



LAWRENCE COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**LAWRENCE COUNTY
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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Lawrence County
111 South 4th Street
Ironton, Ohio 45638

To the Board of County Commissioners:

We have audited the accompanying general purpose financial statements of Lawrence County, Ohio (the County), as of and for the year ended December 31, 2000, 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 did not audit the financial statements of Creating Housing Opportunities in a Community Environment Successfully, Inc, (CHOICES) and Tri-State Industries, which represent all of the assets and revenues of the component units columns. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for CHOICES and Tri-State Industries is based on the reports of the other auditors.

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

The general purpose financial statements referred to above do not include Lawrence County General Hospital dba River Valley Health System (County enterprise fund), which should be included in order to conform with accounting principles generally accepted in the United States of America. The audited financial information is not available; therefore, we can not include the amount of assets, liabilities, revenues and expenses. As discussed in Note 25 to the general purpose financial statements, the Lawrence County Commissioners elected to discontinue all operations of the County Hospital as of January 31, 2001.

In our opinion, based on our report and the report of other auditors, except for the effect on the general purpose financial statements of the omission described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Lawrence County, Ohio, as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2001 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the County taken as a whole. The accompanying Schedule of Federal Awards Receipts and Expenditures as listed in the table of contents, 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. 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.

Jim Petro
Auditor of State

July 31, 2001

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LAWRENCE COUNTY
COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS AND
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2000 - PRIMARY GOVERNMENT
JUNE 30, 2000 - COMPONENT UNITS

	Governmental Fund Types				Proprietary Fund Type
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
<u>Assets and Other Debits:</u>					
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$1,955,759	\$7,681,574	\$174,768	\$705,163	\$477,889
Segregated Accounts:					
Cash and Cash Equivalents	0	117,762	0	0	22,799
Property and Other Taxes Receivable	35,501	0	0	0	0
Sales Tax Receivable	967,297	0	0	0	0
Accounts Receivable	80,979	10,320	0	0	435,368
Interfund Receivable	2,012	0	0	0	0
Special Assessments Receivable	0	0	0	0	0
Accrued Interest Receivable	20,056	0	0	0	0
Loans Receivable	0	361,087	0	0	0
Materials and Supplies Inventory	9,094	52,108	0	0	24,061
Due from Other Funds	2,028,087	1,155,104	805	0	0
Intergovernmental Receivable	93,732	1,567,552	0	39,608	20,745
Other Receivables	0	0	0	0	0
Prepaid Items	7,903	20,623	0	0	1,950
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0	16,405,429
<u>Other Debits:</u>					
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0	0
Total Assets	\$5,200,420	\$10,966,130	\$175,573	\$744,771	\$17,388,241

Fiduciary Fund Types	Account Groups		Totals Primary Government (Memorandum Only)	Component Units		Totals Reporting Entity (Memorandum Only)
	General Fixed Assets	General Long-Term Obligation		Choices	Tri-State Industries	
\$1,309,178	\$0	\$0	\$12,304,331	\$0	\$0	\$12,304,331
412,884	0	0	553,445	7,584	82,667	643,696
21,092,768	0	0	21,128,269	0	0	21,128,269
0	0	0	967,297	0	0	967,297
0	0	0	526,667	0	84,913	611,580
0	0	0	2,012	0	0	2,012
308,934	0	0	308,934	0	0	308,934
0	0	0	20,056	0	0	20,056
0	0	0	361,087	0	0	361,087
0	0	0	85,263	0	4,349	89,612
918	0	0	3,184,914	0	0	3,184,914
425,412	0	0	2,147,049	0	0	2,147,049
0	0	0	0	0	49,000	49,000
0	0	0	30,476	0	947	31,423
0	26,210,427	0	42,615,856	230,150	474,616	43,320,622
0	0	175,573	175,573	0	0	175,573
0	0	4,557,225	4,557,225	0	0	4,557,225
<u>\$23,550,094</u>	<u>\$26,210,427</u>	<u>\$4,732,798</u>	<u>\$88,968,454</u>	<u>\$237,734</u>	<u>\$696,492</u>	<u>\$89,902,680</u>

(Continued)

See accountant's compilation report

LAWRENCE COUNTY
COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS AND
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2000 - PRIMARY GOVERNMENT
JUNE 30, 2000 - COMPONENT UNITS
(CONTINUED)

	Governmental Fund Types				Proprietary Fund Type
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
<u>Liabilities, Fund Equity and Other Credits:</u>					
<u>Liabilities:</u>					
Accounts Payable	\$81,256	\$1,979,188	\$0	\$0	\$23,851
Contracts Payable	17,641	0	0	14,330	73,365
Accrued Wages and Benefits	110,621	204,035	0	0	6,481
Compensated Absences Payable	10,195	69,228	0	0	50,172
Retainage Payable	0	0	0	27,657	0
Deposits Held and Due to Others	0	0	0	0	0
Early Retirement Incentive Payable	0	216,405	0	0	0
Due to Other Funds	54,626	20	0	0	0
Intergovernmental Payable	187,182	310,123	0	0	17,008
Deferred Revenue	1,924,611	2,511,748	0	0	0
Interfund Payable	0	2,012	0	0	0
Accrued Interest Payable	2,209	0	0	1,580	169,465
Notes Payable	60,000	0	0	135,000	956,890
Capital Leases Payable	0	0	0	0	0
Loans Payable	0	0	0	0	0
General Obligation Bonds Payable	0	0	0	0	0
OWDA Loans Payable	0	0	0	0	4,448,161
Total Liabilities	2,448,341	5,292,759	0	178,567	5,745,393
<u>Fund Equity and Other Credits:</u>					
Investment in General Fixed Assets	0	0	0	0	0
Contributed Capital	0	0	0	0	15,303,457
Retained Earnings:					
Unreserved, Undesignated (Deficit)	0	0	0	0	(3,660,609)
Fund Balance:					
Reserved for Encumbrances	87,060	833,795	0	0	0
Reserved for Inventory	9,094	52,108	0	0	0
Reserved for Unclaimed Monies	264,980	0	0	0	0
Reserved for Debt Service	0	0	175,573	0	0
Reserved for Loans Receivable	0	361,087	0	0	0
Unreserved, Undesignated	2,390,945	4,426,381	0	566,204	0
Total Fund Equity and Other Credits	2,752,079	5,673,371	175,573	566,204	11,642,848
Total Liabilities, Fund Equity and Other Credits	\$5,200,420	\$10,966,130	\$175,573	\$744,771	\$17,388,241

See accompanying notes to the general purpose financial statements

Fiduciary Fund Types	Account Groups		Totals Primary Government (Memorandum Only)	Component Units		Totals Reporting Entity (Memorandum Only)
	General Fixed Assets	General Long-Term Obligation		Choices	Tri-State Industries	
\$0	\$0	\$0	\$2,084,295	\$0	\$32,744	\$2,117,039
0	0	0	105,336	0	0	105,336
0	0	0	321,137	0	0	321,137
0	0	1,899,693	2,029,288	0	0	2,029,288
0	0	0	27,657	0	0	27,657
1,498,293	0	0	1,498,293	0	0	1,498,293
0	0	0	216,405	0	0	216,405
3,130,268	0	0	3,184,914	0	0	3,184,914
18,867,262	0	0	19,381,575	0	0	19,381,575
0	0	0	4,436,359	0	0	4,436,359
0	0	0	2,012	0	0	2,012
0	0	0	173,254	0	0	173,254
0	0	154,951	1,306,841	35,215	289,875	1,631,931
0	0	7,289	7,289	0	0	7,289
0	0	55,865	55,865	0	0	55,865
0	0	2,615,000	2,615,000	0	0	2,615,000
0	0	0	4,448,161	0	0	4,448,161
<u>23,495,823</u>	<u>0</u>	<u>4,732,798</u>	<u>41,893,681</u>	<u>35,215</u>	<u>322,619</u>	<u>42,251,515</u>
0	26,210,427	0	26,210,427	0	0	26,210,427
0	0	0	15,303,457	233,802	0	15,537,259
0	0	0	(3,660,609)	(31,283)	373,873	(3,318,019)
0	0	0	920,855	0	0	920,855
0	0	0	61,202	0	0	61,202
0	0	0	264,980	0	0	264,980
0	0	0	175,573	0	0	175,573
0	0	0	361,087	0	0	361,087
54,271	0	0	7,437,801	0	0	7,437,801
<u>54,271</u>	<u>26,210,427</u>	<u>0</u>	<u>47,074,773</u>	<u>202,519</u>	<u>373,873</u>	<u>47,651,165</u>
<u>\$23,550,094</u>	<u>\$26,210,427</u>	<u>\$4,732,798</u>	<u>\$88,968,454</u>	<u>\$237,734</u>	<u>\$696,492</u>	<u>\$89,902,680</u>

LAWRENCE COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Property and Other Taxes	\$1,787,070	\$905,160	\$0	\$100,000	\$0	\$2,792,230
Permissive Sales Tax	5,875,098	0	0	0	0	5,875,098
Charges for Services	1,286,605	692,777	0	0	0	1,979,382
Licenses and Permits	6,997	33,080	0	0	0	40,077
Fines and Forfeitures	416,996	184,042	0	34,264	0	635,302
Intergovernmental	1,911,995	23,868,385	0	503,563	427	26,284,370
Interest	496,046	146,781	1,738	0	2,461	647,026
Rent	30	46,732	166,312	21,855	0	234,929
Donations and Contributions	0	7,216	0	0	0	7,216
Other	427,749	602,608	0	0	0	1,030,357
Total Revenues	12,208,586	26,486,781	168,050	659,682	2,888	39,525,987
Expenditures:						
Current:						
General Government:						
Legislative and Executive	4,633,525	291,992	0	0	0	4,925,517
Judicial	2,415,427	463,492	0	0	0	2,878,919
Public Safety	1,883,063	2,014,807	0	0	0	3,897,870
Public Works	265,919	5,616,815	0	0	0	5,882,734
Health	20,526	3,862,528	0	0	0	3,883,054
Human Services	480,806	12,578,671	0	0	0	13,059,477
Conservation and Recreation	0	2,164,853	0	0	0	2,164,853
Economic Development and Assistance	0	215,316	0	0	0	215,316
Transportation	0	4,994	0	0	0	4,994
Other	136,506	0	0	0	0	136,506
Capital Outlay	0	0	0	1,947,759	0	1,947,759
Debt Service:						
Principal Retirement	3,848	0	359,998	0	0	363,846
Interest and Fiscal Charges	3,394	0	169,962	7,458	0	180,814
Total Expenditures	9,843,014	27,213,468	529,960	1,955,217	0	39,541,659
Excess of Revenues Over (Under) Expenditures	2,365,572	(726,687)	(361,910)	(1,295,535)	2,888	(15,672)
Other Financing Sources (Uses):						
Proceeds of Loans	0	55,865	0	0	0	55,865
Inception of Capital Lease	8,505	0	0	0	0	8,505
Operating Transfers In	190,813	2,310,047	372,750	1,030,273	0	3,903,883
Operating Transfers Out	(2,842,077)	(1,025,209)	0	(9,518)	0	(3,876,804)
Total Other Financing Sources (Uses)	(2,642,759)	1,340,703	372,750	1,020,755	0	91,449
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(277,187)	614,016	10,840	(274,780)	2,888	75,777
Fund Balances at Beginning of Year - Restated See Note 3	3,035,007	5,043,244	164,733	840,984	51,383	9,135,351
Decrease (Increase) in Reserve for Inventory	(5,741)	16,111	0	0	0	10,370
Fund Balances at End of Year	\$2,752,079	\$5,673,371	\$175,573	\$566,204	\$54,271	\$9,221,498

See accompanying notes to the general purpose financial statements

LAWRENCE COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<u>Revenues:</u>			
Property and Other Taxes	\$1,751,569	\$1,751,569	\$0
Permissive Sales Tax	5,862,461	5,862,461	0
Charges for Services	1,334,159	1,334,159	0
Licenses and Permits	6,997	6,997	0
Fines and Forfeitures	336,616	336,616	0
Intergovernmental	1,776,852	1,776,852	0
Interest	530,190	530,190	0
Rent	1,280	1,280	0
Donations and Contributions	0	0	0
Other	456,291	456,291	0
Total Revenues	12,056,415	12,056,415	0
<u>Expenditures:</u>			
<u>Current:</u>			
General Government:			
Legislative and Executive	4,662,006	4,662,006	0
Judicial	2,390,913	2,390,913	0
Public Safety	1,891,232	1,891,232	0
Public Works	268,496	268,496	0
Health	16,074	16,074	0
Human Services	506,493	506,493	0
Conservation and Recreation	0	0	0
Economic Development and Assistance	0	0	0
Other	136,506	136,506	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	9,871,720	9,871,720	0
Excess of Revenues Over (Under) Expenditures	2,184,695	2,184,695	0
<u>Other Financing Sources (Uses):</u>			
Proceeds of Notes	60,000	60,000	0
Proceeds of Loans	0	0	0
Advances In	17,549	17,549	0
Advances Out	0	0	0
Operating Transfers In	190,813	190,813	0
Operating Transfers Out	(2,842,077)	(2,842,077)	0
Total Other Financing Sources (Uses)	(2,573,715)	(2,573,715)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(389,020)	(389,020)	0
Fund Balances at Beginning of Year	1,959,907	1,959,907	0
Prior Year Encumbrances Appropriated	188,285	188,285	0
Fund Balances at End of Year	\$1,759,172	\$1,759,172	\$0

(Continued)

LAWRENCE COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 2000
 (CONTINUED)

	Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property and Other Taxes	\$1,062,626	\$1,062,626	\$0
Permissive Sales Tax	0	0	0
Charges for Services	627,874	696,792	68,918
Licenses and Permits	53,071	53,071	0
Fines and Forfeitures	165,401	165,401	0
Intergovernmental	23,345,580	23,345,580	0
Interest	93,878	93,878	0
Rent	41,500	41,500	0
Donations and Contributions	7,216	7,216	0
Other	601,741	631,352	29,611
Total Revenues	25,998,887	26,097,416	98,529
<u>Expenditures:</u>			
Current:			
General Government:			
Legislative and Executive	261,675	261,675	0
Judicial	459,087	459,087	0
Public Safety	2,099,600	2,198,322	(98,722)
Public Works	5,764,596	5,764,596	0
Health	3,868,207	3,867,555	652
Human Services	13,237,849	13,235,997	1,852
Conservation and Recreation	998,185	998,185	0
Economic Development and Assistance	16,567	16,567	0
Other	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	26,705,766	26,801,984	(96,218)
Excess of Revenues Over (Under) Expenditures	(706,879)	(704,568)	2,311
<u>Other Financing Sources (Uses):</u>			
Proceeds of Notes	0	0	0
Proceeds of Loans	55,865	55,865	0
Advances In	0	0	0
Advances Out	(17,549)	(17,549)	0
Operating Transfers In	2,310,047	2,310,047	0
Operating Transfers Out	(1,025,209)	(1,025,209)	0
Total Other Financing Sources (Uses)	1,323,154	1,323,154	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	616,275	618,586	2,311
Fund Balances at Beginning of Year	5,396,546	5,396,546	0
Prior Year Encumbrances Appropriated	502,024	502,024	0
Fund Balances at End of Year	\$6,514,845	\$6,517,156	\$2,311

Debt Service Funds			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$100,000	\$100,000	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	33,294	33,294	0
0	0	0	483,511	483,511	0
933	933	0	0	0	0
215,302	215,302	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>216,235</u>	<u>216,235</u>	<u>0</u>	<u>616,805</u>	<u>616,805</u>	<u>0</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	1,917,849	1,917,849	0
765,569	765,569	0	0	0	0
<u>531,254</u>	<u>531,254</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>1,296,823</u>	<u>1,296,823</u>	<u>0</u>	<u>1,917,849</u>	<u>1,917,849</u>	<u>0</u>
<u>(1,080,588)</u>	<u>(1,080,588)</u>	<u>0</u>	<u>(1,301,044)</u>	<u>(1,301,044)</u>	<u>0</u>
135,000	135,000	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
982,758	982,758	0	1,030,273	1,030,273	0
0	0	0	(9,518)	(9,518)	0
<u>1,117,758</u>	<u>1,117,758</u>	<u>0</u>	<u>1,020,755</u>	<u>1,020,755</u>	<u>0</u>
37,170	37,170	0	(280,289)	(280,289)	0
228,279	228,279	0	920,348	920,348	0
0	0	0	9,243	9,243	0
<u>\$265,449</u>	<u>\$265,449</u>	<u>\$0</u>	<u>\$649,302</u>	<u>\$649,302</u>	<u>\$0</u>

(Continued)

LAWRENCE COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000
(CONTINUED)**

	Expendable Trust Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property and Other Taxes	\$0	\$0	\$0
Permissive Sales Tax	0	0	0
Charges for Services	0	0	0
Licenses and Permits	0	0	0
Fines and Forfeitures	0	0	0
Intergovernmental	427	427	0
Interest	1,543	1,543	0
Rent	0	0	0
Donations and Contributions	0	0	0
Other	0	0	0
Total Revenues	1,970	1,970	0
<u>Expenditures:</u>			
<u>Current:</u>			
<u>General Government:</u>			
Legislative and Executive	0	0	0
Judicial	0	0	0
Public Safety	0	0	0
Public Works	0	0	0
Health	0	0	0
Human Services	0	0	0
Conservation and Recreation	0	0	0
Economic Development and Assistance	0	0	0
Other	0	0	0
Capital Outlay	0	0	0
<u>Debt Service:</u>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	0	0	0
Excess of Revenues Over (Under) Expenditures	1,970	1,970	0
<u>Other Financing Sources (Uses):</u>			
Proceeds of Notes	0	0	0
Proceeds of Loans	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,970	1,970	0
Fund Balances at Beginning of Year	51,383	51,383	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balances at End of Year	\$53,353	\$53,353	\$0

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$2,914,195	\$2,914,195	\$0
5,862,461	5,862,461	0
1,962,033	2,030,951	68,918
60,068	60,068	0
535,311	535,311	0
25,606,370	25,606,370	0
626,544	626,544	0
258,082	258,082	0
7,216	7,216	0
<u>1,058,032</u>	<u>1,087,643</u>	<u>29,611</u>
<u>38,890,312</u>	<u>38,988,841</u>	<u>98,529</u>
4,923,681	4,923,681	0
2,850,000	2,850,000	0
3,990,832	4,089,554	(98,722)
6,033,092	6,033,092	0
3,884,281	3,883,629	652
13,744,342	13,742,490	1,852
998,185	998,185	0
16,567	16,567	0
136,506	136,506	0
1,917,849	1,917,849	0
765,569	765,569	0
<u>531,254</u>	<u>531,254</u>	<u>0</u>
<u>39,792,158</u>	<u>39,888,376</u>	<u>(96,218)</u>
<u>(901,846)</u>	<u>(899,535)</u>	<u>2,311</u>
195,000	195,000	0
55,865	55,865	0
17,549	17,549	0
(17,549)	(17,549)	0
4,513,891	4,513,891	0
<u>(3,876,804)</u>	<u>(3,876,804)</u>	<u>0</u>
<u>887,952</u>	<u>887,952</u>	<u>0</u>
(13,894)	(11,583)	2,311
8,556,463	8,556,463	0
<u>699,552</u>	<u>699,552</u>	<u>0</u>
<u>\$9,242,121</u>	<u>\$9,244,432</u>	<u>\$2,311</u>

LAWRENCE COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - PROPRIETARY FUND TYPE FOR THE YEAR ENDED DECEMBER 31, 2000
AND DISCRETELY PRESENTED COMPONENT UNITS FOR THE YEAR ENDED JUNE 30, 2000**

	Proprietary Fund Type			Totals Reporting Entity (Memorandum Only)
	Enterprise	Choices	Tri-State Industries	
<u>Operating Revenues:</u>				
Charges for Services	\$1,514,162	\$0	\$573,414	\$2,087,576
Rental Income	0	22,935	0	22,935
Contributions from County	0	0	36,709	36,709
Other Operating Revenues	0	0	1,884	1,884
Total Operating Revenues	1,514,162	22,935	612,007	2,149,104
<u>Operating Expenses:</u>				
Personal Services	400,852	0	84,572	485,424
Contractual Services	268,229	0	11,910	280,139
Fringe Benefits	54,189	0	0	54,189
Materials and Supplies	168,327	6,330	283,318	457,975
Interest Expense	346,684	2,680	0	349,364
Depreciation	987,278	7,130	19,973	1,014,381
Other	15,371	6,513	122,759	144,643
Total Operating Expenses	2,240,930	22,653	522,532	2,786,115
Operating Income (Loss)	(726,768)	282	89,475	(637,011)
<u>Non-Operating Revenues (Expenses):</u>				
Interest Income	0	267	1,440	1,707
Grant Income	0	0	10,051	10,051
Interest and Fiscal Charges	0	0	(21,816)	(21,816)
Other Non-Operating Revenues	0	0	468	468
Total Non-Operating Revenues (Expenses)	0	267	(9,857)	(9,590)
Income (Loss) Before Operating Transfers	(726,768)	549	79,618	(646,601)
Operating Transfers - Out	(27,079)	0	0	(27,079)
Net Income (Loss)	(753,847)	549	79,618	(673,680)
Retained Earnings (Deficit) at Beginning of Year - Restated See Note 3	(2,906,762)	(31,832)	294,255	(2,644,339)
Retained Earnings (Deficit) at End of Year	(3,660,609)	(31,283)	373,873	(3,318,019)
Contributed Capital at Beginning of Year	14,869,303	233,802	0	15,103,105
Contributions During the Year:				
Intergovernmental	434,154	0	0	434,154
Contributed Capital at End of Year	15,303,457	233,802	0	15,537,259
Total Fund Equity at End of Year	\$11,642,848	\$202,519	\$373,873	\$12,219,240

See accompanying notes to the general purpose financial statements

LAWRENCE COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Enterprise Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$1,601,490	\$1,601,490	\$0
Grants	413,409	413,409	0
Total Revenues	<u>2,014,899</u>	<u>2,014,899</u>	<u>0</u>
<u>Expenses:</u>			
Personal Services	390,367	390,367	0
Fringe Benefits	49,431	49,431	0
Contractual Services	276,535	276,535	0
Materials and Supplies	104,683	104,683	0
Other Operating Expenses	35,230	35,230	0
Capital Outlay	460,687	460,687	0
Total Expenses	<u>1,316,933</u>	<u>1,316,933</u>	<u>0</u>
Excess of Revenues Over Expenses Before Operating Transfers	697,966	697,966	0
Operating Transfers - Out	<u>(637,087)</u>	<u>(637,087)</u>	<u>0</u>
Excess of Revenues Over Expenses and Operating Transfers	60,879	60,879	0
Fund Equity at Beginning of Year	246,336	246,336	0
Prior Year Encumbrances Appropriated	<u>26,770</u>	<u>26,770</u>	<u>0</u>
Fund Equity at End of Year	<u>\$333,985</u>	<u>\$333,985</u>	<u>\$0</u>

See accompanying notes to the general purpose financial statements

LAWRENCE COUNTY

COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE FOR THE YEAR ENDED DECEMBER 31, 2000 AND
 DISCRETELY PRESENTED COMPONENT UNITS FOR THE YEAR ENDED JUNE 30, 2000

	Proprietary	Component Units		Totals
	Fund Type			Reporting
	Enterprise	Choices	Tri-State Industries	Entity (Memorandum Only)
<u>Increase (Decrease) in Cash and Cash Equivalents</u>				
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Third Party Payors	\$0	\$0	\$538,080	\$538,080
Cash Received from Customers	1,628,821	22,933	0	1,651,754
Cash Payments to Employees for Services and Benefits	(439,798)	0	(81,164)	(520,962)
Cash Payments to Suppliers for Goods and Services	(424,325)	(12,843)	(274,588)	(711,756)
Other Operating Revenues	0	0	1,884	1,884
Non-Operating Revenues	0	267	11,959	12,226
Other Operating Expenses	(35,230)	(2,680)	(134,669)	(172,579)
Net Cash Provided by Operating Activities	<u>729,468</u>	<u>7,677</u>	<u>61,502</u>	<u>798,647</u>
<u>Cash Flows from Non-Capital Financing Activities</u>				
Operating Transfers Out	<u>(27,079)</u>	<u>0</u>	<u>0</u>	<u>(27,079)</u>
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>(27,079)</u>	<u>0</u>	<u>0</u>	<u>(27,079)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition of Capital Assets	(399,333)	(7,500)	(37,415)	(444,248)
Proceeds from Notes	0	4,750	0	4,750
Grants	413,409	0	0	413,409
Principal Paid on Notes and Loans Payable	(255,571)	(3,260)	(24,776)	(283,607)
Interest Paid on Notes and Loans Payable	(354,437)	0	(21,816)	(376,253)
Net Cash Used for Capital and Related Financing Activities	<u>(595,932)</u>	<u>(6,010)</u>	<u>(84,007)</u>	<u>(685,949)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	106,457	1,667	(22,505)	85,619
Cash and Cash Equivalents at Beginning of Year	<u>394,231</u>	<u>5,917</u>	<u>105,172</u>	<u>505,320</u>
Cash and Cash Equivalents at End of Year	<u>\$500,688</u>	<u>\$7,584</u>	<u>\$82,667</u>	<u>\$590,939</u>

(Continued)

LAWRENCE COUNTY

COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE FOR THE YEAR ENDED DECEMBER 31, 2000 AND
 DISCRETELY PRESENTED COMPONENT UNITS FOR THE YEAR ENDED JUNE 30, 2000
 (CONTINUED)

	Proprietary	Component Units		Totals
	Fund Type			Reporting
	Enterprise	Choices	Tri-State Industries	Entity (Memorandum Only)
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	(\$380,084)	\$282	\$89,475	(\$290,327)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
Other Non-Operating Revenues	0	267	11,959	12,226
Depreciation Expense	987,278	7,128	19,973	1,014,379
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	114,659	0	(72,043)	42,616
(Increase) Decrease in Inventory	7,885	0	(1,738)	6,147
Decrease in Prepaids	4,541	0	0	4,541
Increase in Accounts Payable	3,042	0	13,876	16,918
Increase in Accrued Salaries	(1,029)	0	0	(1,029)
Increase in Compensated Absences	5,839	0	0	5,839
Decrease in Contracts Payable	(23,096)	0	0	(23,096)
Decrease in Due to Other Governments	10,433	0	0	10,433
Net Cash Provided by Operating Activities	<u>\$729,468</u>	<u>\$7,677</u>	<u>\$61,502</u>	<u>\$798,647</u>

See accompanying notes to the general purpose financial statements

LAWRENCE COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000

1. Reporting Entity and Basis of Presentation

Lawrence County, Ohio (the County), was settled in 1797, and it was formally established on December 20, 1816 as a County by taking portions of Gallia and Scioto Counties. The County is comprised of fourteen townships. The County is governed by a board of three Commissioners elected by the voters of the County. Other elected officials that manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, two Common Pleas Court Judges, and one Judge for the Probate and Juvenile Courts.

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

A. Reporting Entity

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

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

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Lawrence County, this includes the Board of Mental Retardation and Developmental Disabilities, the Union-Rome Sewer District, and all departments and activities that are directly operated by the elected County officials.

The River Valley Health System is an enterprise fund of the County. The hospital operations were discontinued in early 2001, and due to no financial information being available for December 31, 2000, the activity is not presented in the County's financial statements.

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

LAWRENCE COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2000

(Continued)

The component unit columns in the combined financial statements identify the financial data of the County's component units, Creating Housing Opportunities in a Community Environment Successfully (CHOICES), Inc. and Tri-State Industries, Inc. They are discretely reported in separate columns to emphasize that they are legally separate from the County.

CHOICES, Inc., is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. The organization assists in providing housing for persons with mental retardation or developmental disabilities. The Lawrence County Board of Mental Retardation and Developmental Disabilities (MR/DD) obtains grants to subsidize the purchase of houses for CHOICES, Inc. CHOICES, Inc. then rents the houses to mentally retarded or developmentally disabled tenants. Based on the significant resources provided by the County to CHOICES, Inc. and CHOICES' sole purpose of providing housing to mentally retarded or developmentally disabled persons in Lawrence County, CHOICES, Inc. is presented as a component unit of Lawrence County. CHOICES, Inc. operates on a fiscal year ending June 30. Separately issued financial statements can be obtained from CHOICES, Inc., Coal Grove, Ohio.

Tri-State Industries, Inc., is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. The workshop, under a contractual agreement with the Lawrence County Board of Mental Retardation and Developmental Disabilities (MR/DD) provides sheltered employment for mentally retarded or handicapped adults in Lawrence County. The Lawrence County Board of MR/DD provides the workshop with staff salaries, transportation, equipment (except that used directly in the production of goods or rendering services), staff to administer and supervise training programs, and other funds as necessary for the operation of the workshop. Based on the significant services and resources provided by the County to the workshop and the workshop's sole purpose of providing assistance to the retarded and handicapped adults of Lawrence County, the workshop is presented as a component unit of Lawrence County. Tri-State Industries, Inc. operates on a fiscal year ending June 30. The operating statement of Tri-State Industries, Inc. is presented at the object level. The workshop is required only to report operating information at the program level; however, since it operates under a single program, object level information is presented to provide more comprehensive financial information. Separately issued financial statements can be obtained from Tri-State Industries, Inc., Coal Grove, Ohio.

The following potential component units have been excluded from the County's financial statements because the County is not financially accountable for these organizations nor are these entities for which the County approves the budget, the issuance of debt, or the levying of taxes.

LAWRENCE COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000

(Continued)

Lawrence County Agricultural Society
The Lawrence County Educational Service Center
The Lawrence County Joint Vocational School
The Lawrence County Law Library
The Lawrence County Historical Society
The Lawrence County Extension Service
The Lawrence County Economic Development Corporation
The Lawrence County Domestic Violence Task Force, Inc.
The Lawrence County Council on Aging

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the separate agencies, boards and commissions listed below, the County serves as fiscal agent, but is not financially accountable for their operations. Accordingly, the activity of the following districts and agencies is presented as agency funds within the County's financial statements:

Lawrence County Soil and Water Conservation District is statutorily created as a separate and distinct political subdivision of the State. The five supervisors of the Soil and Water Conservation District are elected officials authorized to contract and sue on behalf of the District. The Supervisors adopt their own budget, authorize District expenditures, hire and fire staff, and do not rely on the County to finance deficits.

Lawrence County Health District is governed by a five member Board of Health which oversees the operation of the Health District. The Board is appointed by an advisory council comprised of the president of the township trustees, mayors of participating municipalities and one County Commissioner. The Board has sole budgetary authority, and controls surpluses and deficits. The County is not legally obligated for the Health District's debt. Funding is based on a rate per taxable valuation, along with state and federal grants applied for by the District.

The Local Emergency Planning Commission is established by the State Emergency Response Commission, which designates Emergency Planning Districts within the State. Commission members are recommended by the County Commissioners and appointed by the State Emergency Response Commission. The Commission receives operating resources in the form of grants from the State.

The County is involved with the following organizations which are defined as jointly governed organizations. Additional financial information concerning the jointly governed organizations is presented in Note 19.

Adams, Lawrence, Scioto Alcohol, Drug Addiction, and Mental

LAWRENCE COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

(Continued)

Health Services Board

Private Industry Council
Southeast Ohio Emergency Medical Services
Ironton-Lawrence County Community Action Organization
The KYOVA Interstate Planning Commission
Ohio Valley Regional Development Commission

The County is involved in the following organizations which are defined as public entity shared risk pools. Additional information concerning the public entity shared risk pools is presented in Note 20.

Buckeye Joint-County Self-Insurance Council
County Commissioners Association of Ohio Worker's Compensation Group Rating Plan

The County is involved in the following organization which is defined as a joint venture. Additional financial information concerning the joint venture is presented in Note 21.

Scioto-Lawrence Counties Joint Solid Waste District

The County is involved with the following organization which is defined as a related organization. Additional financial information concerning the related organization is presented in Note 22.

Briggs-Lawrence County Public Library

B. Basis of Presentation - Fund Accounting

The County (primary government), CHOICES, Inc. and Tri-State Industries (component units) use funds and account groups to report on their financial position and the results of their operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is defined as a fiscal and accounting entity with a self balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the County are grouped

LAWRENCE COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000

(Continued)

into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types

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

General Fund

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

Special Revenue Funds

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

Debt Service Fund

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

Capital Projects Funds

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

Proprietary Fund Type

The proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector. Enterprise funds are the County's only proprietary fund type:

LAWRENCE COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

(Continued)

Enterprise Funds

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

Fiduciary Fund Types

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

Expendable Trust Fund

This fund is accounted for in essentially the same manner as governmental funds.

Agency Funds

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

Account Groups

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

General Fixed Assets Account Group

The general fixed assets account group is used to account for all fixed assets of the County, other than those fixed assets accounted for in the proprietary funds.

General Long-Term Obligations Account Group

The general long-term obligations account group is used to account for all long-term debt of the County, except that accounted for in the proprietary funds.

LAWRENCE COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

(Continued)

2. Summary of Significant Accounting Policies

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. The County applies Financial Accounting Standards Board Statements and Interpretations issued prior to November 30, 1989 to proprietary activities, provided they do not contradict or conflict with Governmental Accounting Standards Board Statements and Interpretations.

A. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

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

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

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the County is forty-five days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: earnings on investments, sales tax (see Note 8), federal and state grants and shared revenues, and charges for current services. Major revenue sources not susceptible to accrual include

LAWRENCE COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000

(Continued)

licenses and permits, and fines and forfeitures, which are not considered measurable until received.

The County reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet, and revenue is recognized. Property taxes measurable as of December 31, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance 2000 operations, have also been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than on expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due, and costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The proprietary funds, CHOICES and Tri-State Industries are reported using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized at the time they are incurred. Unbilled service charges receivable are recognized as revenue at year end.

CHOICES and Tri-State Industries are not-for-profit corporations that follow the accounting guidelines set forth in GASB Statement Number 29, "The Use of Not-For-Profit Accounting and Financial Reporting Principles by Governmental Entities." Under GASB Statement Number 29, CHOICES and Tri-State Industries use the governmental model for financial reporting. The not-for-profit corporations use the full accrual method of accounting for their operations similar to the proprietary funds of the County.

B. Budgetary Process

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

LAWRENCE COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000

(Continued)

County Commissioners. Budgetary information for CHOICES and Tri-State Industries, Inc. is not reported because they are not included in the entity for which "the appropriated budget" is adopted, and do not maintain separate budgetary financial records.

Tax Budget

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

Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be amended further during the year if the County Auditor determines, and the Budget Commission agrees, that an estimate needs either to be increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2000.

Appropriations

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

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

LAWRENCE COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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Encumbrances

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

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

C. Cash and Cash Equivalents

To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the County's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During 2000, investments were limited to repurchase agreements, which are reported at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2000 amounted to \$496,046, which includes \$428,920 assigned from other County funds. Interest received directly by CHOICES, Inc. and Tri-State Industries (Component Units) during 2000 was in the amount of \$267 and \$1440 respectively.

The County has segregated bank accounts for monies held separate from the County's central bank account. These interest bearing depository accounts are presented in the combined balance sheet as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the County treasury. The Component Units' moneys are also presented as "cash and cash equivalents in segregated accounts".

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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(Continued)

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are considered to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

D. Receivables and Payables

Receivables and payables to be recorded on the County's financial statements are recorded to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also, by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of payables, collectibility.

E. Inventory of Supplies

Inventories of governmental and proprietary funds are stated at cost while inventories of Tri-State Industries are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types and component unit when used. Reported supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the payment, and an expenditure/expense is reported in the year in which services are consumed.

G. Interfund Assets and Liabilities

Short-term interfund loans or the short-term portion of advances are classified as "interfund receivables/payables."

LAWRENCE COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2000

(Continued)

Amounts owed to a particular fund by another fund in the County for goods or services rendered, and amounts to be distributed by agency funds to other funds of the County, are classified as "due from other funds/due to other funds."

H. Property, Plant, Equipment and Depreciation

1. General Fixed Assets Account Group

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group at historical cost or estimated historical cost. Assets in the general fixed assets account group are not depreciated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost in the general fixed assets account group.

Public domain (infrastructure) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized or reported, as these assets are immovable and of value only to the County.

2. Enterprise Fund Fixed Assets

Property, plant, and equipment reflected in the enterprise funds and by Tri-State industries and CHOICES are stated at historical cost (or estimated historical cost) and are updated for the cost of additions and retirements during the year. Depreciation has been provided on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Primary Government Estimated Lives</u>	<u>Tri-State Industries Estimated Lives</u>	<u>CHOICES Estimated Lives</u>
Buildings and Plants	50 years	40 years	30 years
Improvements other than Buildings	35 years	N/A	N/A
Furniture and Fixtures	15-25 years	N/A	N/A
Vehicles	5 years	5 years	N/A
Equipment	5-10 years	5-15 years	N/A

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

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(Continued)

3. Valuation

The primary government's fixed asset values initially were determined at December 31, 1991, assigning original acquisition costs when such information was available. In cases when original costs were not practicably determinable, estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at estimated fair market value on the date donated. CHOICES' and Tri-State Industries' asset values were determined at original acquisition cost when purchased.

I. Compensated Absences

The County has implemented the provisions of Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the county will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the County's termination policy.

For the governmental funds, the County records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The County records a liability for accumulated unused sick leave for all public assistance fund employees after one year of service and all other departments' employees after ten years of service. The current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

LAWRENCE COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

(Continued)

J. Intergovernmental Revenues

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

K. Accrued and Long-term Liabilities

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than forty-five days after year end are generally considered not to have been paid with current available financial resources. Bonds, capital leases and long-term loans are recognized as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

L. Capitalization of Interest

The County's policy is to capitalize net interest on proprietary fund construction projects until substantial completion of the project. 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 investment on the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2000, interest costs incurred on construction projects in proprietary funds were not material.

M. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to enterprise funds that is not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved

LAWRENCE COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

(Continued)

retained earnings at year end except for depreciation on assets acquired through grants, which is expensed and closed to contributed capital at year end.

N. Reserves of Fund Equity

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

O. Interfund Transactions

During the course of normal operations the County makes numerous transactions between funds. The most significant include operating transfers and reimbursements.

1. Transfers of resources from one fund to another fund through which resources are to be expended are recorded as operating transfers.
2. Reimbursements from one fund to another fund are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.

P. Total Columns on General Purpose Financial Statements

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

Q. Estimates

The preparation of financial statements in conformity with generally accepted accounting

LAWRENCE COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

(Continued)

principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

3. RESTATEMENT OF FUND BALANCE

The County changed its classification of the following funds: Rome Township Storm Drain, Farmview Sewer Improvements and High Avenue Storm Separation Phase I. These funds were previously accounted for as Enterprise Funds. In 2000, the County accounted for these funds as Capital Projects Funds. In addition, the County Hospital was not included in the County's General Purpose Financial Statements. Financial information was not available for 2000 activity. The County Hospital was previously accounted for in the Enterprise Fund. The effect of these changes are as follows:

	<u>Capital Projects Fund Type</u>	<u>Enterprise Fund Type</u>
Retained Earnings/Fund balances originally stated, December 31, 1999	\$821,073	\$1,695,865
Reclassification of Funds	19,911	(19,911)
Reduction fo County Hospital	<u> </u>	<u>(4,582,716)</u>
Restated Fund cash balances, January 1, 2000	<u><u>\$840,984</u></u>	<u><u>(\$2,906,762)</u></u>

In the prior year, the long-term compensated absences liability for governmental funds was understated. This restatement caused an increase of \$44,371 in general long-term obligations account group compensated absences. In addition, the long-term capital lease liability was understated. This restatement caused an increase in the amount of \$409 in the general long-term obligation account group. The general long-term obligation account group was restated from \$5,018,384 to \$5,063,164.

4. Budgetary Basis of Accounting

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

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis), All Governmental Fund Types and Expendable Trust Fund and the

LAWRENCE COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

(Continued)

Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis), Proprietary Fund Type are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues received by year end and not posted to cash (budget basis) are recorded as revenue (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis). Material encumbrances are disclosed in the notes for proprietary fund types (GAAP basis).
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
6. Principal and interest payments are reported in debt service funds on the operating statements (budget basis) rather than in the funds receiving those proceeds or responsible for making the debt payments (GAAP basis).

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

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Funds Types and Expendable Trust Fund				
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	(\$277,187)	\$614,016	\$10,840	(\$274,780)	\$2,888
Unreported Cash	8,578	(5,055)	0	970	0
Net Adjustment For Revenue Accruals	(169,254)	(384,310)	48,185	(43,847)	(918)
Note Proceeds	60,000	0	135,000	0	0
Net Adjustment for Expenditure Accruals	69,819	1,642,713	0	29,910	0

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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(Continued)

Debt Principal Retirement	3,848	0	(405,571)	0	0
Prepays	7,903	20,623	0	0	0
Interest and Fiscal Charges	3,394	0	(361,292)	7,458	0
Transfers - In	0	0	610,008	0	0
Advances - In	17,549	0	0	0	0
Advances - Out	0	(17,549)	0	0	0
Encumbrances	(113,670)	(1,251,852)	0	0	0
Budget Basis	<u>(\$389,020)</u>	<u>\$618,586</u>	<u>\$37,170</u>	<u>(\$280,289)</u>	<u>\$1,970</u>

Net Income/(Loss)
Excess of Revenues Over Expenses and Operating Transfers
Proprietary Fund Type

	<u>Enterprise</u>
GAAP Basis	(\$753,847)
Net Adjustment for Revenue Accruals	496,205
Net Adjustment for Expense Accruals	415,653
Unreported Cash	4,532
Capital Outlay	(460,687)
Depreciation	987,278
Transfers - Out	(610,008)
Encumbrances	(18,247)
Budget Basis	<u>\$60,879</u>

5. Accountability and Compliance

A. Fund Deficits

The following funds had a deficit fund balance/retained earnings as of December 31, 2000:

	<u>Deficit Fund Balance/Retained Earnings</u>
<u>Special Revenue Funds:</u>	
Dog and Kennel	\$1,770
911 Emergency	\$5,898
Public Assistance	\$422,966
Hazard Mitigation #1	\$89
<u>Capital Projects Funds:</u>	
Real Estate	\$132,687
SEOEMS Ironton	\$41,987
<u>Enterprise Fund:</u>	
Union-Rome Sewer	\$3,660,609

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(Continued)

The deficits in the Special Revenue and Capital Projects Funds are largely the result of the recognition of liabilities in accordance with generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. The deficit in the Union-Rome Sewer Enterprise Fund is largely the result of the reporting of contributed capital and sewer rates that do not cover the true cost of operating the sewer system. Management is evaluating how to resolve this issue.

B. Legal Compliance

The following accounts had expenditures plus encumbrances in excess of appropriations contrary to section 5705.41, Revised Code:

	<u>Excess</u>
<u>Special Revenue Fund:</u>	
Law Enforcement Trust Fund	
Public Safety	
Other	\$22,023
Commissary	
Public Safety	
Other	\$76,699

6. Deposits and Investments

A. Primary Government

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

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

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

LAWRENCE COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000

(Continued)

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio; and
10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific

LAWRENCE COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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(Continued)

obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payments for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand

At year-end, the County had \$204,099 in undeposited cash on hand which is included on the Balance Sheet of the County as part of "Cash and Cash Equivalents".

Deposits

At year-end, the carrying amount of the County's deposits was \$3,653,677, and the bank balance was \$6,801,687. Of the bank balance:

1. \$1,115,334 was covered by federal depository insurance;
2. \$577,859 was collateralized with securities held by the pledging financial institution's trust department or agent in the County's name;
3. \$5,108,494 was considered uninsured and uncollateralized even though securities for collateral were held by the pledging financial institutions' trust department in the County's name and all State statutory requirements for the deposit of money had been followed.

Non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC;

Investments

Category 1 includes investments that are insured or registered for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's name. Deferred Compensation is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	1	Category 2	3	Carrying Value	Market Value
Repurchase Agreement	\$0	\$0	\$9,000,000	\$9,000,000	\$9,180,520

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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(Continued)

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9 entitled "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$12,857,776	\$0
Undeposited Cash	(204,099)	0
Investments:		
Repurchase Agreements	(9,000,000)	9,000,000
GASB Statement 3	<u>\$3,653,677</u>	<u>\$9,000,000</u>

B. Component Units

At year end, the carrying amount of Tri-State Industries' deposits was \$82,667, and the bank balance was \$26,704. The bank balance was covered by federal deposit insurance.

At year end, the carrying amount of CHOICES' deposits was \$7,584, and the bank balance was \$7,933. The bank balance was covered by federal deposit insurance.

7. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Property tax revenue received during 2000 for real and public utility property taxes represents collection of 1999 taxes. Property tax payments received during 2000 for tangible personal property (other than public utility property) is for 2000 taxes.

2000 real property taxes are levied after October 1, 2000 on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2000 real property taxes are intended to finance 2001.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility property is assessed at 35 percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after October 1, 2000, and are collected in 2001 with real property taxes.

LAWRENCE COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000

(Continued)

2000 tangible personal property taxes are levied after October 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are 25 percent of true value.

The assessed value for the taxes collected in 2000 was \$605,284,870 of which real property represented 79 percent (\$477,332,540) of the total, public utility property represented 12 percent (\$74,089,950) of the total, and tangible personal property represented 9 percent (\$53,862,380) of the total. The full tax rate for all County operations for taxes collected in 2000, was \$5.60 per \$1,000 of assessed valuation.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due by December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The County treasurer collects property taxes on behalf of all taxing districts in the County. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2000. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2000 operations. The receivable is offset by deferred revenue.

8. Permissive Sales and Use Tax

In February 1983, the tax commissioners adopted by resolution a one percent Permissive Sales and Use Tax, and in April 1999 a one half percent Permissive Sales and Use Tax, as allowed by Sections 5739.02 and 5742.02, Revised Code. Amounts that will be received within the available period are accrued as revenue. Sales and use tax revenue for 2000 amounted to \$5,875,098, and is recorded in the General Fund.

9. Receivables

A. Primary Government

Receivables at December 31, 2000, consisted of taxes, loans, interest, special assessments, court costs, accounts (billings for user charged services, including unbilled utility), and intergovernmental receivables arising from grants and shared revenues. Delinquent utility accounts receivable may be certified and collected as a special assessment, subject to foreclosure for nonpayment, and are therefore considered fully collectible.

LAWRENCE COUNTY

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(Continued)

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
General Fund:	
Housing of Prisoners	\$640
Reimbursement Rome Township	4,794
Estate Tax Salary	898
Sheriff's Pay Raise	4,665
Indigent Defense	44,430
Reimburse 911 Emergency Expenses	38,305
Total General Fund	<u>93,732</u>
Special Revenue Funds:	
Childrens Services Subsidy	12,822
MVGT Township Reimbursement	206,061
Indigent Defense Reimburse Grant	2,813
Drug Task Enforcement Grant	2,377
VAWA Quarterly Investigator Grant	10,883
MRDD Food Service	4,334
TCM Grant	5,549
CAFS Grant	63,839
Common Pleas In-House Mediator Grant	14,051
Juvenile In-House Mediator Grant	7,416
Workers' Compensation Refund	18,860
Group & Shelter Food Service	3,035
Rehabilitation State Funding	20,039
Rehabilitation Housing	16,805
Block Grant for Land Acquisition	1,166,668
CSEA Reimburse Grant	12,000
Total Special Revenue Funds	<u>1,567,552</u>
Capital Projects Fund:	
Ohio Public Works Commission Grant	<u>39,608</u>
Enterprise Fund:	
Ohio Public Works Commission Grant	<u>20,745</u>

LAWRENCE COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

(Continued)

	Amount
Agency Funds:	
Libraries Local Government Support	178,651
Undivided Local Income Tax	122,048
Gasoline Tax	59,450
Motor Vehicle License Tax	25,134
Undivided Revenue Assistance	40,129
Total Agency Funds	425,412
Grand Total	\$2,147,049

B. Component Units

Tri-State Industries, Inc. uses the allowance method of accounting for doubtful accounts. All accounts were considered to be fully collectible at June 30, 2000; therefore, no allowance for doubtful accounts has been recorded. CHOICES, Inc. had no receivables as of June 30, 2000.

10. Fixed Assets

A summary of the enterprise funds' and component units' fixed assets at December 31, 2000 follows:

	Primary Government	CHOICES	Tri-State Industries
Land	\$674,120	\$42,476	\$0
Buildings	2,518,314	220,723	430,000
Improvements Other than Buildings	23,782,842	0	0
Furniture, Fixtures, Machinery, and Equipment	514,960	0	251,463
Vehicles	483,407	0	0
Construction in Progress	29,381	0	0
Total	28,003,024	263,199	681,463
Less: Accumulated Depreciation	(11,597,595)	(33,049)	(206,847)
Net Fixed Assets	\$16,405,429	\$230,150	\$474,616

LAWRENCE COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

(Continued)

A summary of the changes in general fixed assets during 2000 follows:

	Balance January 1, 2000	Additions	Reductions	Balance December 31, 2000
Land	\$801,490	\$3,079,632	\$0	\$3,881,122
Buildings	11,639,835	735,616	0	12,375,451
Improvements Other than Buildings	1,615,699	642,098	2,279	2,255,518
Furniture, Fixtures, Machinery and Equipment	4,378,661	395,507	269,918	4,504,250
Vehicles	3,140,646	269,731	232,191	3,178,186
Construction in Progress	220,607	15,900	220,607	15,900
Total	<u>\$21,796,938</u>	<u>\$5,138,484</u>	<u>\$724,995</u>	<u>\$26,210,427</u>

11. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; employee injuries and natural disasters. By contracting with Buckeye Joint-County Self-Insurance Council (BJCSIC) (see Note 20) for auto, crime, liability and property insurance, the County has addressed these various types of risk.

The County has general and auto liability coverage of \$2,000,000 per occurrence, uninsured motorists coverage of \$1,000,000 per occurrence, public official errors and omission liability coverage of \$2,000,000 per occurrence, law enforcement liability coverage of \$2,000,000 per occurrence and a \$3,000,000 aggregate, and crime insurance coverage of \$250,000 per occurrence. The County's property insurance is on a replacement cost basis for a blanket amount of \$25,801,100 on buildings and contents and includes the following: data processing equipment with a \$250 deductible, valuable papers and records, and extra expense amounts of \$250 each for the County Courthouse and the Children's Shelter. Comprehensive boiler and machinery coverage is carried in the amount of \$25,000,000 with a \$250 deductible.

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

For 2000, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. (See Note 23) The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating Counties is calculated as one experience and a common premium rate is applied to all participants

LAWRENCE COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000

(Continued)

in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

12. Defined Benefit Pension Plans

A. Public Employees Retirement System

All County employees, other than teachers, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report that may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations; law enforcement employees contribute 9 percent. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. For plan members, other than those engaged in law enforcement, the County was required to contribute 6.54 percent of covered salary for 2000, a reduction from 9.35 percent for 1999. The County contribution for law enforcement employees for 2000 was 11.4 percent, down from 12.5 percent for 1999. Contributions are authorized by State statute. The contribution rates are determined actuarially. The County's contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$924,339, \$3,018,609, and \$3,022,974, respectively; 94 percent has been contributed for 2000 and 100 percent has been contributed for 1999 and 1998. The unpaid contribution for 2000 is recorded as a liability in the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

Certified teachers, employed by the school for Mental Retardation and Developmental Disabilities, 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 retirement and disability benefits, annual cost-of-living adjustments, and death benefits 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. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

LAWRENCE COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000

(Continued)

Plan members are required to contribute 9.3 percent of their annual covered salary to fund pension obligations and the County is required to contribute 6 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The County's contributions to STRS for the years ended December 31, 2000, 1999, and 1998 were \$31,808, \$33,844, and \$50,837, respectively; 92 percent has been contributed for 2000 and 100 percent has been contributed for 1999 and 1998. The unpaid contribution for 2000 is recorded as a liability in the respective fund.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by a State Retirement System have an option to choose Social Security or the appropriate state system. As of December 31, 2000, none have elected Social Security.

13. Postemployment Benefits

A. Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The employer contribution rate for 2000 was 10.84 percent of covered payroll for employees not engaged in law enforcement; 4.3 percent was the portion that was used to fund health care. The employer contribution rate for law enforcement employees for 2000 was 15.7 percent; 4.3 percent was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

LAWRENCE COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

(Continued)

The number of active contributing participants was 401,339. The County's actual contributions for 2000 which were used to fund postemployment benefits were \$605,762. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999, (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

B. State Teachers Retirement System

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS). Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS.

Benefits are funded on a pay-as-you-go basis. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the County, this amount equaled \$45,962 for 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund at June 30, 2000, was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and there were 99,011 eligible benefit recipients.

14. Other Employer Benefits

A. Compensated Absences

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service with the County. Accumulated, unused sick leave and compensatory time is paid to a terminated employee at varying rates depending on length of service and department policy. As of December 31, 2000 the liability for compensated absences was \$2,029,288 for the County.

LAWRENCE COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2000

(Continued)

B. Employee Insurance

The County contracts annually with Medical Mutual of Ohio Insurance Company for employee health insurance. The County pays eighty-five percent of the monthly health insurance premiums. The following departments' health insurance premiums are paid one hundred percent by the County: Public Assistance, Board of Elections, and Engineer supervisors and office workers. The union employees in the County Engineer's Office have contracted their health insurance through Ohio Conference Teamsters. The County pays 93.58 percent of their monthly insurance premium. The County contracts for life insurance coverage through Central Benefits Insurance Company. The County pays the same premium percentages for the life insurance, as it does for health insurance, except for the County Engineer's office union employees' premiums which are completely paid by the County.

C. Early Retirement Incentive

The Lawrence County Department of Human Services has an Early Retirement Incentive program. Participation was open to employees who were qualified for retirement with the years purchased and agreed to retire within ninety days after notification that credit had been purchased.

15. Capital Leases - Lessee Disclosure

In prior years, the County has entered into capitalized leases for copying equipment, office equipment, postage machines, and hospital equipment. The County entered into one new capital lease in 2000. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the general purpose financial statements for the governmental funds and as a reduction in a liability in the Proprietary Funds. Equipment acquired by lease has been capitalized in the general fixed assets account group in the amount of \$18,075, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments toward all capital leases for the Governmental Funds during 2000 totaled \$3,848.

LAWRENCE COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

(Continued)

Governmental Capital Leases:

Year Ending December 31,

2001	\$3,123
2002	2,882
2003	2,883
2004	480
Net Minimum Lease Payments	9,368
Less: Amount Representing Interest	(2,079)
Present Value of Net Minimum Lease Payments	\$7,289

16. Long-Term Debt

Changes in the County's general long-term obligations during 2000 consist of the following:

General Long-Term Obligations:

	Outstanding 12/31/99	Additions	Reductions	Outstanding 12/31/00
Court Facilities 1990 7.3% General Obligation Bonds	\$60,000	\$0	\$60,000	\$0
Limited Tax 1992 5.1% General Obligation Bonds	125,000	0	40,000	85,000
Human Services 1993 4-6.5% General Obligation Bonds	1,515,000	0	70,000	1,445,000
Child Support Enforcement 1995 6.2% General Obligation Bonds	140,000	0	20,000	120,000
Real Estate Assessment 1996 6.25% General Obligation Bonds	330,000	0	100,000	230,000
Various Purpose Bonds 1999 4.90% General Obligation Bonds	800,000	0	65,000	735,000
Subtotal General Obligation Bonds	2,970,000	0	355,000	2,615,000
OPWC Promissory Note 1995 0.00%	159,949	0	4,998	154,951
Y2K Loan Program Promissory Note 2000 0.00%	0	55,865	0	55,865
Capital Leases	2,632	8,505	3,848	7,289

LAWRENCE COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

(Continued)

Early Retirement Incentive	156,327	0	156,327	0
Compensated Absences	1,774,256	395,250	269,813	1,899,693
Total General Long-Term Obligations	<u>\$5,063,164</u>	<u>\$459,620</u>	<u>\$789,986</u>	<u>\$4,732,798</u>

Enterprise Fund Obligations:

	Outstanding 12/31/99	Additions	Reductions	Outstanding 12/31/00
Sewer 1998 7.11% OWDA Loan	\$346,243	\$0	\$17,070	\$329,173
Sewer 1998 9.78% OWDA Loan	3,125,238	0	129,351	2,995,887
Sewer 1998 2.00% OWDA Loan	1,205,193	0	82,092	1,123,101
Subtotal OWDA Loans	<u>4,676,674</u>	<u>0</u>	<u>228,513</u>	<u>4,448,161</u>
Sewer 1995 0.00% OPWC Promissory Note	983,948	0	27,058	956,890
Total Enterprise Obligations	<u>\$5,660,622</u>	<u>\$0</u>	<u>\$255,571</u>	<u>\$5,405,051</u>

The court facility bond was used to construct a court building. The debt will be retired from property taxes levied by the County.

The limited tax general obligation bond was used for various County purposes. The debt will be retired from property taxes levied by the County.

The human services bond was used to repay notes for the purchase and restoration of an office building for the Department of Human Services. This debt is being retired with lease payments made by the County Department of Human Services.

The child support enforcement bond was used to repay notes from the purchase and restoration of an office building for the Child Support Enforcement Agency. This debt is being retired with lease payments made by the Child Support Enforcement Agency.

The real estate assessment bonds were used to pay for the County's property reappraisal. The debt will be retired from property taxes.

The various purpose bonds were used to pay for gasoline storage tank removal and replacement, equipment and improvement, computer equipment acquisition, and courthouse improvement. The debt will be retired from property taxes.

The County received an Ohio Public Works Commission loan to improve storm drainage in the eastern part of the County. The debt will be paid from property taxes.

LAWRENCE COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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(Continued)

During 2000, the County received Y2K note proceeds in the amount of \$55,865 for which payment is not required to be made until 2002. No interest is due for the loan.

Annual debt service requirements to maturity for general obligation debt, including interest of \$894,207 are as follow:

Year Ending December 31	General Obligation Bonds	OPWC Note	Y2K Note
2001	\$458,557	\$9,997	\$0
2002	465,940	9,997	55,865
2003	295,687	9,997	0
2004	290,168	9,997	0
2005	289,130	9,997	0
2006-2010	1,226,845	49,984	0
2011-2015	482,880	49,984	0
2016-2017	0	4,998	0
Total	\$3,509,207	\$154,951	\$55,865

The County will pay compensated absences and early retirement incentive payments out of the fund from which employees salaries are paid. Capital lease obligations will be paid from the fund that maintains custody of the related asset.

The County received three OWDA loans to construct a waste water treatment plant. The debt will be paid from revenues derived by the County from the operation of the waste water enterprise fund.

The County received an Ohio Public Works Commission loan to make improvements on its waste water treatment plant. The debt will be paid from revenues derived by the County from the operation of the waste water enterprise fund.

The Sewer enterprise fund debt service requirements to maturity, including \$2,546,404 of interest, are as follow:

Year Ending December 31	OWDA Loans	OPWC Loan
2001	\$582,949	\$54,117
2002	582,949	54,117
2003	582,950	54,117
2004	582,950	54,117

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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(Continued)

2005	582,950	54,117
2006-2010	2,914,744	270,585
2011-2015	1,165,073	270,585
2016-2018	0	145,135
	<u>\$6,994,565</u>	<u>\$956,890</u>

The County's overall legal debt margin was \$18,136,879 at December 31, 2000.

17. Notes Payable

A summary of the note transactions for the year ended December 31, 2000, follows:

		Outstanding 12/31/99	Issued	Retired	Outstanding 12/31/00
<u>General Fund:</u>					
Computer Equipment Acquisition	5.07%	\$0	\$60,000	\$0	\$60,000
<u>Capital Project Funds:</u>					
Real Estate Acquisition	4.57%	150,000	0	150,000	0
Real Estate Acquisition	5.34%	0	135,000	0	135,000
Total Capital Project Funds		<u>\$150,000</u>	<u>\$195,000</u>	<u>\$150,000</u>	<u>\$195,000</u>

The computer equipment acquisition bond anticipation note was issued April 4, 2000. It will mature April 4, 2001 at which time the County has the option to pay the note in full or in part, or issue a new note.

The initial real estate acquisition bond anticipation note was issued November 9, 1999 at 4.57 percent, and was retired on October 12, 2000. On October 12, 2000, the County issued a new bond anticipation note in the amount of \$135,000 which will mature on October 12, 2001. All bond anticipation notes are backed by the full faith and credit of the County.

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

(Continued)

18. Interfund Transactions

Due from other funds and due to other funds, and interfund receivables and interfund payables at December 31, 2000, consist of the following individual balances:

	Due From	Due To	Interfund Receivable	Interfund Payable
General Fund	\$2,028,087	\$54,626	\$2,012	\$0
Special Revenue Funds				
Mental Retardation and Developmental Disabilities	1,112,291	0	0	0
Motor Vehicle Gasoline Tax	24,592	0	0	0
Child Support Enforcement Agency	9,358	20	0	0
Violence Against Women Act	0	0	0	2,012
Childrens Services	20	0	0	0
Tuberculosis	3,546	0	0	0
EMS	5,297	0	0	0
Total Special Revenue Funds	<u>1,155,104</u>	<u>20</u>	<u>0</u>	<u>2,012</u>
Bond Retirement Fund	805	0	0	0
Expendable Trust Fund	918	0	0	0
Agency Funds				
Court Agency	0	6,170	0	0
Undivided Local Tax	0	73,229	0	0
Undivided Revenue Assistance	0	24,077	0	0
Undivided Property Tax	0	3,017,434	0	0
Alimony and Child Support	0	9,358	0	0
Total Agency Funds	<u>0</u>	<u>3,130,268</u>	<u>0</u>	<u>0</u>
Total All Funds	<u>\$3,184,914</u>	<u>\$3,184,914</u>	<u>\$2,012</u>	<u>\$2,012</u>

19. Jointly Governed Organizations

A. Adams, Lawrence, Scioto Alcohol, Drug Addiction, and Mental Health Services Board

The ADAMH Board is responsible for the delivery of comprehensive mental health and substance abuse services in Adams, Lawrence, and Scioto counties. The Board provides no direct services but contracts for their delivery. The Board's function is to assess needs, and to plan, monitor, fund, and evaluate the services provided. The Board is managed by

LAWRENCE COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2000

(Continued)

eighteen members, two appointed by the Commissioners of Adams County; three by the Commissioners of Lawrence County; five by the Commissioners of Scioto County; four by the Ohio Department of Drugs and Alcohol; and four by the Ohio Department of Mental Health. Each participating county's influence is limited to the number of members each appoints to the board. The Board exercises total control of the budgeting, appropriation, contracting, and management.

Contributions of \$9,833 were provided to the Board by Lawrence County during 2000. The substance abuse contract received \$1,333, and the rehabilitation contract received \$8,500. Revenues are provided by state and federal grants awarded to the multi-county board. Continued existence of the Board is not dependent on the County's continued participation, no debt exists, and the County does not have an equity interest in the Board.

B. Private Industry Council

The PIC is a jointly governed organization consisting of representatives from the private and public sectors of Athens, Gallia, Hocking, Lawrence, Meigs, Perry, and Vinton Counties appointed by the County Commissioners from each county. The advisory council is the Governing Board of the PIC. The Board sets policies for the private industry council. State grants are received from the Ohio Bureau of Employment Services in the name of the Ironton-Lawrence County Community Action Organization, which acts as the council's administrative agent. The grants are disbursed among the participating counties based on population. The County does not have any financial interest or responsibility. No contributions were provided to the Board by Lawrence County during 2000.

C. Southeast Ohio Emergency Medical Services

The EMS was organized to provide emergency medical services to four counties in southeast Ohio. A twelve member board of directors governs the service. Each county appoints three members to the Board of Directors, upon approval of the current board members. The Board of Directors, in conjunction with the finance director, budget and approve expenditures, retain responsibility for surpluses and deficits, and are responsible for any debt incurred. The EMS is not dependent upon Lawrence County for its continued existence, and the County does not maintain an equity interest. In 2000, the County paid \$989,245 to the EMS for services provided to the County.

D. Ironton-Lawrence County Community Action Organization

The Ironton-Lawrence County Community Action Organization (CAO) is an IRS 501C3 non-profit organization established to plan, develop, and coordinate programs and services designed to combat problems of poverty and seek the elimination of the conditions of poverty that affect the residents of Lawrence County. The CAO administers Community Development

LAWRENCE COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000

(Continued)

and Litter Control Block Grants for Lawrence County as well as similar grants for the City of Ironton. The CAO Board is comprised of public officials from the County, municipalities, villages, and townships within the County. Other members are representatives of the poor in the area served and officials or members of the private sector of the community. The CAO controls its own operations and budget. In 2000, the County paid the CAO \$91,687. \$25,000 was paid for residential development services provided to the County, \$11,710 was paid for the planning commission, and \$54,977 was paid for floodplain management.

E. The KYOVA Interstate Planning Commission

The KYOVA Interstate Planning Commission was established by joint resolution adopted by the State of West Virginia and Ohio. The objectives and policies of the Commission are prescribed in the West Virginia State Code, Chapter 8, Articles 4C-4 and the Ohio Revised Code, Section 713.30 et seq. Membership is comprised of elected or appointed county and municipal officials or their officially appointed designees as determined by the three county governing bodies of Cabell and Wayne Counties, West Virginia, and Lawrence County, Ohio, and by the governing bodies of the cities of Huntington, West Virginia, and Ironton, Ohio. The Commission is not dependent upon Lawrence County for its continued existence. In 2000, the County made contributions of \$8,344 to the Commission.

F. Ohio Valley Regional Development Commission

The Ohio Valley Regional Development Commission is a jointly governed organization that serves a twelve county economic development planning district in southern Ohio. The commission was formed to influence favorably the future economic, physical and social development of Adams, Brown, Clermont, Fayette, Gallia, Highland, Jackson, Lawrence, Pike, Ross, Scioto, and Vinton Counties. Membership is comprised of elected and appointed county, municipal and township officials or their officially appointed designees, as well as members of the private sector, community action agencies and regional planning commissions. The commission is not dependent upon Lawrence County for its existence. In 2000 the County made \$8,973 in contributions to the commission.

20. Public Entity Shared Risk Pools

Buckeye Joint-County Self-Insurance Council

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

LAWRENCE COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

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(Continued)

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

Lawrence County does not have any ongoing financial interest or responsibility. The agreement between the County and the Council indicates that a voluntary withdrawal or termination by the County shall constitute a forfeiture of any pro rata share of the Council reserve fund. In the event of the termination of the Council, current members shall be paid in an amount they have contributed to the Council as of the last month of the Council's existence. Current calculation of the potential residual interest is therefore not possible. During 2000, Lawrence County paid \$174,435 to the Council. \$172,385 was paid for basic insurance coverage, and \$2,050 was paid for additional coverage.

County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

The County is participating in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool.

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at the meeting held in the month of December each year. No participant can have more than member of the group executive committee in any year and each elected member shall be a County Commissioner.

21. Joint Venture

The Scioto-Lawrence Counties Joint Solid Waste District

The Scioto-Lawrence Counties Joint Solid Waste District is jointly operated by Scioto and Lawrence Counties for the purpose of making disposal of waste in the two-county area more comprehensive in terms of recycling, incinerating and landfilling. The Board of Directors consists of nine members, including one County Commissioner from each County. Maintenance of the financial records pertaining to the operation of the Solid Waste District rotates between the two counties every third

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS DECEMBER 31, 2000

(Continued)

year. Lawrence County maintained the records in 2000.

Lawrence County contributed \$12,489 to the District during 2000. Continued existence of the District is dependent upon the County's continued participation; however, the County does not have an equity interest in the District. The District is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit or burden on the County. The financial activity of the District is presented as an agency fund due to the County serving as fiscal agent.

22. Related Organization

Briggs-Lawrence County Public Library

The Briggs-Lawrence County Public Library is statutorily created as a separate and distinct political subdivision of the State. The Library is governed by a six member Board of Trustees appointed by the Judge of the Court of Common Pleas. While the County Budget Commission approves the budget and any tax levies the Library desires to place on the ballot, these are ministerial functions. The Trustees adopt their own appropriations, hire and fire their own staff, authorize the Library expenditures and do not rely on the County to finance deficits.

23. Contingent Liabilities

A. Primary Government

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the County Commissioners believe such disallowances, if any, will be immaterial.

At December 31, 2000, there are several lawsuits pending against the County. The ultimate disposition of these proceedings is not presently determinable, but will not, in the opinion of the County Prosecutor, have a material adverse effect on the overall financial condition of the County.

B. Component Units

Currently, there is no pending litigation against Tri-State Industries, Inc. or CHOICES, Inc.

24. Related Party Transactions

Tri-State Industries, Inc., a discretely presented component unit of Lawrence County, received contributions from the County for facilities, certain equipment, transportation and salaries for

LAWRENCE COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

(Continued)

administration, implementation and supervision of its programs. These contributions are reflected as operating revenues and operating expenses at cost or fair value as applicable, in the general purpose financial statements. In 2000, these contributions were \$1,184,229.

25. Discontinued Operations

The Lawrence County Commissioners elected to discontinue all operations of the River Valley Health System (the County hospital) as of January 31, 2001. A receiver was appointed to oversee the finances of the hospital until all receivables and payables are resolved. Even though the hospital was not closed until 2001, financial information is not available. Therefore, no financial information has been included in these financial statements.

26. Contractual Commitments

As of December 31, 2000, the County had contractual purchase commitments as follows:

Company	Project	Amount Remaining on Contract
H. K. Contracting Group	SEOEMS Bldg. #11 - Construction	\$145,000
Larry E. Ellis Architect Inc.	Board of Elections Renovation - Architect Services	\$2,561
McDaniel Electric Co.	SEOEMS Bldg. #11 - Electric Services	\$17,899
Meade Construction	Board of Elections Renovation - Construction	\$204,703
New Millennium Construction	Group Home Rehab. Building	\$6,135
Ohio Dept. of Transportation	Joint County Road Repair	\$1,124,000
Robert L. Dalton, Architect	SEOEMS Bldg. #13 - Architect Services	\$2,614
Shaw, Weiss and DeNaples	Athalia Sanitary Sewer	\$12,500
Shaw, Weiss and DeNaples	Gardner Lane San. Sewer Ph. 2	\$232,759
Shaw, Weiss and DeNaples	High Ave. Storm Sep. Phase 1	\$183,784
Shaw, Weiss and DeNaples	Pemberton Ave. Storm Sewer Rehab.	\$231,850
Shaw, Weiss and DeNaples	North Huntington Heights Sewer	\$4,850

LAWRENCE COUNTY

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

(Continued)

United Plumbing and Heating	SEOEMS Bldg. #11 - Mechanical	\$37,500
Stone Environmental Inc.	Sewer Pump Station	\$2,470

LAWRENCE COUNTY
SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
DECEMBER 31, 2000

Federal Grantor/ Pass Through Grantor Program Title	Pass-Through Entity's Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$7,244	\$0	\$7,244
National School Breakfast Program	05PU-99	10.553	15,193		15,193	
National School Lunch Program	04PU-99	10.555	27,316		27,316	
Total Nutrition Cluster			42,509	7,244	42,509	7,244
Total U.S. Department of Agriculture			42,509	7,244	42,509	7,244
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
<i>Passed Through Ohio Department of Development:</i>						
Community Development Block Grant Small Cities Program	BC970401 BF970401 BF980401 BP980401 BF990401	14.228	370,780 64,800 77,600 145,000 290,000		372,174 64,800 127,625 130,446 104,920	
Total Community Development Block Grant			948,180		799,965	
Total U.S. Department of Housing and Urban Development			948,180		799,965	
U.S. DEPARTMENT OF JUSTICE						
<i>Direct Program:</i>						
Criminal Justice Block Grant Sheriff Forestry	N/A	16.573	12,049		11,485	
Universal Hiring Award (COPS)	N/A	16.710	132,650		132,650	
Total U.S. Department of Justice			144,699		144,135	
FEDERAL EMERGENCY MANAGEMENT AGENCY						
<i>Passed Through Ohio Department of Emergency Management:</i>						
Public Assistance Grants-Federal Emergency Management Agency	DSR 33629	83.534	12,978		12,978	
Hazard Mitigation Grant	DR 1164	83.548	2,370,242		2,370,242	
Total Federal Emergency Management Agency			2,383,220		2,383,220	
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Handicapped - State Grants VIB	6BSF-96	84.027	61,684		57,953	
Handicapped - Preschool Grant VIB	PGS1-96	84.173	21,235		21,329	
Indicators of Success	PGSC-00P	84.173A	1,305		1,305	
Total Special Education Cluster			84,224		80,587	
Innovative Programs - VI	C281-97	84.298	3,281		3,017	
<i>Passed Through Ohio Department of Health:</i>						
Special Education Grants-Early Intervention (HEARTS)	831-C	84.181	96,474		96,169	
Total U.S. Department of Education			183,979		179,773	

(Continued)

LAWRENCE COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
 DECEMBER 31, 2000
 (Continued)

Federal Grantor/ Pass Through Grantor Program Title	Pass-Through Entity's Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF HEALTH ADMINISTRATION/ HUMAN SERVICES						
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>						
Comprehensive Community Mental Health Services- Child Abuse Training	N/A	93.104			2,125	
Social Services Block Grant Title XX	MR 44	93.667	69,379		82,092	
Medical Assistance Program-Title XIX	4400017	93.778	396,327		331,991	
Total U.S. Department of Health Administration/ Human Services			465,706		416,208	
TOTAL FEDERAL AWARDS RECEIPTS AND EXPENDITURES			\$4,168,293	\$7,244	\$3,965,810	\$7,244

The notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this Schedule.

LAWRENCE COUNTY

NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES DECEMBER 31, 2000

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards, Receipts and Expenditures (the Schedule) is a summary of the activity of the County's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - SUBRECIPIENTS

The County passes-through certain federal assistance received from the Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As described in Note A, the County records expenditures of federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these federal programs. Under OMB Circular A-133, the County is responsible for monitoring subrecipients to help assure that federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities disbursed. Monies from the U.S. Department of Agriculture are commingled with state grants. It is assumed federal monies are expended first. At December 31, 2000, the County had no significant food commodities in inventory.

NOTE D - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The County has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Department of Development (ODOD). The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards, Receipts and Expenditures. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the schedule.

These loans are collateralized by mortgages on the property. At December 31, 2000, the gross amount of loans outstanding under this program was \$361,087 and is exhibited on the Combined Balance Sheet in the Special Revenue Fund Type as Loans Receivable. No new loans were made during calendar year 2000.

NOTE E - MATCHING REQUIREMENTS

Certain federal programs require that the County contribute non-federal funds (matching funds) to support the federally-funded programs. The County has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.

NOTE F - TITLE XIX

The expenditures for this program were determined by using actual reimbursements received for expenditures made during 2000.

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

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110
www.auditor.state.oh.us

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

Lawrence County
111 South 4th Street
Ironton, Ohio 45638

To the Board of County Commissioners:

We have audited the general purpose financial statements of Lawrence County, Ohio (the County), as of and for the year ended December 31, 2000, and have issued our report thereon dated July 31, 2001 which was qualified due to the general purpose financial statements not including Lawrence County General Hospital dba River Valley Health System (County enterprise fund), which should be included in order to conform with accounting principles generally accepted in the United States of America. We did not audit the financial statements of Creating Housing Opportunities in a Community Environment Successfully, Inc. (CHOICES) and Tri-State Industries, the County's discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the general purpose financial statements, insofar as it relates to the amounts included for CHOICES and Tri-State Industries, is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of CHOICES and Tri-State Industries were not audited in accordance with *Government Auditing Standards* and accordingly this report does not extend to those component units.

Compliance

As part of obtaining reasonable assurance about whether the 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2000-60744-001 and 2000-60744-002. We also noted certain immaterial instances of noncompliance that we have reported to the management of the County in a separate letter dated July 31, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings are items 2000-60744-003 and 2000-60744-004.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described consider above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the County in a separate letter dated July 31, 2001.

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

Jim Petro
Auditor of State

July 31, 2001



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

743 East State Street
Athens Mall, Suite
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110
www.auditor.state.oh.us

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

Lawrence County
111 South 4th Street
Ironton, Ohio 45638

To the Board of County Commissioners:

Compliance

We have audited the compliance of Lawrence County, Ohio (the County), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2000. The County's major federal program is identified in the Summary of Auditor's Results Section of the Accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2000.

Internal Control over Compliance

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

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

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

Jim Petro
Auditor of State

July 31, 2001

LAWRENCE COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2000

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Qualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Hazard Mitigation Grant Program (HMGP) CFDA # 83.548
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

LAWRENCE COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2000
(Continued)

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

FINDING NUMBER 2000-60744-001

Finding for Adjustment

Ohio Rev. Code Section 1907.20 (C) states, in part, the Clerk of a County Court shall receive and collect all costs, fees, fines, penalties, bail, and other monies payable to the office or to any officer of the Court and issue receipts therefor, and shall each month disburse the costs, fees, fines, penalties, bail, and other monies to the proper persons or officers and take receipts therefor.

A permanent referee was employed by the County on March 7, 1983. Referee fees collected by the Clerk of Courts were not fully disbursed into the County Treasury from which the referee is compensated. Instead, those fees have been deposited into a separate Referee Fund. Referee fees collected by the Clerk of Courts and not disbursed into the County Treasury from March 7, 1983 through December 31, 2000 were \$65,871.

In accordance with the foregoing facts, a Finding for Adjustment is hereby issued against the Referee Fund of Lawrence County, in the amount of \$65,871 in favor of the General Fund of Lawrence County.

FINDING NUMBER 2000-60744-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states that no order or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exception to this basic requirement is provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution of ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures of the taxing authority.

Of the liabilities, contracts, and open purchase commitments tested, 18% were not certified by the County Auditor and/or encumbered until the time of payment. These commitments were not subsequently approved by the Board of County Commissioners within the aforementioned 30 day time period.

We recommend that no orders or contracts involving the expenditure of money be made until it has been certified that the amount required has been appropriated and is in the treasury.

LAWRENCE COUNTY

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2000
(Continued)**

**2. FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
(Continued)**

FINDING NUMBER 2000-60744-003

Reportable Condition

Accounts Receivable - Municipal Court

The County Municipal Court's accounting system from Henschen and Associates, Inc. can produce accounts receivable information on an individual case basis. However, the system can not produce an aggregate total of all accounts receivable or produce an aging schedule.

We recommend the Municipal Court revise their software to produce an aged aggregate listing of all accounts receivable. Also, we recommend the Court review GASB Statement No. 33 which requires courts to recognize an asset in the period when an enforceable legal claim to the asset arises or when the resources are received, whichever occurs first, as outlined in Auditor of State Bulletin 2001-004. GASB Statement No. 33 will apply to the County's December 31, 2001 financial statements.

FINDING NUMBER 2000-60744-004

Reportable Condition

Child Support Arrearages

The Child Support Enforcement Agency does not have an accurate aged listing of arrearages. The old ATEK system the Agency used improperly calculated the arrearages and thus the information input into the new SETS system is not accurate. The Agency has been working on recalculating these past arrearages in order to have an accurate listing. In addition, the Agency does not send out delinquent notices on these accounts on a regular basis. This results in an inability for the Agency to effectively collect these arrearages.

We recommend the Child Support Enforcement Agency to continue recalculating the past arrearages and to send delinquent payment notices on a regular basis to increase collection and enable the County to determine a reasonable value for child support arrearages.

3. FINDINGS FOR FEDERAL AWARDS

None

LAWRENCE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
 OMB CIRCULAR A-133 § .315 (b)
 DECEMBER 31, 2000

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-60744-001	Ohio Revised Code Section 1907.20 (C), Referee funds not disbursed.	No	Funds partially disbursed in prior year. We have reviewed the prior year finding information and have increased the current year's finding amount.
1999-60744-002	Ohio Revised Code Section 5705.41 (D), Disbursements exceed appropriations.	No	No corrective action taken.
1999-60744-003	Child Support Enforcement Agency Support Enforcement Tracking System not reconciled.	Yes	
1999-60744-004	Municipal Court and Clerk of Courts receivable information prepared on a individual basis only.	Partially	Clerk of Courts corrected only.
1999-60744-005	Child Support Enforcement Agency did not maintain an accurate listing of accounts in arrears.	No	No corrective action taken.

LAWRENCE COUNTY

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 § .315 (c)
DECEMBER 31, 2000**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2000-60744-001	No corrective action plan.	December 31, 2001	Dale Burcham, Clerk of Courts
2000-60744-002	The Deputy County Auditor intends to monitor purchase orders on a continuous basis.	December 31, 2001	Chris Kline, Deputy County Auditor
2000-60744-003	No corrective action plan.	December 31, 2001	Cynthia Lewis, Municipal Court
2000-60744-004	No corrective action plan.	December 31, 2001	Gene Myers, Child Support Enforcement Agency



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

LAWRENCE COUNTY FINANCIAL CONDITION

LAWRENCE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 21, 2001