that the County could incur. No material liability is expected to arise from current pending lawsuits.

Contractual Commitments

The County had several outstanding contractual agreements as of December 31, 1999. The projects, which include construction and other commitments, are evidenced by contractual obligations with contractors and include the following:

<u>Projects</u>	<u>Spent to Date</u>	<u>Commitment Remaining</u>
<i>Reported in Governmental Funds:</i>		
GIS Information System	\$ 987,413	\$ 1,257,655
Roads	4,101,731	440,088
Computer System	61,453	79,107
Bridges	708,975	285,042
County Administration Building	146,060	6,956
County Engineers Building	143,863	13,568
Courthouse	<u>48,681</u>	<u>39,091</u>
<i>Total Governmental Funds:</i>	<i>\$ 6,198,176</i>	<i>\$ 2,121,507</i>
<i>Reported in Proprietary Funds:</i>		
Sanitary Engineer Replacement	<u>727,364</u>	<u>594,470</u>
<i>Total All Funds:</i>	<i>\$ 6,925,540</i>	<i>\$ 2,715,977</i>

The sources of funding for the above obligations vary. Bridge and road projects are funded by the proceeds of general obligation debt and funding from the State. The County Administration Building, GIS Information System, County Engineer Building, Courthouse and Computer System projects are funded by general obligation debt. The Sanitary Engineer replacement projects are funded by operating revenues from the Wastewater Fund and by the State, in the form of grants or loans.

Subsequent to year end 1999, the County entered into certain construction contracts and other commitments totaling \$9.4 million.

NOTE U – Subsequent Events

Campbell Wastewater Treatment Plant

On January 1, 2000, the City of Campbell turned over the operations of its wastewater treatment plant to the Mahoning County Sanitary Engineer's Department. Also, the City of Campbell's outstanding loan balance of \$4.8 million with the Ohio Water Development Authority was transferred to the County. The annual debt service on these loans is \$640,000 in 2000 and varying amounts thereafter through 2018. The title to the plant is in the process of being transferred to the County. On a cash basis, it is anticipated that the plant will generate \$1,195,000 in revenue and expend \$1,385,000 in 2000.

Bond Anticipation Notes

On February 18, 2000, the County issued \$1.5 million in bond anticipation notes which were financed internally to pay the cost of acquiring certain motorized and mechanical equipment for the County Engineer for road construction and servicing.

Ohio Water Development Authority (OWDA) Loan

In April 2000, the OWDA approved a \$3.6 million loan to the Mahoning County Sanitary Engineer's Department for a septage receiving station project in North Lima, Ohio. The loan bears interest at .73%. Annual debt service on this loan is \$194,390 through 2021 with payments to be made from proceeds of sanitary sewer tap-in fees.

MAHONING COUNTY, OHIO

DECEMBER 31, 1999

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 1999

<u>Federal Grantor/Pass-through Grantor/Program Title:</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
<u>U.S. Department of Agriculture:</u>				
Pass-through from State Department of Education:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	066118	\$ 17,840	
Summer Food Service Program for Children	10.559	IRN-089490-FY99	<u>193,874</u>	
			<u>211,714</u>	
Solid Waste Management Grants	10.762	F.M.H.A.FY98	47,600	\$ 47,600
		F.M.H.A.FY99	<u>73,000</u>	<u>73,000</u>
			<u>120,600</u>	<u>120,600</u>
			<u>332,314</u>	<u>120,600</u>
<u>U.S. Department of Housing and Urban Development:</u>				
Pass-through from State Department of Development:				
Community Development Block Grants (State Program)				
	14.228	B-W-98-046-1	393,699	10,000
		B-C-98-046-1	39,548	39,548
		B-F-98-046-1	437,479	87,348
		B-F-97-046-1	<u>198,383</u>	<u>4,468</u>
			<u>1,069,109</u>	<u>141,364</u>
Lead Based Paint Hazard Control Program	14.900	OHLAG-0076-97	1,438,356	266,689
		B-99-MC-39-0023	<u>79,961</u>	
			<u>1,518,317</u>	<u>266,689</u>
			<u>2,587,426</u>	<u>408,053</u>
<u>U.S. Department of Justice:</u>				
Pass-through from State Office of Criminal Justice:				
Juvenile Justice and Delinquency Prevention-Allocation to States				
	16.540	97-JVT50-5017	63,235	63,235
		97-JJ-JJ-IN4-0468	<u>2,425</u>	
			<u>65,660</u>	<u>63,235</u>
Drug Control and System Improvement-Formula Grant	16.579	95-RU-NCH-9028	56,702	
		96-DG-E03-7093	5,278	
		98-DG-E03-7093	76,307	
		99-DG-E03-7058	14,135	
		97-TT-TMV-3001	<u>5,927</u>	
Beight Farm Crime Prevention	16.579	97-DG-B01-7122	66,702	66,702
		99-DG- B01-7122	33,351	33,351
Court Delay Reduction	16.579	98-DG-EO1-7112	<u>24,000</u>	<u>24,000</u>
			<u>282,402</u>	<u>124,053</u>

See notes to schedule of expenditures of Federal awards.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)

YEAR ENDED DECEMBER 31, 1999

<u>Federal Grantor/Pass-through Grantor/Program Title:</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
<u>U.S. Department of Justice: (continued)</u>				
Office of Criminal Justice Services	16.588	96WSV38213A 96-WF-VA3-8213A	12,889 <u>27,690</u> <u>40,579</u>	
Pass-through from State Attorney General's Office: Crime Victim Assistance	16.575	98VAGENE083 99VAGENE083 99VAGENE083T	33,105 55,352 <u>12,252</u> <u>100,709</u>	
Problem Solving Partnership	16.710	97PRWX0148	<u>57,646</u>	<u>26,797</u>
Local Law Enforcement Block Program	16.592	97LBVX3811	<u>224,056</u>	
Drug Court Planning	16.585	97DCVX0025 98-DC-VX-0120	3,475 <u>113,697</u> <u>117,172</u> <u>888,224</u>	<u>25,495</u> <u>25,495</u> <u>239,580</u>
<u>Federal Emergency Management Assistance:</u>				
Pass-through from Ohio Adjutant General's Office: Civil Defense-State and Local Emergency Management Assistance	83.534	AGOH-EM-OT-FY00 AGOH-EM-OT-FY98 AGOH-EM-OT-FY99	9,682 647 <u>31,970</u> <u>42,299</u>	
<u>U.S. Department of Education:</u>				
Pass-through from State Department of Education: Special Education Cluster: Mental Retardation and Developmental Disabilities	84.027	066118-PG-S1-99P 066118-6B-SF-99P 066118-6B-SF-2000P	8,712 30,849 <u>26,991</u> <u>66,552</u>	
Innovative Education Program	84.298	066118C2S198 066118 C2S199P	403 <u>337</u> <u>740</u>	

See notes to schedule of expenditures of Federal awards.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)

YEAR ENDED DECEMBER 31, 1999

<u>Federal Grantor/Pass-through Grantor/Program Title:</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
<u>U.S. Department of Education: (continued)</u>				
Pass-through from State Department of Alcohol and Drug Addiction Services:				
Drug Free Schools and Communities				
State Grants				
	84.186	50-5035-01-DFS-P00-9090	74,740	74,740
		50-50672-01-DFS-P-99-9059	14,269	14,269
		50-50835-01-DFS-P-99-9090	<u>65,761</u>	<u>65,761</u>
			<u>154,770</u>	<u>154,770</u>
			<u>222,062</u>	<u>154,770</u>
<u>U.S. Department of Health and Human Services:</u>				
Pass-through from State Department of Mental Health:				
Social Services Block Grant (Title XX)				
	93.667	MH-30-00	24,860	
		MH-30-99	217,586	217,586
Pass-through from State Department of Mental Retardation and Developmental Disabilities:				
Social Services Block Grant (Title XX)				
	93.667	MR-50	<u>299,759</u>	
			<u>542,205</u>	<u>217,586</u>
Pass-through from State Department of Mental Health				
Alcohol and Drug Abuse and Mental Health Services Block Grant				
	93.958	COMM/PLNG FY00	44,604	44,604
		CHILD/ADOL FY00	5,886	5,886
		COMM/PLNG FY 99	50,680	50,680
		CHILD/ADOL FY 99	8,829	8,829
		HAP FY99	<u>5,356</u>	<u>5,356</u>
			<u>115,355</u>	<u>115,355</u>
Family Preservation and Support Services				
	93.556	81-CS-99-01	<u>3,575</u>	<u>2,064</u>
Medicaid Cluster:				
Pass-through from State Department of Alcohol and Drug Addiction Services:				
Medical Assistance Program (Title XIX)				
	93.778	FY98	689	689
		FY99	299,413	299,413
		FY00	162,002	162,002
		PSARR	25,684	25,684

See notes to schedule of expenditures of Federal awards.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)

YEAR ENDED DECEMBER 31, 1999

<u>Federal Grantor/Pass-through Grantor/Program Title:</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
<u>U.S. Department of Health and Human Services:</u>				
Pass-through from State Department of Mental Health				
Medical Assistance Program (Title XIX)	93.778	50-50672-01-DFS-P-00-9059	49,029	49,029
		05860-H5025-FY98	108,736	92,510
		MC-30-11	2,087,390	2,087,390
		MC-30-00	1,209,398	1,209,398
Pass-through from State Department of Mental Retardation and Development Disabilities				
Medical Assistance Program (Title XIX)	93.778	50-00019	2,676,867	
		50-00019	210,441	
			<u>6,829,649</u>	<u>3,926,115</u>
Pass-through from State Department of Alcohol and Drug Addiction Services:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	50-50911-01-UM-P-99-9155	78,874	78,874
		50-50861-01-W-P-99-9014	39,898	39,898
		50-50485-02-T-WFS-99-8990	63,082	63,082
		50-50672-10-WFS-T-99-8985	73,114	73,114
		50-50626-1-WFS-T-99-8980	68,273	68,273
		50-50911-01-UMP-00-9155	44,505	44,505
		50-50861-01-WP-00-9014	56,921	56,921
		50-50485-02-T-WFS-00-8990	46,214	46,214
		50-50672-01-WFS-T-00-8985	46,209	46,209
		50-50626-01-WFS-T-00-8980	57,632	57,632
		50-50672-01-YMENTP-00-0020	17,500	17,500
Alcohol and Drug Abuse and Mental Health Services Block Grant	93.959	FED PER CAPITA FY00	579,826	520,270
		FED PER CAPITA FY99	593,408	533,851
			<u>1,765,456</u>	<u>1,646,343</u>
			<u>9,256,240</u>	<u>5,907,463</u>
<u>Department of U.S. Army Corps of Engineers:</u>				
Contract for Law Enforcement Services-Berlin Summer Land Patrol	N.A.	CELRP-OR-TR-LECA-99-A-MAH-BER	14,143	

See notes to schedule of expenditures of Federal awards.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)

YEAR ENDED DECEMBER 31, 1999

<u>Federal Grantor/Pass-through Grantor/Program Title:</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
<u>U.S. Department of Transportation</u>				
Department of Public Safety	20.600	50000PDO	53,571	
		50000PDO/1044.0	2,660	
		STEP GRANT	<u>219</u>	
			<u>56,450</u>	
			<u>\$13,399,158</u>	<u>\$ 6,830,466</u>

See notes to schedule of expenditures of Federal awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. SIGNIFICANT ACCOUNTING POLICIES

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

2. LOAN PROGRAM

Mahoning Valley Economic Development Corporation administers a loan program for Mahoning County with funds provided by the U.S. Department of Housing and Urban Development, under the Community Development Block Grant Program (CFDA Number 14.228). As of December 31, 1999 the total amount of loans outstanding was \$726,949.

HONORABLE COUNTY COMMISSIONERS
HONORABLE COUNTY AUDITOR
MAHONING COUNTY, OHIO

Independent Auditors' Report on Compliance with Requirements Applicable
To Each Major Program and Internal Control Over Compliance
in Accordance with OMB Circular A-133

Compliance

We have audited the compliance of Mahoning County, Ohio 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. Mahoning County's major Federal programs are identified in the summary of auditors' 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 Mahoning County's management. Our responsibility is to express an opinion on Mahoning County's compliance based on our audit.

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

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

Internal Control Over Compliance

The management of Mahoning 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 Mahoning County's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

This report is intended solely for the information and use of management, others within the Organization and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Coker & Company

June 23, 2000
Youngstown, Ohio

HONORABLE COUNTY COMMISSIONERS
HONORABLE COUNTY AUDITOR
MAHONING COUNTY, OHIO

Independent Auditors' Report on Compliance and on Internal Control Over
Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

We have audited the general purpose financial statements of Mahoning County, Ohio as of and for the year ended December 31, 1999, and have issued our report thereon dated June 23, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Mahoning County's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of Mahoning County, Ohio in a separate letter dated June 23, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Mahoning County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other immaterial matters involving the internal control over financial reporting that we have reported to the management of Mahoning County in a separate letter dated June 23, 2000.

This report is intended solely for the information and use of management, others within the Organization and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

June 23, 2000
Youngstown, Ohio

Cohen & Company



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 1999

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes

Unqualified
_____ _____ No

Reportable condition(s) identified
not considered to be material weaknesses? _____ Yes

_____ _____ None reported

Noncompliance material to financial statements
noted? _____ Yes

_____ _____ No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? _____ Yes

_____ _____ No

Reportable condition(s) identified
not considered to be material weaknesses? _____ Yes

_____ _____ None reported

Type of auditors' report issued on compliance
for major programs:

Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section .510(a)?

_____ Yes _____ _____ No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing
93.778	Medical Assistance - Title XIX
16.592	Local Law Enforcement Block Grant

Dollar threshold used to distinguish
between Type A and Type B programs:

\$ 401,975

Auditee qualified as low-risk auditee? _____ _____ Yes

_____ No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 1999

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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MAHONING COUNTY FINANCIAL CONDITION

MAHONING COUNTY

CLERK'S CERTIFICATION

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

By: Susan Babbitt

Date: JUL 25 2000