



**Auditor of State
Betty Montgomery**

**FINANCIAL CONDITION
JEFFERSON COUNTY**

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FINANCIAL CONDITION
JEFFERSON COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003

Federal Grantor/ Pass Through Grantor Program Title	CFDA Number	Pass Through Entity Number	Expenditures
U.S. Department of Agriculture			
Solid Waste Management Grant	10.762	FY 03	\$68,359
		FY 04	11,208
Total Solid Waste Management Grant			<u>79,567</u>
<i>Passed through the Ohio Department of Education</i>			
<i>Childrens Services</i>			
Child and Adult Food Care	10.558	FY 03	20,227
		FY 04	15,086
Total Child and Adult Food Care			<u>35,313</u>
Nutrition Cluster			
Board of Mental Retardation			
National School Lunch	10.555	FY 03	11,421
		FY 04	4,511
Total MRDD National School Lunch			<u>15,932</u>
Juvenile Detention Department			
National School Lunch	10.555	FY 03	20,725
		FY 04	17,740
Juvenile Detention National School Lunch			<u>38,465</u>
Food Distribution Program			
	10.550	FY 03	1,460
Total Nutrition Cluster			<u>53,857</u>
Total U.S. Department of Agriculture			170,737
U. S. Department of Housing and Urban Development			
<i>Passed through the Ohio Department of Development:</i>			
Community Development Formula Program	14.228	B-F-01-038-1	64,470
		B-F-02-038-1	199,213
Total Formula Grant			<u>263,683</u>
Community Housing Improvement Program			
	14.228	BC-02-038-1	71,340
Home Investment Partnership Program			
	14.239	BC-02-038-2	85,782
Total U.S. Housing and Urban Development			<u>420,805</u>
U.S. Department of Education			
<i>Passed through the Ohio Department of Education:</i>			
Special Education Cluster			
Special Education Grants to States	84.027	6B-SF-03	27,685
		6B-SF-04	7,798
Total Title VI B			<u>35,483</u>
Special Education - Preschool Grant			
	84.173	PG-S1-03	7,281
		PG-S1-04	1,632
Total Preschool Grant			<u>8,913</u>
Total Special Education Cluster			44,396
Chapter 2 Innovator Grant			
	84.151	C2-S1-03	566
		C2-S1-04	137
Total Innovator Grant			<u>703</u>
Total U.S. Department of Education			45,099
Department of Homeland Security			
<i>Passed Through the State Emergency Management Agency</i>			
State Domestic Preparedness Equipment Support Program	97.004	2002-TE-CX-0106	32,798
		2003-TE-TX-0199	73,338
		2003-TE-TX-0199	10,750
		S03-JX99-41-0341	1,097
		2002-TE-CX-0049	824
Total State Domestic Preparedness Equipment Support Program			<u>118,807</u>

**FINANCIAL CONDITION
JEFFERSON COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003
(Continued)**

Federal Grantor/ Pass Through Grantor Program Title	CFDA Number	Pass Through Entity Number	Expenditures
Public Assistance Grant (FEMA-PA)	97.036	DR-1484	70,845
Emergency Management Performance Grant	97.042	FY 03	27,454
Pre-Disaster Mitigation Program	97.047	EMC-2002-GR-7037	552
State and Local Hazards Emergency Operations Program	97.051	EMC-2003-0GR-7026 EMC-2003-GR-7027	17,506 <u>1,996</u>
Total State and local Hazards Emergency Operations Program			19,502
Total U.S. Department of Homeland Security			237,160
U. S. Department of Health and Human Services			
<i>Passed Through the Ohio Department of Mental Retardation and Developmental Disabilities</i>			
Social Services Block Grant - Title XX	93.667	MR-41- 03 MR-41- 04	45,578 <u>28,118</u>
Total Title XX			73,696
Medicaid Title XIX - Targeted Case Management	93.778	4100010-03	125,233
Medicaid Title XIX - ICF/MR		512207-03 512207-04	1,220,758 860,778
Medicaid Community Alternative Funding System (CAFS)		4100010-03 4100010-04	541,237 <u>200,162</u>
Total Title XIX			2,948,168
<i>Passed Through Ohio Department of Job and Family Services</i>			
Child Support Enforcement Magistrates Program	93.563	N/A	106,736
<i>Passed Through Ohio Department of Alcohol and Drug Addiction</i>			
Substance Abuse Prevention and Treatment Block Grant (Block Grant Path Award)	93.992	24-Path-01-03-A 24-Path-01-04-A	32,458 <u>23,034</u>
Total Block Grant Path Award			55,492
Substance Abuse Prevention and Treatment Block Grant (Womens Set Aside Funds)	93.959	FY 03 FY 04	34,440 42,566
Substance Abuse Prevention and Treatment Block Grant (Children Adolescence Core Services)		FY 03 FY 04	11,967 14,790
Substance Abuse Prevention and Treatment Block Grant (ADMS Per Capita Block Grant)		FY 03 FY 04	102,645 <u>133,016</u>
Total Substance Abuse Block Grant			339,424
Medical Assistance Program Medicaid, Title XIX - Assistance	93.778	41513 FY 03 41513 FY 04	74,360 <u>1,619</u>
			75,979
<i>Passed Through Ohio Department of Mental Health</i>			
Medical Assistance Program Medicaid, Title XIX - OBRA	93.778	FY 03 FY 04	2,931 574
Medical Assistance Program Medicaid, Title XIX - Assistance		MC-24 MC-24	1,512,886 <u>70,015</u>
Total Title XIX			1,586,406
Total Medical Assistance, Medicaid			1,662,385
Employment Intervention Grant	93.958	BG 26	6,200
Transition Grant	93.958	BG-4	3,804
Social Services Block Grant	93.667	FY 03 FY 04	57,948 <u>24,784</u>
Total Title XX			82,732
Community Mental Health Services Block Grant (ODMH Community Plan Block Grant)	93.959	FY 03 FY 04	31,092 <u>38,146</u>
			69,238
Total U.S. Department of Health and Human Services			5,347,875

**FINANCIAL CONDITION
JEFFERSON COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003
(Continued)**

Federal Grantor/ Pass Through Grantor Program Title	CFDA Number	Pass Through Entity Number	Expenditures
U.S. Department of Justice			
Local Law Enforcement Block Grant	16.592	2003-LB-BX-1935	2,427
Public Safety Partnership and Community Policing Grant	16.710	2002-SHWX-0500	123,159
Community Prosecution and Project Safe Neighborhood Program	16.609	2002-PP-CX-0054	58,694
Local Law Enforcement Block Grant Program	16.592	2001-GP-CX-0073	40,000
<i>Passed through Ohio Attorney General</i> Crime Victim Assistance Fund	16.575	2003 VAGENE 030 2003 VAGENE 030T	27,882 <u>9,703</u>
Total Crime Victim Assistance Grant			<u>37,585</u>
<i>Passed through Ohio Department of Youth Services</i>			
Juvenile Detention Department Juvenile Accountability Incentive Block Grant	16.523	JB-001-A189 JB-001-A164 JB-001-A222	65 49,329 19,031
Juvenile Court Juvenile Accountability Incentive Block Grant	16.523	2002-JB-007-A013 2001-JB-007-A013 2000-JJ-D11-0019	10,444 1,708 <u>29,004</u>
Juvenile Accountability Incentive Block Grant - Status Offender Program			
Total Juvenile Accountability Incentive Block Grant			109,581
Juvenile Justice and Delinquency Prevention -Drug Court Treatment Program	16.540	2002-JJ-DP2-0054	18,270
Total U.S. Department of Justice			389,716
U.S. Department of Transportation			
<i>Passed through Ohio Department of Development</i> Appalachian Area Development Program	23.002	A-01-038-1	<u>77,170</u>
Total U.S. Department of Transportation			77,170
U.S. Department of Labor			
<i>Passed Through the Ohio Department of Job and Family Services</i>			
Workforce Investment Act Incentive Grant	17.266	N/A	11,709
Workforce Investment Act Cluster			
Workforce Investment Act Adult Programs	17.258	N/A	286,302
Workforce Investment Act Adult Administrative		N/A	64,569
Workforce Investment Act Youth Activities	17.259	N/A	346,829
Workforce Investment Act Youth Administrative		N/A	75,332
Workforce Investment Act Dislocated Worker	17.260	N/A	181,858
Workforce Investment Act Dislocated Worker Administrative		N/A	<u>39,459</u>
Total Workforce Investment Act Cluster			994,349
Total U.S. Department of Labor			1,006,058
Federal Aviation Administration			
Airport Improvement Program	20.106	AIP94-1-39-0074-10-03 AIP94-1-39-0074-09-01	89,259 <u>73,011</u>
Total Federal Aviation Administration			162,270
Total Federal Awards Expenditures			<u><u>\$7,856,890</u></u>

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

**FINANCIAL CONDITION
JEFFERSON COUNTY**

FISCAL YEAR ENDED DECEMBER, 31, 2003

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – FOOD DISTRIBUTION

Non monetary assistance such as food received from the U.S. Department of Agriculture, is reported in the schedule at fair market value of the commodities received and disbursed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At December 31, 2003, the County had no significant food commodities in inventory.

NOTE C – U.S. DEPARTMENT OF HOMELAND SECURITY FEDERAL AWARDS

The Federal Homeland Security Act of 2002 established the Department of Homeland Security (the Department) to consolidate functions of other Federal agencies related to homeland security. Effective January 24, 2003, the Department began to administer certain Federal awards the County previously received from other Federal agencies. The accompanying Federal Awards Expenditure Schedule reports all such 2003 award amounts under the Department's Catalog of Federal Domestic Assistance (CFDA) numbers. The purposes and compliance requirement of these programs has not changed. A comparison of the Federal agencies' and CFDA numbers the County reported in its 2002 Federal Award Expenditure Schedule compared with the Department's CFDA numbers reported in the 2003 Schedule follows:

<u>Previous Federal Agency</u>	<u>CFDA No. used In 2002</u>	<u>Homeland Security CFDA No. used for 2003</u>
Federal Emergency Management Agency	83.552	97.042



Auditor of State Betty Montgomery

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

Jefferson County
301 Market Street
Steubenville, Ohio 43952

To the Board of Commissioners:

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Jefferson County, Ohio (the County) as of and for the year ended December 31, 2003, and have issued our report thereon dated June 18, 2004, in which we indicated we did not audit the financial statements of JeffCo. Workshop, as those financial statements were audited by other auditors, and in which we noted a going concern issue regarding the County's self insurance fund deficit and its ability to meet the obligations of the self insurance program. 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.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings as items 2003-001, 2003-002, and 2003-003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the County in a separate letter dated June 18, 2004.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 18, 2004



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO ITS MAJOR FEDERAL PROGRAMS AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Jefferson County
301 Market Street
Steubenville, Ohio 43952

To the Board of Commissioners:

Compliance

We have audited the compliance of Jefferson County, Ohio (the County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2003. The County's major federal program is identified in the summary of the auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, Jefferson County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

Internal Control Over Compliance

The management of Jefferson 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 an 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. However, we noted an instance involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the County in a separate letter dated June 18, 2003.

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Jefferson County, Ohio (the County) as of and for the year ended December 31, 2003, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 18, 2004, which indicated we did not audit the financial statements of JeffCo, Workshop, as those financial statements were audited by other auditors and which noted a going concern issue regarding the County's self insurance fund deficit and its ability to meet the obligations of the self insurance program. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying federal awards expenditure schedule is 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated in relation to the basic financial statements taken as a whole.

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



Betty Montgomery
Auditor of State

June 18, 2004

**JEFFERSON COUNTY
DECEMBER 31, 2003**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

Finding Number	2003-001
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Ohio Revised Code § 5705.10 provides that money paid into any fund shall be used for the purpose for which it was established. At December 31, 2003, the Permissive Sheriff's Fund, the Jail Operating Fund, the Jail Construction Fund and the Self Insurance Fund had deficit cash balances of \$675,814, \$2,755,840, \$4,251,583 and \$8,677,888, respectively. These deficit balances indicate that money from another fund(s) has been used to pay the obligations of the aforementioned funds.

JEFFERSON COUNTY
DECEMBER 31, 2003

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
(Continued)

County Officials should monitor fund balances more closely to avoid deficit balances by advancing money into funds that are in need or by controlling expenditures in those funds.

Finding Number	2003-002
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Finding Number 2003-002

Ohio Revised Code 5705.41 (D) provides that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void; and no warrant shall be issued in payment of any amount due thereon. This section also provides two "exceptions" to the above requirement:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Commissioners may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than \$100 the fiscal officer may authorize payment through "Then and Now" certificate, if such expenditure is otherwise lawful.

The County did not certify or record the amount against applicable appropriation accounts for 52% of the tested expenditures. The County did not utilize the certificate exceptions, described above.

Failure to certify the availability of funds could result in overspending and negative cash balances. The County departments should obtain approved purchase orders which include the fiscal officers certification that the amount required to meet the obligation has been lawfully appropriated and authorized prior to making a commitment.

An additional requirement of this provision of the Revised Code addresses the use of blanket purchase orders. Fiscal officers may prepare "blanket certificates" for a sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the legislative authority. The blanket certificate may be charged against any specific line item account over a period not running beyond the end of the current fiscal year.

During 2003, 21% of the blanket purchase orders tested extended beyond year end.

All County departments using blanket certificates should be notified of this requirement and take steps to ensure blanket certificates are not issued for a period longer than the fiscal year.

JEFFERSON COUNTY
DECEMBER 31, 2003

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
(Continued)

Finding Number	2003-003
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Ohio Revised Code § 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Mental Retardation Developmental Disabilities Fund had expenditures plus encumbrances exceeding appropriations by \$894,824.

This was due to not appropriating money which was administered by Mid East Ohio Regional Council (MEORC) in the County's name. This was County money and should have been appropriated as such. The County should take steps to amend appropriations as required by the Ohio Revised Code.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None	
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JEFFERSON COUNTY

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END DECEMBER 31, 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
001-JC-001	Ohio Revised Code § 5705.10 Several funds had deficit balances	No	Cited again in 2003
001-JC-002	Ohio Revised Code § 5705.41 (D) Expenditures plus encumbrances exceeded appropriations	Partially	Amounts were not material and this year are cited in the Management Letter

Jefferson County, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2003

Prepared by the Jefferson County Auditor's Office:

**Patrick J. Marshall
Jefferson County Auditor**

Jefferson County, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2003

Patrick J. Marshall

Jefferson County Auditor

Prepared by the Jefferson County Auditor's Office

Michael Warren

Deputy Auditor

Lewis Piergallini

Deputy Auditor

Joseph K. Boni

Deputy Auditor

Vickie Eberts Winski

Deputy Auditor

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Comprehensive Annual Financial Report
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OFFICE OF THE AUDITOR JEFFERSON COUNTY, OHIO

301 Market Street
P.O. Box 159
Steubenville, Ohio 43952

Patrick J. Marshall
County Auditor

Phone - (740) 283-8511
Fax - (740) 283-8520

June 18, 2004

To the Honorable Board of County Commissioners
and Citizens of Jefferson County,

As Auditor of Jefferson County, it gives me great pleasure to present the County's Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2003. This report has been carefully prepared in accordance with Generally Accepted Accounting Principles (GAAP) and provides a full and complete disclosure of the financial position and operations of the County.

The information contained in this report will assist County officials in making management decisions and will provide the taxpayers of Jefferson County with comprehensive financial data in a format that enables them to gain a true understanding of the County's financial affairs. The general public, as well as investors, will be able to compare the financial position of Jefferson County and the results of its operations with other governmental entities.

Responsibility for the accuracy, completeness, and fairness of the presentation, including all disclosures, lies with the management of Jefferson County and, in particular, the Jefferson County Auditor's Office. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities and status are included herein.

This is the sixth consecutive Comprehensive Annual Financial Report issued by the Auditor's office. The report is prepared in accordance with Generally Accepted Accounting Principles, as set forth by the Government Accounting Standards Board (GASB) and other authoritative sources, and the guidelines set by the Government Finance Officers Association (GFOA).

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The introductory section includes a table of contents, this transmittal letter, the 2002 Certificate of Achievement for Excellence in Financial Reporting, a list of elected officials, and the County's organizational chart. The financial section includes the Report of Independent Accountants, Management's Discussion and Analysis (MD & A), the Basic Financial Statements and Notes that provide an overview of the County's financial position and operating results, the Combining Statements for non-major funds and other schedules that provide detailed information relative to the Basic Financial Statements. The statistical section includes financial and demographic information which is generally presented on a multi-year basis.

REPORTING ENTITY

For financial purposes, the County includes all funds, account groups, agencies, boards, and commissions making up Jefferson County (the Primary Government) and its Component Unit in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity." The County's primary government comprises all entities not legally separate from the County, and includes the financial activities of the Childrens Services Board, the Jefferson County Board of Mental Retardation and Developmental Disabilities, the Prevention and Recovery Board, the Department of Job and Family Services, the Veteran's Service Commission, the Regional Airport Authority, the Jefferson County Water and Sewer District, and all departments and activities that are directly operated by the County elected officials.

Component units are legally separate organizations which are fiscally dependent on the County or for which the County is financially responsible. The Jeffco Sheltered Workshop of Jefferson County has been included as a discretely presented component unit.

The County serves as fiscal officer and custodian of funds, but is not financially accountable, for the Jefferson County Health Department, the Soil and Water Conservation District, and the Local Emergency Planning Commission, whose activities are included in this report as agency funds.

The County participates in the Jefferson County Regional Planning Commission which is a joint venture. The Jefferson County Cluster, the East Ohio Correctional Facility, the Brooke-Hancock-Jefferson Metropolitan Planning Commission (BHJ), the Southeast Ohio Juvenile Rehabilitation District (SOJRD), the Area Office of Aging, the Ohio Mid-Eastern Governments Association (OMEGA), the Jefferson-Belmont Joint Solid Waste Authority, the Jefferson County Family and Child First Council, the Mid-Eastern Regional Council of Governments (MEORC), and the Belmont-Jefferson Workforce Policy Board are jointly governed organizations. The Jefferson Metropolitan Housing Authority and the Jefferson Community College are related organizations. The County participates in the County Risk Sharing Authority which is a public entity risk sharing pool.

A complete discussion of the County's reporting entity is provided in Note 1 to the Basic Financial Statements.

THE COUNTY AND THE FORM OF GOVERNMENT

The County

Created in 1797, Jefferson County is located in east central Ohio along the west bank of the Ohio River. Its 410 square mile area is bordered on the north by Columbiana County, on the south by Belmont County, on the west by Carroll and Harrison Counties, and on the east by the State of West Virginia. The County encompasses 14 townships and 19 cities and villages, the largest of which is the City of Steubenville, the County Seat. The County's 2003 population of 71,888 placed it as the thirty-fifth most populous of the State's 88 Counties. The County is in the Steubenville-Weirton, Ohio-West Virginia Metropolitan Statistical Area (MSA), which is comprised of the County and Brooke and Hancock Counties of West Virginia. The Steubenville-Weirton, Ohio-West Virginia Metropolitan Statistical Area (MSA) is the 199th largest of the 261 combined consolidated metropolitan statistical areas and metropolitan statistical areas in the United States.

The County is served by diversified transportation facilities. Approximately 20 motor freight carriers and local haulers serve the Jefferson County area. Major railroads serving the County include the Norfolk Southern Railway, the Wheeling Lake Erie Railway, and the Ohio Central Rail Corporation. Nationwide bus transportation service to the area is provided by Greyhound. Local bus transportation service is provided by the Steel Valley Transit Authority. Airline transportation services to the County are provided by the Jefferson County Airport located in Cross Creek Township and by the Pittsburgh International Airport, located approximately 22 miles east of the County.

The County provides immediate access to ten State highways and two U.S. highways (including U.S. Route 22 which directly links the County to the City of Pittsburgh and the Pittsburgh International Airport). The County also provides immediate access to nearby interstate highways I-70 and I-77.

Primary educational services are provided by the 6 school districts located within the County. Secondary and post secondary educational services are provided by a number of public and private colleges and universities located within the County or within commuting distance of the County. The Franciscan University of Steubenville and Jefferson Community College are both located in Steubenville. A Kent State University Branch, located in East Liverpool, Youngstown State University, located in Youngstown, West Virginia Northern Community College, Bethany College, and West Liberty State College, located near Wheeling, West Virginia, and the University of Pittsburgh, Duquesne University, and Carnegie-Mellon University, located near Pittsburgh, Pennsylvania are all located within commuting distance of the County.

The County is served by a number of commercial banks and savings and loan associations with headquarters outside the County.

Three daily newspapers serve the County. The County is within the broadcast area of five local television stations and forty AM and FM radio stations. Multi-channel cable television service, including educational, governmental, and public access channels is provided by the County's two cable television franchises.

The County is directly served by two branches of Trinity Health Care located in Steubenville, Ohio. The two branches make up a 624 bed acute care hospital system. Within a 25 mile commuting distance of the County are East Liverpool City Hospital, a 263 bed acute care hospital located in East Liverpool, Ohio and Weirton Medical Center, a 265 bed acute care hospital located in Weirton, West Virginia. Life flight services are provided to the Pittsburgh, Pennsylvania area hospitals.

Cultural and recreational offerings are made available to County area residents by the Jefferson County Historical Museum, the Steubenville Art Association, the Tri-State Symphonette, the Steubenville Players, the Steubenville Community Concerts Association, the St. John Arena, 280 acres of public park land which include golf, tennis, swimming, skating, baseball, and basketball facilities, Fernwood Forest (a State owned 1,400 acre park), Jefferson Lake (covering 93 acres), Friendship Park (a County owned 1,000 acre park), and Austin Lake (privately owned covering 1,750 acres).

The cities, villages, and townships, together with various special districts and other governmental entities operating in the County, are responsible for many local governmental services and make significant expenditures to provide such services to County residents. The County, nonetheless, has significant responsibilities in the areas of administration of justice, road and bridge maintenance, health care, sanitation, public welfare, social services, and public assistance.

Form of Government

The County has only those powers, and powers incidental thereto, conferred upon it by the State constitution and statutes. A three-member Board of County Commissioners (the "Board") is the primary legislative and executive body of the County. The Board is elected at-large in even numbered years for four-year overlapping terms. The Board is responsible for providing and managing the funds used to support the various County activities. The Board exercises its legislative powers in budgeting, appropriating monies, levying taxes, issuing bonds and notes, and letting contracts for public works and services to provide this financial management. The Board has certain responsibilities for the management of most County facilities, including various courts, correctional and administrative facilities, public assistance and social services facilities, and general County facilities.

In addition to the Board, citizens elect eight other County administrative officials, each of whom is independent within the limits of State Statutes affecting the particular office. These officials, elected to four year terms, are the County Auditor, County Treasurer, County Prosecuting Attorney, County Engineer, County Coroner, County Clerk of Courts, County Recorder, and County Sheriff. Common Pleas Court Judges, including the Juvenile/Probate Court Judge, and County Court Judges are elected on a County-wide basis and serve six year terms.

The County Auditor serves as the chief fiscal officer for the County. As chief fiscal officer, no contract or obligation involving the County can be made without the Auditor's certification that appropriations are sufficient and that funds are available, or are in the process of collection, to ensure that the contract or obligation can be paid. The Auditor is also the central disbursing agent of the County, who, by issuance of County warrants, distributes funds to creditors in payment of liabilities incurred by the County and its departments. The Auditor is responsible for the preparation of the County payroll and also has statutory accounting responsibilities. The County Auditor also serves as tax assessor for all political subdivisions within the County. As tax assessor, the Auditor is responsible for establishing the tax rates for real estate, personal property, and manufactured homes. Once these taxes are collected, the Auditor is responsible for distributing those collections to the other governmental entities in accordance with legally adopted rates. In addition to these duties, by law, the Auditor serves as the secretary of the County Board of Revision and the Budget Commission. The Auditor also serves as the administrator of the County Data Processing Board.

The County Treasurer is the custodian of all County funds. The Treasurer is responsible for the investment of idle County funds, as specified by Ohio law. The Treasurer is also responsible for collecting all tax monies and applying those payments to the appropriate tax accounts. Daily reconciliations of total County fund balances of the Auditor and Treasurer are performed by the two offices. Reconciliations, by fund, are performed monthly. The County Budget Commission is comprised of the County Treasurer, County Auditor, and County Prosecuting Attorney. The Budget Commission plays an important function in the financial administration of the County government and all other local governments located within the County.

The County Engineer, required by Ohio law to be a registered professional engineer and surveyor, serves as the civil engineer for the County and its officials. His primary responsibilities relate to the construction, maintenance and repair of County roads and bridges, and related roadside drainage facilities and storm sewer runoff systems. The Board of County Commissioners takes bids on and awards contracts for the projects recommended and approved by the County Engineer. The County Engineer also prepares tax maps for the County Auditor.

As part of its justice system, the County maintains the Court of Common Pleas, which includes a Domestic Relations Division, a Juvenile Division, and a Probate Division. The County also maintain three County Court Districts. The County Prosecuting Attorney's Office and the County Justice Facility are also maintained by the County. In addition to the responsibilities as a prosecutor of criminal cases, the County prosecuting Attorney is designated by Ohio law as the chief legal counsel for all County officers, boards, and agencies, including the Board of County Commissioners, the County Auditor, the County Treasurer, and all townships and local school districts. The County Prosecuting Attorney is also a member of the County Budget Commission.

The Clerk of Courts keeps all official records of the Common Pleas Court. The office of the Clerk of Courts operates on a system of fees charged for services and is essentially self-supporting.

The County Sheriff is the chief law enforcement officer of the County. His primary duty is to enforce the law in unincorporated areas of the County. The County Sheriff's Department does provide certain specialized services and will assist local law enforcement officers upon their request. The Sheriff also operates the Jefferson County Justice Facility and is responsible for its inmates, including persons detained for trial or transfer to other institutions. As an officer of the courts, the Sheriff is in charge of the service of court documents.

ECONOMIC CONDITION AND OUTLOOK

The County's main industry and source of jobs continues to be the area's steel mills. However, local steel producers continue to face uncertain times as the Country, as well as the local area, deal with the steel import crisis as well as the recent downturn in the nation's overall economy. These factors have forced reorganization plans within the area's steel mills. It is the belief of the local steel industry executives that these reorganization plans along with the remaining tariffs imposed on steel imports will allow local steel mills to compete with overseas competitors on a level playing field. It is also believed that these steps will provide the local steel industry with the necessary time to make changes to remain competitive on a long-term basis.

However, positive signs of economic activity and growth continue to emerge. The completion of the U.S. Route 22 bypass in Jefferson County has greatly enhanced transportation access to the County. The completion of this bypass along with improvements between Weirton, West Virginia and Western Pennsylvania to the east, greatly improve access to Pittsburgh markets. These factors have helped spur further growth in the County.

Nowhere is this growth more evident than on a 150 acre site in the Island Creek Township portion of the County. This location was chosen as the site of a new Wal Mart food distribution center. The ceremonial grand opening of the 880,000 square foot distribution center was held in May of 2003. This \$75 million project was fully operational by late 2003, and created approximately 600 new jobs. This distribution center will service Wal-Mart stores within a 100 mile radius.

A 93 acre campus style industrial park, located just off of the U.S. Route 22 bypass, is a key component in the County's economic development strategy. Construction was completed in the spring of 2000 on \$2 million in infrastructure improvements to serve the industrial park. The County-owned park is located just over 1 mile from the four-lane U.S. Route 22, and is part of an area which, overall, has more than 1,000 acres available for development. The location has excellent highway access and is near a skilled, plentiful workforce. A 35,300 square foot shell building at the park, as well as additional sites, are currently available for sale or lease.

Another industrial park, the Wintersville Industrial Park, opened in 1996. Since that time, four buildings have been constructed in this privately owned park. Each of these buildings is currently occupied. Future improvements and expansion plans are currently in the planning process.

At the same time, the County began to develop the County airport by enlarging the facility, lengthening the runway, constructing new hangers, and constructing a building for the beginning of a small manufacturing complex. This \$2.75 million upgrade was completed in 1996. A plan is currently in place to provide for further expansion over the next several years. A new \$4 million upgrade to lengthen the runway to 5,000 feet was sparked by the County Commissioner's 1998 purchase of 165 acres of land to be utilized for future airport expansion. This plan calls for further lengthening of the runway to allow larger sized private jets to land at the Airport. The first phase of this plan, which consisted of safety improvements, was completed in late 2000. The second phase of this plan, which consisted of an obstruction removal, was completed in 2001. The third phase of the plan, which consisted of a road relocation, was completed in late 2002. Funding has already been secured to continue with this runway extension project. It is anticipated that the final phase of this project will be completed by mid to late 2004.

A \$275 million capital investment in the Cardinal Power Plant, located in the Wells Township portion of the County, was announced in August 2001. The facility upgrades will help reduce nitrogen oxide emissions by 90%. The project was completed in late 2003. Recently, plans were announced for preliminary studies and engineering for the installation of flue gas desulfurization (FGD) systems on 2 units at the plant. FGD systems, commonly called scrubbers, reduce sulfur dioxide emissions by up to 98%. Early estimates are that the FGD installations will cost \$200 million per unit.

In September of 2003, Wheeling-Pittsburgh Steel formally broke ground for the installation of a \$115 million electric arc furnace (EAF). The EAF will replace one of the company's two operating blast furnaces, and is a major component of the company's long-term plan to remain competitive in the global steel market.

Timet, a titanium metals processor located in Toronto, continues to make capital investments in new machinery and equipment. Since 1995, the company has invested over \$50 million in modernization and expansions, and has more than doubled its workforce to over 600 employees in the last few years. A portion of the parent company's operations relocated from Tennessee in 1998. More growth was experienced with the opening of a new forged press in June 1999.

The Fort Steuben Mall, celebrating 25 years in the area, announced plans for a \$35 million modernization project. The key components of this modernization project were the construction of new anchor stores for Sears, JC Penney, and Wal Mart. Construction on each of these new anchor stores has been completed, and each store is up and running.

The \$3.5 million Tony Teramana Cancer Center, located in Steubenville, opened in the spring of 2000. This state-of-the-art cancer treatment facility is part of the Trinity Health Systems' services in eastern Ohio. Trinity Health Systems also opened a new office in Toronto. This new office offers expanded services to residents in the northern portion of the County.

In addition, Trinity recently announced plans for a \$7 million 79,000 square foot addition to its west campus. Construction on this addition is currently underway.

MAJOR INITIATIVES

The County has a number of projects underway to help government run more efficiently and help the County compete for future job growth.

Industrial Park

A 93 acre campus style industrial park, located just off of the U.S. Route 22 bypass, is one of the County's major initiatives, and a key component in the County's economic development strategy. Construction was completed in the spring of 2000 on \$2 million in infrastructure improvements to serve the industrial park. The County-owned park is part of an area which, overall, has more than 1,000 acres available for development. The location has excellent highway access and is near a skilled, plentiful workforce. Over the next five years, the industrial park is projected to generate private investment of \$25 million and create over 350 new jobs.

Airport

The County recently completed an airport expansion project. The scope of this \$2.75 million project was targeted at development of the County airport by enlarging the facility, lengthening the runway, constructing new hangers, and constructing a building for the beginning of a small manufacturing complex. This \$2.75 million upgrade was completed in 1996. A plan is currently in place to provide for further expansion over the next several years. A new \$4 million upgrade to lengthen the runway to 5,000 feet was sparked by the County Commissioner's 1998 purchase of 165 acres of land to be utilized for future airport expansion. This plan calls for further lengthening of the runway to allow larger sized private jets to land at the Airport. The first phase of this plan, which consisted of safety improvements, was completed in late 2000. The second phase of this plan, which consisted of an obstruction removal, was completed in 2001. The third phase of the plan, which consisted of a road relocation, was completed in late 2002. Funding has already been secured to continue with this runway extension project. It is anticipated that the final phase of this project will be completed by mid to late 2004.

Road and Bridge Improvement

The County, through the County Engineer's Office, implemented an accelerated road and bridge improvement program throughout the County. This \$5.3 million project, completed in late 2000, brought all County roads and bridges to levels that meet required safety standards. Since that time, the County Engineer has implemented an ongoing maintenance and improvement program for roads and bridges. This plan allows the County Engineer to not only maintain County roads and bridges, but to make additional improvements that will allow all County roads and bridges to exceed required safety standards.

Geographic Information System

The County is currently in the process of implementing a Geographic Information System (GIS). This project is a joint effort, being completed with the cooperation of the Commissioners' Office, the County Engineer's Office, the County Auditor's Office, the Water and Sewer Department, the Emergency 911 Department, the Data Processing Department, and the Board of Elections.

As this project progresses, it is anticipated that a number of other departments and agencies will become involved in this project in the near future. These include the Regional Planning Commission, the Department of Mental Retardation and Developmental Disabilities, the Children Services Board, the Department of Litter Control and Recycling, the Prosecuting Attorney's Office, Progress Alliance, and the Brooke-Hancock-Jefferson Planning Commission.

Once completed, this project will provide a vast array of information to each of these departments and agencies. The data provided by this GIS system will aid each of these departments and agencies in the completion of their day-to-day operations by providing continually updated information that is specifically tailored to each department and agency. The Geographic Information System (GIS) will also allow Jefferson County to deliver services to a diverse customer base. Information will be available to help provide the following services: neighborhood indicators and asset mapping, social services master plan development, benchmarking, regional and community planning, policy and program coordination, data collection, data analysis, and promotion of economic development plans. In addition, the project will provide accurate and up-to-date information that will benefit the citizens who depend on County departments.

Economic development agencies will have important and valuable information readily available to provide to potential developers. This information can be used as an important tool to help persuade developers to invest in Jefferson County.

Water and Sewer

Jefferson County's Water and Sewer Department has adopted a long range plan to perform a number of water improvement projects and sanitary sewer projects. These scheduled projects will allow the County to meet all current EPA mandated system improvements. Additionally, these projects will allow the County to provide water and sanitary sewer service to a number of new areas throughout the County. These projects include the Toronto Waterline Connector, the Crestview-Belvedere Sanitary Sewer project, the Sunshine Park Sanitary Sewer project, and a number of other smaller projects. Each of these projects will be completed through a combination of O.P.W.C. grants, O.W.D.A. loans, and bank loans.

FINANCIAL INFORMATION

Fund Accounting

Jefferson County's accounting system is organized on a "fund basis". Each fund is a self-balancing set of accounts.

Internal Control Structure

In developing the County's accounting system, consideration was given to the adequacy of internal accounting controls. Such controls are designed to provide reasonable, but not absolute, assurance regarding both the safeguarding of assets against loss and misuse, and assurance regarding the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal controls should not exceed the benefits expected to be derived from their implementation.

The County utilizes a fully automated accounting system as well as an automated system for payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensure that the financial information generated is both accurate and reliable.

Budgetary Controls

By statute, the Board of County Commissioners adopts a temporary appropriation measure for the County on or about the first day of January. The Board of County Commissioners adopts a permanent appropriation measure by the first day of April. All disbursements and transfers of cash between funds require appropriation authority from the Board of County Commissioners. Budgets are controlled at the major account level within a department and fund. Purchase orders are submitted to the County Auditor's office by department heads and are encumbered prior to their release to vendors. Those purchase orders which exceed the available appropriation are rejected until additional appropriations are secured.

A computerized certification system allows the County Auditor's office to ascertain the status of the department's appropriations before authorizing additional purchases from a particular account. Additional information regarding the County's budgetary accounting can be found in the Notes to the Basic Financial Statements.

CASH MANAGEMENT

The County pools all idle cash to achieve maximum investment efficiency and to enhance accountability. The County Treasurer, as custodian of all County monies, is responsible for all County investments. An investment policy is established by the Investment Advisory Board which is comprised of the County Treasurer, the Chair of the County Commissioners, and one other Commissioner chosen by the Chair. Ohio law requires the Board to meet every six months. The County treasurer deposits money in the bank each day in interest bearing checking accounts. A cash surplus is calculated daily, and excesses are invested in order to achieve the highest yields in the safest instruments possible. During the year ended December 31, 2003, the County's resources were divided among United States Treasury Notes, money market mutual funds, and certificates of deposit. Interest earned by the primary government in 2003 was \$239,436 for governmental activities and \$6,117 for business-type activities. The average daily balance in 2003 was \$16,991,074, with an average daily yield of 1.45%. A further assessment of the County's finances for 2003 can be found in the Management Discussion and Analysis following the report of the Independent Public Accountant.

RISK MANAGEMENT

Jefferson County is a member of the County Risk Sharing Authority, Inc. (CORSA), a risk sharing pool sponsored by the County Commissioners Association of Ohio. Forty-one counties are now members of CORSA. Through this risk sharing pool, the County maintains replacement cost insurance on all buildings and their contents. Blanket building and personal property insurance is held at actual replacement cost. Liability coverage, law enforcement liability coverage, automobile liability coverage, errors and omissions liability coverage, excess liability coverage, equipment breakdown coverage, and crime coverage are also maintained through CORSA.

The County participates in a Retrospective Rating and Payment Plan for workers' compensation coverage through the State of Ohio Bureau of Workers Compensation. This plan involves the payment of a minimum premium plus the actual claim costs for injured employees. Each fund is required to pay a premium that covers its own minimum premium plus the actual claim costs for injured employees. Premiums are determined based on historical claim data.

The County operates and manages a self-funded program for health care benefits for County employees and their dependents. The County maintains a hospitalization internal service fund to account for and finance its uninsured risks of loss in this program. The County purchases stop-loss coverage of \$200,000 per individual with an annual aggregate amount of \$10,306,530. Control of the plan rests with the County Commissioners.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Jefferson County for its comprehensive annual financial report for the fiscal year ended December 31, 2002. This was the sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

INDEPENDENT AUDIT

Included in this report is an unqualified audit opinion rendered on the County's financial statements as of December 31, 2003, by our independent auditor, the Auditor of the State of Ohio. Their audit was conducted in accordance with generally accepted auditing standards and Governmental Auditing Standards, issued by the Comptroller General of the United States. In addition, the audit was designed to meet the requirements of the Federal Single Audit Act of 1984, as amended in 1996, and related OMB Circular A-133.

County management plans to continue to subject the County's financial statements to an annual independent audit as part of the preparation of a Comprehensive Annual Financial Report. An annual audit also serves to maintain and strengthen the County's accounting and budgetary controls.

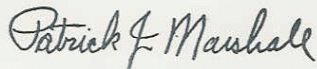
ACKNOWLEDGMENTS

The publication of this CAFR represents an important achievement in the ability of Jefferson County to provide significantly enhanced financial information and accountability to the citizens of Jefferson County, its elected officials, County management, and investors. This report continues the aggressive program of the County Auditor's office to improve the County's overall financial accounting, management, and reporting capabilities.

I would like to acknowledge the efforts of the entire staff of the Jefferson County Auditor's office and Data Processing Department for their contributions to this report. Special thanks are extended to Michael S. Warren, Deputy Auditor, for his effort and dedication to this project. My appreciation is also extended to the Local Government Services Division of the Auditor of State's Office for their guidance and assistance.

I would also like to thank all of the elected officials, department heads, and their staffs for their assistance and cooperation with the preparation of this CAFR. I ask for their continued support of this project and of my efforts toward continuing the sound financial management for Jefferson County.

Sincerely,



Patrick J. Marshall
Jefferson County Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Jefferson County,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**Jefferson County, Ohio
Elected and Appointed Officials**

Elected Officials

Patrick J. Marshall, Auditor

Adam Scurti, Commissioner
Dr. Thomas E. Graham, Commissioner
Richard Delatore, Commissioner

Raymond A. Agresta, Treasurer

John A. Corrigan, Clerk of Courts

John W. Metcalf, Jr., M.D., Coroner

James F. Branagan, Engineer

Bryan H. Felmet, Prosecutor

Paul R. McKeegan, Recorder

Fred J. Abdalla, Sheriff

David Henderson, Common Pleas Court Judge
Joseph J. Bruzzese, Jr., Common Pleas Court Judge
Samuel W. Kerr, Juvenile/Probate Court Judge
Michael C. Bednar, County Court Judge
Joseph M. Corabi, County Court Judge
David J. Scarpone, County Court Judge

Appointed Officials

Nicholas S. Balakos, Director
Department of Human Services

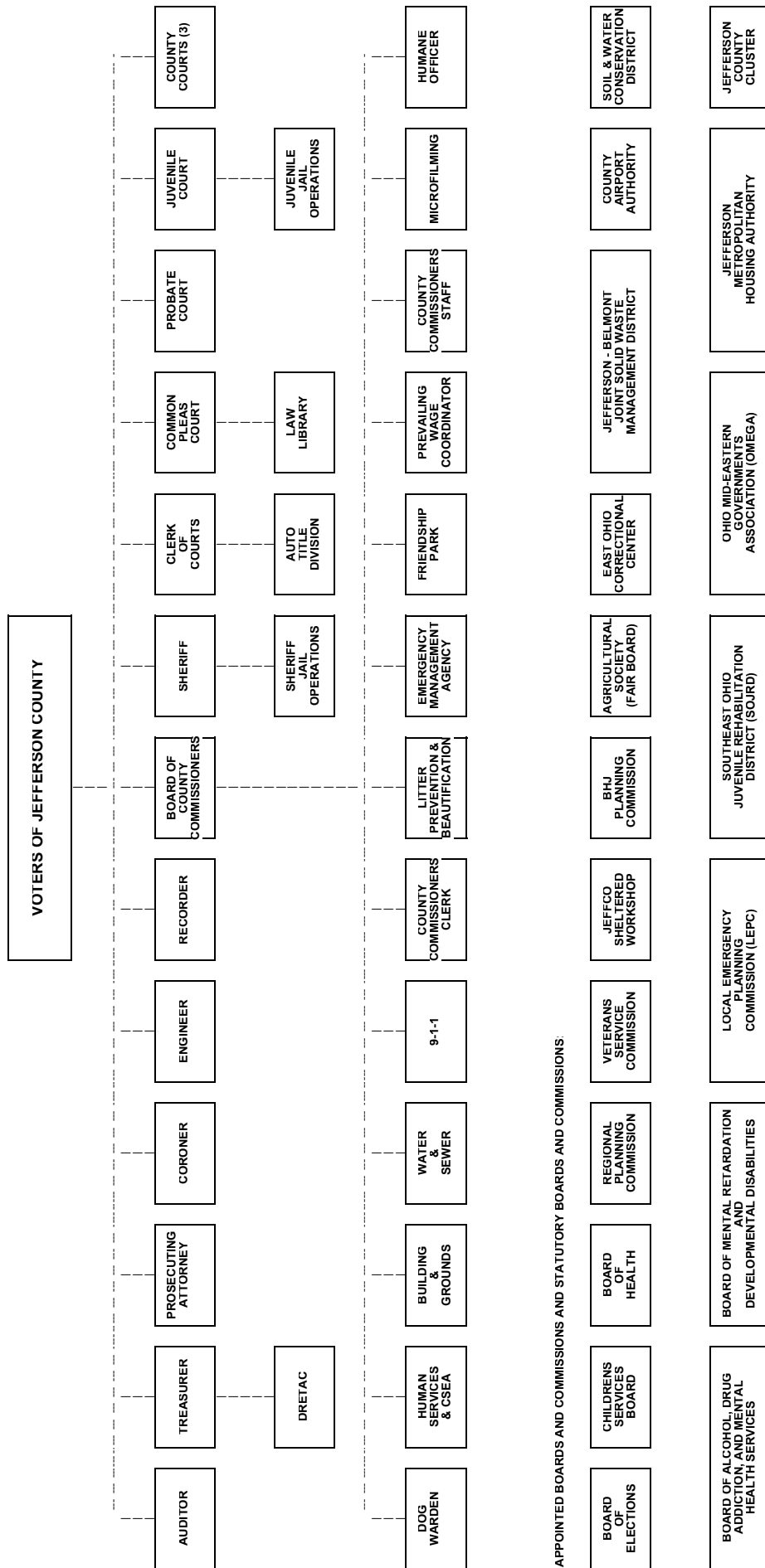
Richard P. Pfannenschmidt, Superintendent
Board of Mental Retardation/Developmental Disabilities

Pamela M. Petrilla, Director
Board of Alcohol, Drug Addiction, and Mental Health Services

Cynthia L. King, Director
Children Services

John T. Gilmore, Director
Sanitary Engineering

JEFFERSON COUNTY GOVERNMENT ORGANIZATIONAL CHART



APPOINTED BOARDS AND COMMISSIONS AND STATUTORY BOARDS AND COMMISSIONS:

BOARDS AND COMMISSIONS COMPOSED OF ELECTED OFFICIALS:

Financial Section

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Jefferson County
301 Market Street
Steubenville, Ohio 43952

To the Board of Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Jefferson County, Ohio (the County), as of and for the year ended December 31, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Jeffco Workshop, which represents 100% of the assets and 100% of the revenues for the discretely presented component unit. Other auditors audited those financial statements. They have furnished their report thereon to us, and we base our opinion, insofar as it relates to the amounts included for Jeffco Workshop, on the report 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Jefferson County, Ohio, as of December 31, 2003, and the respective changes in financial position and cash flows where applicable and respective budgetary comparison for the General, Public Assistance, Motor Vehicle Gasoline Tax, Mental Health, Mental Retardation Developmental Disabilities and Jail Operating Levy funds, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying basic financial statements have been prepared assuming that Jefferson County will continue as a going concern. As discussed in Note 5A to the basic financial statements, the County's self insurance program is recorded in the self insurance fund and has a deficit fund balance of \$8,677,888. The County currently cannot meet the self-insurance obligations, which raises substantial doubt about the County's ability to continue as a going concern. Management's plans regarding this matter are also described in Note 25A. The basic financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2004 in our consideration of the County's internal control over financial reporting and out 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to form opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables are presented for additional analysis and are not a required part of the basic financial statements. We and the other auditors subjected the combining nonmajor fund statements and schedules to the procedures applied in the audit of the basic financial statements. In our opinion, based on our audit and the reports of the other auditors, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We and the other auditors did not subject the introductory section and the statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.



Betty Montgomery
Auditor of State

June 18, 2004

Jefferson County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2003
Unaudited

The discussion and analysis of Jefferson County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2003. The intent of this discussion and analysis is to look at the County's financial performance as a whole. Readers should also review the transmittal letter and the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2003 are as follows:

- ‡ The County's total net assets decreased by \$360 thousand, which represents a .4% decrease from 2002.
- ‡ At the end of the current year, the County reported deficit unrestricted net assets for governmental activities of \$5,604 thousand. This is the direct result of a deficit unrestricted net assets in the Self Insurance Fund. In order to alleviate this deficit, the County Commissioners have implemented a monthly departmental charge dedicated specifically to the reduction of the existing deficit. In addition, the County Commissioners have increased monthly premium charges and have made significant changes to the plan guidelines.
- ‡ At the end of the current year, the County's governmental funds reported a combined ending fund balance of \$9,904 thousand, an increase of \$1,194 thousand from the prior year. Of this amount, \$9,447 thousand is available for spending (unreserved undesignated fund balance) on behalf of its citizens.
- ‡ The deficit continues to increase in the Jail Operating Levy Fund due to increased operational costs associated with the detention center.

Using This Annual Financial Report

This annual report consists of a series of financial statements. These statements are organized so the reader can understand the County as a financial whole or as an entire operating entity.

The *Statement of Net Assets* and the *Statement of Activities* provide information about the activities of the whole County, presenting an aggregate view of the County's finances as well as a longer-term view of those assets

Fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's most significant funds in more detail than the government-wide statements. Non-major funds are presented separately from major funds in total and in one column.

County-Wide Financial Statements

The County-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

Jefferson County, Ohio
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Statement of Net Assets

While this document contains information about the funds used by the County to provide services to our citizens, the view of the County as a whole looks at all financial transactions and asks the question, "How did we do financially during 2003?" The Statement of Net Assets and the Statement of Activities answer this question.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. The statement of activities presents information showing how the County's net assets changed during the current year. These statements are prepared using the accrual basis of accounting similar to the accounting method used by private sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses, regardless of when the cash is received or paid.

The change in net assets is important because it tells the reader whether, for the County as a whole, the financial position of the County has improved or diminished. However, in evaluating the overall position of the County, nonfinancial information such as changes in the County's tax base and the condition of the County's capital assets will also need to be evaluated.

In the statement of net assets and the statement of activities, the County is divided into three kinds of activities:

Governmental Activities - Most of the County's programs and services are reported here, including general government, public safety, public works, health, human services, and economic development. These services are funded primarily by taxes and intergovernmental revenues, including federal and state grants and other shared revenues.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all or most of the cost of the services provided. The County's Water and Sewer system are reported here.

Component Unit - The County's financial statements include financial data of the Jeffco Sheltered Workshop. This component unit is described in the notes to the financial statements. The component unit is separate and may buy, sell, lease, and mortgage property in their own name and can sue or be sued in their own name.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial statements provide detailed information about the County's major funds. Based on the restriction on the use of moneys, the County has established many funds that account for the multitude of services provided to our residents. The County's major governmental funds are the General Fund, Job and Family Services (Public Assistance), Motor Vehicle and Gasoline Tax, Prevention and Recovery Board (Mental Health), Mental Retardation and Developmental Disabilities, and Jail Operating Levy Special Revenue Funds, and the Jail Construction Capital Projects Fund.

Jefferson County, Ohio
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Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities on the government-wide financial statements. Most of the County's basic services are reported in these funds that focus on how money flows into and out of the funds and the year end balances available for spending. These funds are reported on the modified accrual basis of accounting that measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services being provided, along with the financial resources available.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains a multitude of individual governmental funds. Information is presented separately on the governmental fund balance sheet and on the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds - The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements. The County uses enterprise funds to account for the Water Fund operations and Sewer Fund operations. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the County's other programs and activities. The Self-Insurance Fund accounts for the claims and liabilities relating to the County's self-insured hospitalization program and also accounts for the claims and liabilities relating to the County's retrospectively rated self-insured worker's compensation program.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the County's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided on the government-wide and fund financial statements.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules.

Jefferson County, Ohio
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Government-Wide Financial Analysis

Table 1 provides a summary of the County's net assets for 2003 compared to 2002:

Table 1
Net Assets
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Assets:						
Current and Other Assets	\$ 33,080	\$ 31,771	\$ 4,847	\$ 3,414	\$ 37,927	\$ 35,185
Capital Assets, Net	<u>90,646</u>	<u>93,246</u>	<u>34,986</u>	<u>35,527</u>	<u>125,632</u>	<u>128,773</u>
Total Assets	<u>123,726</u>	<u>125,017</u>	<u>39,833</u>	<u>38,941</u>	<u>163,559</u>	<u>163,958</u>
Liabilities:						
Current and Other						
Liabilities	20,131	19,493	5,339	5,295	25,470	24,788
Long-Term Liabilities	<u>31,452</u>	<u>32,357</u>	<u>6,898</u>	<u>6,714</u>	<u>38,350</u>	<u>39,071</u>
Total Liabilities	<u>51,583</u>	<u>51,850</u>	<u>12,237</u>	<u>12,009</u>	<u>63,820</u>	<u>63,859</u>
Net Assets:						
Invested in Capital						
Assets, Net of						
Related Debt	61,306	61,368	23,283	23,818	84,589	85,186
Restricted	16,441	15,650	634	672	17,075	16,332
Unrestricted	<u>(5,604)</u>	<u>(3,851)</u>	<u>3,679</u>	<u>2,442</u>	<u>(1,925)</u>	<u>(1,409)</u>
Total Net Assets	<u>\$ 72,143</u>	<u>\$ 73,167</u>	<u>\$ 27,596</u>	<u>\$ 26,932</u>	<u>\$ 99,739</u>	<u>\$ 100,099</u>

As noted earlier, the County's net assets, when reviewed over time, may serve as a useful indicator of the County's financial position. In the case of the County, assets exceeded liabilities by \$99,739 thousand (\$72,143 thousand in governmental activities and \$27,596 thousand in business-type activities) as of December 31, 2003. By far, the largest portion of the County's net assets (85 percent) reflects its investment in capital assets (e.g., land and improvements, buildings and building improvements, improvements other than buildings, machinery and equipment, vehicles, and infrastructure), less any related debt, used to acquire those assets, that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets, \$17,075 thousand or 17 percent, represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted assets, (\$1,925) thousand or negative 2 percent are to be used to meet the County's ongoing obligations to citizens and creditors. This deficit in total unrestricted net assets is the direct result of a deficit unrestricted net assets in the Self Insurance Fund. In order to alleviate this deficit, the County Commissioners have increased monthly premium charges and have made significant changes to the plan guidelines. This is discussed in further detail in Note 25.

Jefferson County, Ohio
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Table 2 shows the changes in net assets for 2003 compared to 2002.

Table 2
Changes in Net Assets
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenues						
Program Revenues						
Charges for Services	\$ 8,642	\$ 8,226	\$ 5,080	\$ 4,719	\$ 13,722	\$ 12,945
Operating Grants and Contributions	36,293	35,390	0	0	36,293	35,390
Capital Grants and Contributions	96	89	621	23	717	112
Total Program Revenues	<u>45,031</u>	<u>43,705</u>	<u>5,701</u>	<u>4,742</u>	<u>50,732</u>	<u>48,447</u>
General Revenues						
Property Taxes	8,739	8,194	0	0	8,739	8,194
Permissive Taxes	8,779	8,374	225	211	9,004	8,585
Intergovernmental	4,960	4,618	0	0	4,960	4,618
Interest	239	411	6	15	245	426
Miscellaneous	402	604	15	3	417	607
Total General Revenues	<u>23,119</u>	<u>22,201</u>	<u>246</u>	<u>229</u>	<u>23,365</u>	<u>22,430</u>
Total Revenues	68,150	65,906	5,947	4,971	74,097	70,877
Transfers	<u>0</u>	<u>(15)</u>	<u>0</u>	<u>15</u>	<u>0</u>	<u>0</u>
Total Revenues and Transfers	68,150	65,891	5,947	4,986	74,097	70,877
Program Expenses						
General Government						
Legislative and Executive	6,683	6,833	0	0	6,683	6,833
Judicial	3,956	3,901	0	0	3,956	3,901
Public Safety	11,341	10,248	0	0	11,341	10,248
Public Works	8,234	5,898	0	0	8,234	5,898
Health	17,141	16,220	0	0	17,141	16,220
Human Services	18,057	19,950	0	0	18,057	19,950
Economic Development	1,737	1,203	0	0	1,737	1,203
Conservation and Recreation	20	20	0	0	20	20
Intergovernmental	294	41	0	0	294	41
Interest and Fiscal Charges	1,711	1,774	0	0	1,711	1,774
Sewer	0	0	1,340	1,262	1,340	1,262
Water	0	0	3,943	3,923	3,943	3,923
Total Expenses	<u>69,174</u>	<u>66,088</u>	<u>5,283</u>	<u>5,185</u>	<u>74,457</u>	<u>71,273</u>
Increase (Decrease) in Net Assets	<u>\$ (1,024)</u>	<u>\$ (197)</u>	<u>\$ 664</u>	<u>\$ (199)</u>	<u>\$ (360)</u>	<u>\$ (396)</u>

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Governmental Activities

Operating grants and contributions were the largest program revenues, accounting for \$36,293 thousand or 53.3 percent of total governmental revenues. This represents an increase of \$903 thousand from the prior year. The major recipients of intergovernmental program revenues were the Job and Family Services (Public Assistance), Motor Vehicle and Gasoline Tax, Prevention and Recovery Board (Mental Health), and Mental Retardation and Developmental Disabilities governmental activities. The Prevention and Recovery Board (Mental Health) realized the most significant increase in operating grants and contributions as compared with the prior year.

Permissive sales tax revenues account for \$8,779 thousand or 12.9 percent of total governmental revenues. Another major component of general governmental revenues was property tax revenues, which accounted for \$8,739 thousand or 12.8 percent of total revenues. Both of these revenues types increased moderately from the prior year (\$405 thousand increase for permissive sales tax and \$545 thousand increase for property tax revenues).

The County's direct charges to users of governmental services made up \$8,642 thousand or 12.7 percent of total governmental revenues. These charges are for fees for real estate transfers, fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, and licenses and permits. Charges for services increased \$416 thousand from the prior year. This increase is attributed primarily to increases in overall fees, and increases in fines and forfeitures related to judicial activity.

Human services programs accounted for \$18,057 thousand, or 26.1 percent of total expenses for governmental activities. This represents a decrease of \$1,893 thousand from the prior year. This decrease is the result of reduced federal and state funding for human services programs.

Other major program expenses for governmental activities include health programs, which accounted for \$17,141 thousand, or 24.8 percent of total expenses, and public safety programs, which accounted for \$11,341 thousand, or 16.4 percent of total expenses.

Public safety program expenses increased \$1,093 from the prior year. This increase is attributed to rising expenses associated with the operation of the justice center. The County realizes that the rising costs associated with the operation of its public safety programs must be addressed. Currently, the County is exploring options to help reduce the costs associated with the operation of public safety programs.

Business-Type Activities

The net assets for business-type activities increased by \$664 thousand during 2003. Charges for services were the largest program revenue, accounting for \$5,080 thousand, or 85.4 percent of total business type revenues. Charges for services increased \$361 thousand from the prior year. This increase is due to a County implemented increase in water rates, necessary to cover the costs associated with ongoing projects.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services. The statement of activities reflects the cost of program services and the charges for services, and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

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Table 3
Governmental Activities
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
General Government				
Legislative/Executive	\$ 6,683	\$ 6,833	\$ 3,962	\$ 4,089
Judicial	3,956	3,901	2,588	3,077
Public Safety	11,341	10,248	6,977	6,525
Public Works	8,234	5,898	3,056	123
Health	17,141	16,220	4,791	4,270
Human Services	18,057	19,950	1,210	2,042
Economic Development	1,737	1,203	(232)	771
Conservation and Recreation	20	20	20	20
Intergovernmental	294	41	60	41
Interest and Fiscal Charges	<u>1,711</u>	<u>1,774</u>	<u>1,711</u>	<u>1,425</u>
Total Expenses	<u>\$ 69,174</u>	<u>\$ 66,088</u>	<u>\$ 24,143</u>	<u>\$ 22,383</u>

Charges for services, operating grants, and capital grants of \$45,031 thousand, or 65.1 percent of the total costs of services, are received and used to fund the general government expenses of the County. The remaining \$24,143 thousand in general government expenses is funded by property taxes, permissive sales taxes, non-restricted intergovernmental revenues, interest, and miscellaneous revenues.

The \$1,210 thousand in net cost of services for Human Services demonstrates the costs of services that are not supported from state and federal resources. As such, the taxpayers have approved a property tax levy for the Childrens Services Board program.

The \$4,791 thousand in net cost of services for Health demonstrates the costs of services that are not supported from state and federal resources. As such, the taxpayers have approved property tax levies for several programs including the Prevention and Recovery Board (Mental Health) and Mental Retardation and Developmental Disabilities.

For Public Safety, the \$6,977 thousand in net costs of services indicates the general fund, permissive sales tax, and property tax levy support provided for the operation of the Sheriff's Department and the Detention Center. Management is concerned with the fact that there are insufficient program revenues to operate the Sheriff's Department and the Detention Center. To help reduce the tax burden and increase program revenues, the County is actively pursuing contracts for the housing of prisoners from other entities outside the County.

Financial Analysis of County Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year.

As of December 31, 2003, the County's governmental funds reported a combined ending fund balance of \$9,904 thousand, an increase of \$1,194 thousand in comparison with the prior year. Approximately \$9,447 thousand, or 95.4 percent of this total, constitutes unreserved undesignated fund balance, which is available for spending at the County's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior year (\$133 thousand), has been reserved for claimants (\$282 thousand) or for a variety of other restricted purposes (\$42 thousand). While the bulk of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets due to expenditure restrictions mandated by the source of the resource, such as the state or federal government.

The General Fund is the primary operating fund of the County. At the end of 2003, unreserved fund balance was \$2,287 thousand, while total fund balance was \$2,632 thousand. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 18.3 percent to total General Fund expenditures, while total fund balance represents 21.1 percent of that same amount.

The fund balance of the County's General Fund decreased by \$240 thousand during 2003. Two key factors attributed to this decrease. First was the necessity to transfer monies to supplement other funds. Second was an increase in county-paid charges to offset the deficit in the Self Insurance Fund.

Proprietary Funds - The County maintains two different types of proprietary funds. Enterprise funds are used to report functions presented as business-type activities on the government-wide financial statements. The County uses enterprise funds to account for Water Fund operations and Sewer Fund operations. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the County's other programs and activities. The County uses an internal service fund to account for the self-insurance program. The Self-Insurance Fund accounts for the claims and liabilities relating to the County's self-insured hospitalization program and also accounts for the claims and liabilities relating to the County's retrospectively rated self-insured worker's compensation program.

As of December 31, 2003, net assets for the County's enterprise funds were \$27,596 thousand. Of that total, \$3,679 thousand represents unrestricted net assets that are available for spending at the County's discretion.

As of December 31, 2003, unrestricted net assets in the self-insurance program were (\$8,678)thousand. The Self-Insurance Fund has posted operating deficits for several years. Program revenues (premiums) have been insufficient to cover rising claims activity in the County's self-insured hospitalization program. To attempt to offset the operating deficit, the County Commissioners have implemented an employee-paid monthly premium cost, have increased county-paid monthly premium costs, and have made significant changes to the plan guidelines to help reduce claim costs.

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Budgetary Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. By State statute, the Board of County Commissioners adopts a temporary operating budget for the County prior to the first day of January. The Board of County Commissioners adopts a permanent annual operating budget for the County prior to the first day of April.

For the General Fund, changes from the original budget to the final budget have been minimal. Fluctuations in growth and diversity have typically not occurred in Jefferson County, allowing department managers the ability to consistently predict revenues and expenditures.

Capital Assets and Debt Administration

Capital Assets - The County's capital assets for governmental and business-type activities as of December 31, 2003, were \$125,632 thousand (net of accumulated depreciation). This includes land and improvements, buildings and improvements, improvements other than buildings, machinery and equipment, vehicles, and infrastructure.

For governmental activities, significant capital asset additions during 2003 included the replacement of 5 bridges at a cost of \$1,170 thousand and expenses of \$786 thousand for 47.6 miles of road resurfacing.

For business-type activities, major capital asset additions during 2003 included the completion of various waterline extension projects and various sanitary sewer projects.

Note 10 (Capital Assets) provides capital asset activity during 2003.

Long Term Debt - As of December 31, 2003, the County had total general obligation bonded debt outstanding principal of \$23,907,219. All of this debt is expected to be repaid through governmental activities. The County's long term general obligation bonded debt decreased by \$1,620,000 (6.35 percent) during 2003. Other outstanding long-term debt included revenue bonds of \$132,000, O.W.D.A. loans of \$5,190,932, O.P.W.C. loans of \$814,878, notes and loans payable of \$2,045,171, and a tax refund payable of \$66,099.

Moody's Investors Services, Inc. has assigned an underlying rating of "Baa3" to the outstanding general obligation debt of the County. However, a AAA credit rating was listed on the bonds since the County purchased insurance from Radian Asset Assurance, Inc. (formerly Asset Guaranty Insurance Company) guaranteeing bond payments.

In addition to the bonded debt, the County's long-term obligations include compensated absences and workers compensation retrospective liability. Additional information on the County's long-term debt can be found in Note 17 of this report.

On April 7, 2003, bond anticipation notes were issued in the amount of \$750,000. These notes were issued for design and start up costs on the Toronto Water Transmission Line Connector project.

On November 13, 2003, various purpose bond anticipation notes were issued in the amount of \$9,320,000. These notes were issued for water and sanitary sewer projects, and for construction cost overruns at the detention center. Note 18 provides information regarding bond anticipation notes.

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Economic Factors

The unemployment rate for the County is currently 8.6 percent, which is a slight increase from 6.7 percent a year ago. This rate exceeds the state's current rate of 6.5 percent and the current national rate of 6.2 percent. The increase demonstrates the impact from the national recession and the uncertainty surrounding the steel industry.

The County's \$1.043 billion tax base has declined 15.6 percent over the last four years. This decline is attributed to the State's deregulation of public utility personal property taxes. This decline would have been greater, however it has been offset somewhat by an increase in the County's real estate tax values. Real property values within the County have risen steadily over the past several years, and are now at an all time high.

The County's permissive sales tax revenues have increased steadily over the past five years, despite uncertain economic conditions. It is anticipated that permissive sales tax revenues for 2004 will remain steady. No significant growth or decline is anticipated.

The County's general fund balance has managed to remain steady or increase slightly in recent years. This is attributed to conservative budgeting and spending by the County.

The various economic factors were considered in the preparation of the County's 2004 budget, and will be considered in the preparation of future budgets. Appropriate measures will be taken to ensure spending is within available resources.

A further discussion of the County and the economic factors which affect the County and its operations can be found in the transmittal letter of this report.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Patrick J. Marshall, Jefferson County Auditor, 301 Market Street, P.O. Box 159, Steubenville, Ohio 43952.

Jefferson County, Ohio
Statement of Net Assets
December 31, 2003

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$5,603,174	\$3,176,395	\$8,779,569	\$0
Cash and Cash Equivalents in Segregated Accounts	235,964	0	235,964	244,019
Accounts Receivable	1,255,039	819,214	2,074,253	16,459
Permissive Taxes Receivable	1,424,898	33,909	1,458,807	0
Internal Balances	37,463	(37,463)	0	0
Accrued Interest Receivable	31,569	0	31,569	0
Intergovernmental Receivable	12,239,441	172,658	12,412,099	0
Cash and Cash Equivalents with Fiscal Agents	688,940	0	688,940	0
Prepaid Items	423,493	17,356	440,849	400
Materials and Supplies Inventory	213,083	218	213,301	556
Property Taxes Receivable	10,705,302	0	10,705,302	0
Special Assessments Receivable	0	318,359	318,359	0
Investments with Fiscal Agents	221,892	345,893	567,785	774,054
Non-Depreciable Capital Assets	5,378,874	2,349,822	7,728,696	0
Depreciable Capital Assets, Net	85,266,652	32,636,203	117,902,855	26,384
<i>Total Assets</i>	<u>123,725,784</u>	<u>39,832,564</u>	<u>163,558,348</u>	<u>1,061,872</u>
Liabilities				
Accounts Payable	\$2,131,532	\$99,938	\$2,231,470	\$469
Accrued Wages and Benefits	630,329	22,651	652,980	6,023
Contracts Payable	0	152,318	152,318	0
Matured Severance Payable	31,168	0	31,168	0
Intergovernmental Payable	1,696,320	156,358	1,852,678	0
Deferred Revenue	9,184,231	0	9,184,231	0
Accrued Interest Payable	140,426	30,246	170,672	0
Notes Payable	4,635,572	4,876,886	9,512,458	0
Claims Payable - Insurance	1,681,857	0	1,681,857	0
Long-Term Liabilities:				
Due Within One Year	2,532,324	604,933	3,137,257	0
Due In More Than One Year	28,919,265	6,293,482	35,212,747	0
<i>Total Liabilities</i>	<u>51,583,024</u>	<u>12,236,812</u>	<u>63,819,836</u>	<u>6,492</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	61,306,492	23,283,102	84,589,594	26,384
Restricted for:				
Capital Projects	72,641	0	72,641	0
Debt Service	1,137,310	590,220	1,727,530	0
Other Purposes	15,230,400	43,734	15,274,134	0
Unrestricted (Deficit)	(5,604,083)	3,678,696	(1,925,387)	1,028,996
<i>Total Net Assets</i>	<u>\$72,142,760</u>	<u>\$27,595,752</u>	<u>\$99,738,512</u>	<u>\$1,055,380</u>

See accompanying notes to the basic financial statements

Jefferson County, Ohio
Statement of Activities
For the Year Ended December 31, 2003

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	
Governmental Activities				
General Government:				
Legislative and Executive	\$6,682,596	\$2,482,308	\$238,694	\$0
Judicial	3,955,549	1,364,590	2,945	0
Public Safety	11,341,063	3,034,800	1,238,998	90,212
Public Works	8,234,383	414,109	4,758,742	6,000
Health	17,141,185	381,663	11,968,737	0
Human Services	18,056,755	964,322	15,881,985	0
Economic Development and Assistance	1,737,358	0	1,969,413	0
Conservation and Recreation	20,367	0	0	0
Intergovernmental	293,695	0	233,696	0
Interest and Fiscal Charges	1,711,286	0	0	0
<i>Total Governmental Activities</i>	<u>69,174,237</u>	<u>8,641,792</u>	<u>36,293,210</u>	<u>96,212</u>
Business-Type Activities				
Sewer	1,339,831	881,449	0	26,996
Water	3,942,691	4,198,098	0	594,407
<i>Total Business-Type Activities</i>	<u>5,282,522</u>	<u>5,079,547</u>	<u>0</u>	<u>621,403</u>
<i>Total Primary Government</i>	<u>\$74,456,759</u>	<u>\$13,721,339</u>	<u>\$36,293,210</u>	<u>\$717,615</u>
Component Unit:				
JeffCo. Workshop	<u>\$67,503</u>	<u>\$52,776</u>	<u>\$0</u>	<u>\$0</u>

General Revenues

Property Taxes Levied for General Purposes

Property Taxes Levied for:

Mental Health

Emergency 911

Tuberculosis/Crippled Child Levy

Children Services

Mental Retardation and Developmental Disabilities

Jail Operating Levy

Debt Service

Permissive Sales Taxes Levied for General Purposes

Permissive Sales Taxes Levied for:

Motor Vehicle Gas Tax

Jail Operating Levy

Permissive Sheriff

Debt Service

Sewer

Water

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year Restated (Note 3)

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Primary Government		Component Unit
	Business Type Activities	Total	
(\$3,961,594)	\$0	(\$3,961,594)	\$0
(2,588,014)	0	(2,588,014)	0
(6,977,053)	0	(6,977,053)	0
(3,055,532)	0	(3,055,532)	0
(4,790,785)	0	(4,790,785)	0
(1,210,448)	0	(1,210,448)	0
232,055	0	232,055	0
(20,367)	0	(20,367)	0
(59,999)	0	(59,999)	0
(1,711,286)	0	(1,711,286)	0
<u>(24,143,023)</u>	<u>0</u>	<u>(24,143,023)</u>	<u>0</u>
0	(431,386)	(431,386)	0
<u>0</u>	<u>849,814</u>	<u>849,814</u>	<u>0</u>
0	418,428	418,428	0
<u>(24,143,023)</u>	<u>418,428</u>	<u>(23,724,595)</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>(14,727)</u>
1,746,042	0	1,746,042	0
321,411	0	321,411	0
1,263,163	0	1,263,163	0
30	0	30	0
714,730	0	714,730	0
2,544,047	0	2,544,047	0
1,110,788	0	1,110,788	0
1,038,742	0	1,038,742	0
4,031,020	0	4,031,020	0
2,532,938	0	2,532,938	0
200,000	0	200,000	0
1,665,129	0	1,665,129	0
349,960	0	349,960	0
0	56,248	56,248	0
0	168,743	168,743	0
4,959,388	0	4,959,388	0
239,436	6,117	245,553	29,735
402,091	14,942	417,033	38,996
<u>23,118,915</u>	<u>246,050</u>	<u>23,364,965</u>	<u>68,731</u>
(1,024,108)	664,478	(359,630)	54,004
<u>73,166,868</u>	<u>26,931,274</u>	<u>100,098,142</u>	<u>1,001,376</u>
<u>\$72,142,760</u>	<u>\$27,595,752</u>	<u>\$99,738,512</u>	<u>\$1,055,380</u>

Jefferson County, Ohio
Balance Sheet
Governmental Funds
December 31, 2003

	General	Public Assistance	Motor Vehicle Gasoline Tax	Mental Health	Mental Retardation Developmental Disabilities
Assets					
Equity in Pooled Cash and Cash Equivalents	\$535,364	\$988,468	\$495,057	\$7,100	\$85,149
Cash and Cash Equivalents in Segregated Accounts	135,540	0	0	0	0
Cash and Cash Equivalents with Fiscal Agents	0	0	0	0	688,940
Investments with Fiscal Agents	41,980	0	95,953	0	0
Receivables:					
Property Taxes	2,174,863	0	0	375,440	3,123,525
Permissive Taxes	622,018	0	463,671	0	0
Accounts	205,803	855,029	108,645	73,674	0
Intergovernmental	1,516,414	814,461	2,226,981	2,743,686	1,885,302
Interfund	919,919	0	0	1,806,000	932,000
Accrued Interest	31,569	0	0	0	0
Materials and Supplies Inventory	52,354	10,827	122,922	813	6,534
Prepaid Items	295,871	13,577	21,173	4,274	21,370
<i>Total Assets</i>	<u>\$6,531,695</u>	<u>\$2,682,362</u>	<u>\$3,534,402</u>	<u>\$5,010,987</u>	<u>\$6,742,820</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$77,713	\$113,732	\$222,654	\$1,099,987	\$33,859
Accrued Wages and Benefits	110,684	83,902	72,147	7,456	133,329
Matured Severance Payable	4,702	844	0	0	0
Interfund Payable	218,014	195,519	94,352	11,319	213,318
Intergovernmental Payable	69,081	928,503	34,318	3,620	86,173
Deferred Revenue	3,419,867	0	1,873,670	1,572,931	4,265,321
Accrued Interest Payable	0	0	0	0	0
Notes Payable	0	0	0	0	0
<i>Total Liabilities</i>	<u>3,900,061</u>	<u>1,322,500</u>	<u>2,297,141</u>	<u>2,695,313</u>	<u>4,732,000</u>
Fund Balances (Deficit)					
Reserved for Encumbrances	20,137	0	56,769	0	0
Reserved for Claimants	282,455	0	0	0	0
Unreserved:					
Designated for Equipment	41,980	0	0	0	0
Undesignated, Reported in:					
General Fund	2,287,062	0	0	0	0
Special Revenue Funds	0	1,359,862	1,180,492	2,315,674	2,010,820
Debt Service Funds	0	0	0	0	0
Capital Projects Funds	0	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>2,631,634</u>	<u>1,359,862</u>	<u>1,237,261</u>	<u>2,315,674</u>	<u>2,010,820</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,531,695</u>	<u>\$2,682,362</u>	<u>\$3,534,402</u>	<u>\$5,010,987</u>	<u>\$6,742,820</u>

See accompanying notes to the basic financial statements

Jail Operating Levy	Jail Construction	Other Governmental Funds	Total Governmental Funds
\$37,693	\$3,553	\$3,450,790	\$5,603,174
0	0	100,424	235,964
0	0	0	688,940
0	0	83,959	221,892
1,361,044	0	3,670,430	10,705,302
0	0	339,209	1,424,898
0	0	11,888	1,255,039
402,125	0	2,650,472	12,239,441
0	0	4,600,045	8,257,964
0	0	0	31,569
2,352	0	17,281	213,083
5,079	0	62,149	423,493
<u>\$1,808,293</u>	<u>\$3,553</u>	<u>\$14,986,647</u>	<u>\$41,300,759</u>
\$128,873	\$0	\$454,714	\$2,131,532
72,150	0	150,661	630,329
0	0	25,622	31,168
2,725,498	0	1,105,025	4,563,045
44,823	0	91,559	1,258,077
1,592,789	0	5,409,586	18,134,164
0	11,719	1,083	12,802
0	4,243,417	392,155	4,635,572
<u>4,564,133</u>	<u>4,255,136</u>	<u>7,630,405</u>	<u>31,396,689</u>
0	0	55,607	132,513
0	0	0	282,455
0	0	0	41,980
0	0	0	2,287,062
(2,755,840)	0	5,195,988	9,306,996
0	0	2,017,073	2,017,073
0	(4,251,583)	87,574	(4,164,009)
<u>(2,755,840)</u>	<u>(4,251,583)</u>	<u>7,356,242</u>	<u>9,904,070</u>
<u>\$1,808,293</u>	<u>\$3,553</u>	<u>\$14,986,647</u>	<u>\$41,300,759</u>

Jefferson County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2003

Total Governmental Fund Balances \$9,904,070

Amounts reported for governmental activities in the statement of net assets are different because:

Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds 90,645,526

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Taxes	1,521,071
Intergovernmental	7,103,763
Fines and Forfeitures	314,448
Interest	4,238
Charges for Services	6,413
	6,413

Total 8,949,933

An internal service fund is used by management to charge the costs of insurance and workers' compensation to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets (8,677,888)

Long-term liabilities and accrued interest are not due and payable in the current period and therefore are not reported in the funds:

General Obligation Bonds	24,881,495
Compensated Absences	2,159,293
Accrued Interest Payable	127,624
Long-Term Notes Payable	783,160
OPWC Loans Payable	61,774
State Infrastructure Bank Loans Payable	256,039
SBC Loan	255,972
Capital Leases	87,425
Tax Refund	66,099
	66,099

Total (28,678,881)

Net Assets of Governmental Activities \$72,142,760

See accompanying notes to the basic financial statements

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Jefferson County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2003

	General	Public Assistance	Motor Vehicle Gas Tax	Mental Health	Mental Retardation Developmental Disabilities
Revenues					
Property Taxes	\$1,734,045	\$0	\$0	\$318,169	\$2,521,348
Permissive Taxes	4,031,020	0	2,532,938	0	0
Charges for Services	2,327,390	0	0	58,741	211,068
Licenses and Permits	6,344	0	8,250	0	0
Fines and Forfeitures	384,862	0	64,757	0	0
Intergovernmental	2,865,211	10,589,612	4,372,039	7,128,594	6,272,041
Interest	238,531	0	1,035	0	0
Rent	0	0	0	65,633	0
Other	400,952	788,146	37,213	11,448	34,773
<i>Total Revenues</i>	<u>11,988,355</u>	<u>11,377,758</u>	<u>7,016,232</u>	<u>7,582,585</u>	<u>9,039,230</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	4,719,734	0	0	0	0
Judicial	3,541,116	0	0	0	0
Public Safety	709,081	0	0	0	0
Public Works	0	0	5,605,824	0	0
Health	227,774	0	0	6,801,328	9,262,024
Public Assistance	990,784	10,037,549	0	0	0
Economic Development and Assistance	0	0	0	0	0
Other	611,041	0	0	0	0
Capital Outlay	24,663	363,620	881,436	13,036	15,436
Intergovernmental	59,999	0	233,696	0	0
Debt Service:					
Principal Retirement	23,877	0	0	2,741	0
Interest and Fiscal Charges	3,163	0	0	101	0
<i>Total Expenditures</i>	<u>10,911,232</u>	<u>10,401,169</u>	<u>6,720,956</u>	<u>6,817,206</u>	<u>9,277,460</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,077,123</u>	<u>976,589</u>	<u>295,276</u>	<u>765,379</u>	<u>(238,230)</u>
Other Financing Sources (Uses):					
Proceeds of Loans	263,695	0	0	0	0
Sale of Assets	1,500	0	0	0	0
Inception of Capital Lease	0	0	0	0	0
Transfers In	0	0	73,261	35,000	0
Transfers Out	(1,582,487)	0	(564,777)	0	(50,000)
Total Other Financing Sources (Uses)	<u>(1,317,292)</u>	<u>0</u>	<u>(491,516)</u>	<u>35,000</u>	<u>(50,000)</u>
<i>Net Change in Fund Balances</i>	<u>(240,169)</u>	<u>976,589</u>	<u>(196,240)</u>	<u>800,379</u>	<u>(288,230)</u>
<i>Fund Balances (Deficit) at Beginning of Year - Restated (Note 3)</i>	<u>2,871,803</u>	<u>383,273</u>	<u>1,433,501</u>	<u>1,515,295</u>	<u>2,299,050</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$2,631,634</u>	<u>\$1,359,862</u>	<u>\$1,237,261</u>	<u>\$2,315,674</u>	<u>\$2,010,820</u>

See accompanying notes to the basic financial statements

Jail Operating Levy	Jail Construction	Other Governmental Funds	Total Governmental Funds
\$1,101,060	\$0	\$2,991,995	\$8,666,617
200,000	0	2,015,089	8,779,047
2,021,015	0	2,166,429	6,784,643
0	0	350,836	365,430
0	0	35,661	485,280
713,943	0	8,733,656	40,675,096
0	0	1,028	240,594
0	0	386,636	452,269
0	0	157,014	1,429,546
<u>4,036,018</u>	<u>0</u>	<u>16,838,344</u>	<u>67,878,522</u>
0	0	1,055,239	5,774,973
0	0	118,480	3,659,596
4,725,184	0	4,537,556	9,971,821
0	0	355,984	5,961,808
0	0	333,195	16,624,321
0	0	6,451,214	17,479,547
0	0	1,615,646	1,615,646
0	0	0	611,041
0	34,815	210,417	1,543,423
0	0	0	293,695
0	0	1,985,008	2,011,626
0	108,220	1,367,426	1,478,910
<u>4,725,184</u>	<u>143,035</u>	<u>18,030,165</u>	<u>67,026,407</u>
<u>(689,166)</u>	<u>(143,035)</u>	<u>(1,191,821)</u>	<u>852,115</u>
0	0	0	263,695
0	0	14,347	15,847
0	0	62,020	62,020
587,500	0	2,124,688	2,820,449
0	0	(623,185)	(2,820,449)
<u>587,500</u>	<u>0</u>	<u>1,577,870</u>	<u>341,562</u>
(101,666)	(143,035)	386,049	1,193,677
<u>(2,654,174)</u>	<u>(4,108,548)</u>	<u>6,970,193</u>	<u>8,710,393</u>
<u>(\$2,755,840)</u>	<u>(\$4,251,583)</u>	<u>\$7,356,242</u>	<u>\$9,904,070</u>

Jefferson County, Ohio
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities**
For the Year Ended December 31, 2003

Net Change in Fund Balances - Governmental Funds \$1,193,677

*Amounts reported for governmental activities
in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period

Capital Asset Additions	1,547,281	
Current Year Depreciation	<u>(3,793,326)</u>	
Total		(2,246,045)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the proceeds and the loss on disposal of assets:

Loss on Disposal of Assets	(338,837)	
Proceeds from Sale of Assets	<u>(15,847)</u>	
Total		(354,684)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund

Taxes	72,336	
Intergovernmental	(131,052)	
Interest	(1,158)	
Fines and Forfeitures	314,448	
Charges for Services	<u>6,413</u>	
Total		260,987

Loan proceeds are other financing sources in the governmental funds, but the issuance increases the long-term liabilities on the statement of net assets (263,695)

Repayments of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities

General Obligation Bonds	1,620,000	
Long-Term Notes Payable	263,971	
OPWC Loans Payable	6,502	
State Infrastructure Bank Loans Payable	45,059	
SBC Loan Payable	7,723	
Tax Refund	66,096	
Capital Leases	<u>68,371</u>	
Total		2,077,722

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities, and the accretion of interest of capital appreciation bonds is reported in the statement of activities:

Accrued Interest	16,867	
Accretion of Interest	<u>(249,243)</u>	
Total		(232,376)

Inception of capital leases are reported as other financing sources in the governmental funds, but the inception increases long term liabilities on the statement of activities (62,020)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds

Intergovernmental Payable	(70,061)	
Compensated Absences	<u>23,313</u>	
Total		46,748

The internal service fund used by management to charge the costs of insurance and workers' compensation to individual funds is not reported in the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net expenses of the internal service fund is allocated among governmental activities (1,444,422)

Change in Net Assets of Governmental Activities (\$1,024,108)

See accompanying notes to the basic financial statements

Jefferson County, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final Budget</u>		
<u>Revenues:</u>				
Taxes	\$1,237,081	\$1,749,809	\$1,749,809	\$0
Permissive Taxes	4,006,193	4,006,193	4,006,193	0
Charges for Services	2,095,578	2,282,888	2,282,888	0
Licenses and Permits	6,344	6,344	6,344	0
Fines and Forfeitures	527,457	389,419	389,419	0
Intergovernmental	3,035,506	2,903,776	2,903,776	0
Rent	257,493	257,493	257,493	0
Other	510,479	400,952	400,952	0
Total Revenues	<u>11,676,131</u>	<u>11,996,874</u>	<u>11,996,874</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
General Government -				
Legislative and Executive	5,152,285	4,767,359	4,737,776	29,583
Judicial	3,589,589	3,521,679	3,521,679	0
Public Safety	775,800	714,166	713,698	468
Health	226,846	226,775	226,775	0
Human Services	969,378	986,153	981,553	4,600
Other	612,858	611,652	611,041	611
Intergovernmental	72,500	72,499	72,499	0
Total Expenditures	<u>11,399,256</u>	<u>10,900,283</u>	<u>10,865,021</u>	<u>35,262</u>
Excess of Revenues Over Expenditures	<u>276,875</u>	<u>1,096,591</u>	<u>1,131,853</u>	<u>35,262</u>
<u>Other Financing Sources (Uses):</u>				
Sale of Fixed Assets	1,500	1,500	1,500	0
Advances In	269,414	269,414	269,414	0
Transfers Out	(1,551,487)	(1,577,487)	(1,577,487)	0
Total Other Financing Sources (Uses)	<u>(1,280,573)</u>	<u>(1,306,573)</u>	<u>(1,306,573)</u>	<u>0</u>
Net Change in Fund Balance	(1,003,698)	(\$209,982)	(\$174,720)	\$35,262
Fund Balance at Beginning of Year	1,329,371	1,329,371	1,329,371	0
Prior Year Encumbrances Appropriated	103,015	103,015	103,015	0
Fund Balance at End of Year	<u>\$428,688</u>	<u>\$1,222,404</u>	<u>\$1,257,666</u>	<u>\$35,262</u>

See accompanying notes to the basic financial statements

Jefferson County, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Public Assistance Fund
For the Year Ended December 31, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$10,935,100	\$8,975,585	\$8,975,585	\$0
Other	800,000	917,668	917,668	0
Total Revenues	11,735,100	9,893,253	9,893,253	0
<u>Expenditures:</u>				
Current:				
Human Services	11,647,615	10,620,156	10,620,156	0
Excess of Revenues Over (Under) Expenditures	87,485	(726,903)	(726,903)	0
<u>Other Financing Use:</u>				
Advances Out	(87,485)	(87,485)	(87,485)	0
Net Change in Fund Balance	0	(814,388)	(814,388)	0
Fund Balance at Beginning of Year	1,164,323	1,164,323	1,164,323	0
Fund Balance at End of Year	<u>\$1,164,323</u>	<u>\$349,935</u>	<u>\$349,935</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Jefferson County, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Motor Vehicle and Gasoline Tax Fund
For the Year Ended December 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<u>Revenues:</u>				
Permissive Taxes	\$2,210,000	\$2,416,701	\$2,416,701	\$0
Licenses and Permits	6,500	8,250	8,250	0
Fines and Forfeitures	60,965	68,803	68,803	0
Intergovernmental	3,145,000	4,323,952	4,323,952	0
Interest	1,035	1,035	1,035	0
Other	3,000	37,213	37,213	0
Total Revenues	<u>5,426,500</u>	<u>6,855,954</u>	<u>6,855,954</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
Public Works	5,125,581	6,410,116	6,366,959	43,157
Intergovernmental	0	233,696	233,696	0
Total Expenditures	<u>5,125,581</u>	<u>6,643,812</u>	<u>6,600,655</u>	<u>43,157</u>
Excess of Revenues Over Expenditures	<u>300,919</u>	<u>212,142</u>	<u>255,299</u>	<u>(43,157)</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	3,500	73,261	73,261	
Transfers Out	(564,777)	(564,777)	(564,777)	0
Total Other Financing Sources (Uses)	<u>(561,277)</u>	<u>(491,516)</u>	<u>(491,516)</u>	<u>0</u>
Net Change in Fund Balance	<u>(260,358)</u>	<u>(279,374)</u>	<u>(236,217)</u>	<u>(43,157)</u>
Fund Balance at Beginning of Year	615,799	615,799	615,799	0
Prior Year Encumbrances Appropriated	<u>120,871</u>	<u>120,871</u>	<u>120,871</u>	<u>0</u>
Fund Balance at End of Year	<u>\$476,312</u>	<u>\$457,296</u>	<u>\$500,453</u>	<u>(\$43,157)</u>

See accompanying notes to the basic financial statements

Jefferson County, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Mental Health Fund
For the Year Ended December 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<u>Revenues:</u>				
Taxes	\$294,409	\$319,952	\$319,952	\$0
Intergovernmental	5,218,298	6,081,178	6,081,178	0
Rent	65,550	60,600	60,600	0
Other	<u>0</u>	<u>11,448</u>	<u>11,448</u>	<u>0</u>
Total Revenues	5,578,257	6,473,178	6,473,178	0
<u>Expenditures:</u>				
Current:				
Health	<u>5,579,257</u>	<u>6,153,618</u>	<u>6,153,618</u>	<u>0</u>
Excess of Revenues Over Expenditures	(1,000)	319,560	319,560	0
<u>Other Financing Source:</u>				
Transfers In	<u>0</u>	<u>35,000</u>	<u>35,000</u>	<u>0</u>
Net Change in Fund Balance	(1,000)	354,560	354,560	0
Fund Balance at Beginning of Year	<u>1,451,859</u>	<u>1,451,859</u>	<u>1,451,859</u>	<u>0</u>
Fund Balance at End of Year	<u>\$1,450,859</u>	<u>\$1,806,419</u>	<u>\$1,806,419</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Jefferson County, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Mental Retardation and Developmental Disabilities Fund
For the Year Ended December 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<u>Revenues:</u>				
Taxes	\$2,392,319	\$2,543,867	\$2,543,867	\$0
Charges for Services	202,000	211,068	211,068	0
Intergovernmental	5,527,755	5,339,252	6,268,137	928,885
Other	34,800	34,773	34,773	0
Total Revenues	8,156,874	8,128,960	9,057,845	928,885
<u>Expenditures:</u>				
Current:				
Health	9,080,018	8,459,667	9,269,721	(810,054)
Excess of Revenues Under Expenditures	(923,144)	(330,707)	(211,876)	118,831
<u>Other Financing Sources (Uses):</u>				
Transfers In	12,000	0	0	0
Transfers Out	(112,000)	(50,000)	(50,000)	0
Net Change in Fund Balance	(1,023,144)	(380,707)	(261,876)	118,831
Fund Balance at Beginning of Year	1,194,597	1,194,597	1,194,597	0
Fund Balance at End of Year	<u>\$171,453</u>	<u>\$813,890</u>	<u>\$932,721</u>	<u>\$118,831</u>

See accompanying notes to the basic financial statements

Jefferson County, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Jail Operating Levy Fund
For the Year Ended December 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<u>Revenues:</u>				
Taxes	\$965,359	\$1,111,114	\$1,111,114	\$0
Permissive Taxes	200,000	200,000	200,000	0
Charges for Services	1,959,948	2,021,015	2,021,015	0
Intergovernmental	736,128	736,128	736,128	0
Total Revenues	3,861,435	4,068,257	4,068,257	0
<u>Expenditures:</u>				
Current:				
Public Safety	4,419,857	4,655,019	4,655,019	0
Excess of Revenues Under Expenditures	(558,422)	(586,762)	(586,762)	0
<u>Other Financing Source:</u>				
Transfers In	387,500	587,500	587,500	0
Net Change in Fund Balance	(170,922)	738	738	0
Fund Balance (Deficit) at Beginning of Year	(2,602,745)	(2,602,745)	(2,602,745)	0
Prior Year Encumbrances Appropriated	1,050	1,050	1,050	0
Fund Balance (Deficit) at End of Year	<u>(\$2,772,617)</u>	<u>(\$2,600,957)</u>	<u>(\$2,600,957)</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Jefferson County, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2003

	Business Type Activities - Enterprise Funds			Governmental Activities- Internal Service Fund
	Sewer	Water	Total	
Assets				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$808,994	\$2,367,401	\$3,176,395	\$0
Investments with Fiscal and Escrow Agents	4,498	13,493	17,991	0
Receivables:				
Permissive Taxes	8,477	25,432	33,909	0
Accounts	158,512	660,702	819,214	0
Intergovernmental	0	172,658	172,658	0
Interfund	0	1,270	1,270	1,085,978
Materials and Supplies Inventory	0	218	218	0
Prepaid Items	0	17,356	17,356	0
Restricted Assets:				
Investments with Fiscal Agents	0	72,868	72,868	0
Total Current Assets	980,481	3,331,398	4,311,879	1,085,978
Noncurrent Assets:				
Restricted Assets:				
Investments with Fiscal Agents	0	255,034	255,034	0
Special Assessments Receivable	318,359	0	318,359	0
Non Depreciable Capital Assets	1,157,986	1,191,836	2,349,822	0
Depreciable Capital Assets, Net	15,221,334	17,414,869	32,636,203	0
Total Noncurrent Assets	16,697,679	18,861,739	35,559,418	0
Total Assets	17,678,160	22,193,137	39,871,297	1,085,978
Liabilities				
Current Liabilities:				
Accounts Payable	\$10,318	\$89,620	\$99,938	\$0
Accrued Wages and Benefits Payable	5,273	17,378	22,651	0
Compensated Absences Payable	748	1,849	2,597	0
Interfund Payable	7,962	30,771	38,733	4,743,434
Intergovernmental Payable	16,207	140,151	156,358	438,243
Contracts Payable	4,106	148,212	152,318	0
Claims Payable - Health Benefits	0	0	0	1,681,857
Claims Payable - Workers' Compensation	0	0	0	238,345
Accrued Interest Payable	7,093	21,285	28,378	0
Notes Payable	2,228,670	3,398,216	5,626,886	0
Current Portion of OPWC Loans Payable	0	61,379	61,379	0
Current Portion of OWDA Loans Payable	295,002	174,955	469,957	0
Total Current Liabilities	2,575,379	4,083,816	6,659,195	7,101,879
Current Liabilities Payable from Restricted Assets:				
Accrued Interest Payable	0	1,868	1,868	0
Current Portion of Revenue Bonds Payable	0	71,000	71,000	0
Total Current Liabilities Payable from Restricted Assets	0	72,868	72,868	0
Long-Term Liabilities (Net of Current Portion):				
Compensated Absences Payable	29,800	39,982	69,782	0
Claims Payable - Workers' Compensation	0	0	0	2,661,987
OPWC Loans Payable	0	691,725	691,725	0
OWDA Loans Payable	2,194,748	2,526,227	4,720,975	0
Revenue Bond Payable	0	61,000	61,000	0
Total Long-Term Liabilities	2,224,548	3,318,934	5,543,482	2,661,987
Total Liabilities	4,799,927	7,475,618	12,275,545	9,763,866
Net Assets				
Invested in Capital Assets, Net of Related Debt	11,660,900	11,622,203	23,283,103	0
Restricted for:				
Debt Service	318,359	271,861	590,220	0
Replacement and Improvement	0	43,734	43,734	0
Unrestricted (Deficit)	898,974	2,779,721	3,678,695	(8,677,888)
Total Net Assets (Deficit)	\$12,878,233	\$14,717,519	\$27,595,752	(\$8,677,888)

See accompanying notes to the basic financial statements

Jefferson County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2003

	Business Type Activities - Enterprise Funds			Governmental Activities- Internal Service Fund
	Sewer	Water	Total	
Operating Revenues				
Charges for Services	\$881,449	\$4,198,098	\$5,079,547	\$0
Charges for Services - Health Benefits	0	0	0	7,290,636
Charges for Services - Workers' Compensation	0	0	0	1,143,522
Other	0	0	0	237,264
<i>Total Operating Revenues</i>	881,449	4,198,098	5,079,547	8,671,422
Operating Expenses				
Personal Services	256,358	898,592	1,154,950	0
Contractual Services	202,734	1,701,614	1,904,348	0
Contractual Services - Health Benefits	0	0	0	393,984
Contractual Services - Workers' Compensation	0	0	0	438,858
Materials and Supplies	76,623	143,322	219,945	0
Claims - Health Benefits	0	0	0	8,544,818
Claims - Workers' Compensation	0	0	0	762,986
Depreciation	614,723	886,367	1,501,090	0
Other	0	8,983	8,983	0
<i>Total Operating Expenses</i>	1,150,438	3,638,878	4,789,316	10,140,646
<i>Operating Income (Loss)</i>	(268,989)	559,220	290,231	(1,469,224)
Non-Operating Revenues (Expenses)				
Permissive Taxes	56,248	168,743	224,991	0
Interest	0	6,117	6,117	0
Interest and Fiscal Charges	(189,393)	(303,813)	(493,206)	0
Other Non-Operating Revenues	0	14,942	14,942	24,802
<i>Total Non-Operating Revenues (Expenses)</i>	(133,145)	(114,011)	(247,156)	24,802
<i>Income (Loss) Before Contributions</i>	(402,134)	445,209	43,075	(1,444,422)
Capital Contributions	26,996	594,407	621,403	0
<i>Change in Net Assets</i>	(375,138)	1,039,616	664,478	(1,444,422)
<i>Net Assets (Deficit) Beginning of Year - Restated (See Note 3)</i>	13,253,371	13,677,903	26,931,274	(7,233,466)
<i>Net Assets (Deficit) End of Year</i>	\$12,878,233	\$14,717,519	\$27,595,752	(\$8,677,888)

See accompanying notes to the basic financial statements

Jefferson County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2003

	Business Type Activities - Enterprise Funds			Governmental Activities- Internal Service Fund
	Sewer	Water	Total	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$887,272	\$4,141,193	\$5,028,465	\$7,893,914
Cash Payments for Employee Services and Benefits	(252,796)	(887,175)	(1,139,971)	0
Cash Payments for Goods and Services	(331,212)	(1,752,180)	(2,083,392)	(637,900)
Cash Payments for Claims - Health Benefits	0	0	0	(8,943,104)
Cash Payments for Claims - Workers' Compensation	0	0	0	(189,242)
Other Operating Expenses	0	(8,983)	(8,983)	237,264
Other Non-Operating Revenues	0	14,942	14,942	24,802
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>303,264</u>	<u>1,507,797</u>	<u>1,811,061</u>	<u>(1,614,266)</u>
Cash Flows from Noncapital Financing Activities				
Interfund Loan	0	0	0	1,614,266
Permissive Taxes	55,913	167,738	223,651	0
Transfers In	0	0	0	0
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>55,913</u>	<u>167,738</u>	<u>223,651</u>	<u>1,614,266</u>
Cash Flows from Capital and Related Financing Activities				
Payments for Capital Acquisitions	(71,503)	(736,098)	(807,601)	0
Proceeds from Sale of Notes	2,175,521	3,258,907	5,434,428	0
Tap-In Fees	0	59,300	59,300	0
Special Assessments	34,953	0	34,953	0
Capital Grants	26,996	362,449	389,445	0
Principal Paid on Debt	(2,648,191)	(2,752,905)	(5,401,096)	0
Interest and Fiscal Charges Paid on Debt	(191,897)	(295,373)	(487,270)	0
<i>Net Cash Used in Capital and Related Financing Activities</i>	<u>(674,121)</u>	<u>(103,720)</u>	<u>(777,841)</u>	<u>0</u>
Cash Flows from Investing Activities				
Interest	0	16,034	16,034	
Purchase of Investments	0	(24,391)	(24,391)	
Sale of Investments	926	0	926	0
<i>Net Cash Provided by (Used in) Investing Activities</i>	<u>926</u>	<u>(8,357)</u>	<u>(7,431)</u>	<u>0</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<u>(314,018)</u>	<u>1,563,458</u>	<u>1,249,440</u>	<u>0</u>
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>1,123,012</u>	<u>803,943</u>	<u>1,926,955</u>	<u>0</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$808,994</u></u>	<u><u>\$2,367,401</u></u>	<u><u>\$3,176,395</u></u>	<u><u>\$0</u></u>

(Continued)

Jefferson County, Ohio
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended December 31, 2003

	Business Type Activities - Enterprise Funds			Governmental Activities- Internal Service Fund
	Sewer	Water	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating Income (Loss)	(\$268,989)	\$559,220	\$290,231	(\$1,469,224)
Adjustments:				
Depreciation	614,723	886,367	1,501,090	0
Non-Operating Revenues	0	14,942	14,942	24,802
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	5,823	(56,905)	(51,082)	0
Increase in Interfund Receivable	0	0	0	(540,244)
Decrease in Materials and Supplies Inventory	0	1,289	1,289	0
Decrease in Prepaid Items	0	329	329	0
Increase (Decrease) in Accounts Payable	(55,234)	62,670	7,436	0
Increase in Accrued Wages and Benefits Payable	1,043	3,527	4,570	0
Increase in Compensated Absences Payable	1,608	6,857	8,465	0
Increase in Interfund Payable	4,112	15,260	19,372	0
Decrease in Claims Payable - Health Benefits	0	0	0	(398,286)
Increase in Claims Payable - Workers' Compensation	0	0	0	573,744
Increase in Intergovernmental Payable	178	14,241	14,419	194,942
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>\$303,264</u>	<u>\$1,507,797</u>	<u>\$1,811,061</u>	<u>(\$1,614,266)</u>

Noncash Activities:

During fiscal year 2003, the County recorded a decrease in the fair value of investments of \$2,250 in the Water Enterprise Fund. There was a \$172,658 receivable for a capital grant recorded in the water fund at December 31, 2003.

See accompanying notes to the basic financial statements

Jefferson County, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2003

Assets	
Equity in Pooled Cash and Cash Equivalents	\$3,036,601
Cash and Cash Equivalents in Segregated Accounts	340,002
Receivables:	
Property Taxes	43,492,559
Accounts	1,091,221
Special Assessments	269,904
Intergovernmental	<u>4,791,721</u>
<i>Total Assets</i>	<u><u>\$53,022,008</u></u>
Liabilities	
Intergovernmental Payable	\$49,406,993
Undistributed Monies	<u>3,615,015</u>
<i>Total Liabilities</i>	<u><u>\$53,022,008</u></u>

See accompanying notes to the basic financial statements

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Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

Jefferson County, Ohio (The County), was created July 29, 1797. The County is comprised of fourteen townships and nineteen municipalities. The County is governed by a board of three commissioners elected by the voters. 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, a Probate and Juvenile Court Judge and three County Court Judges.

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.

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 Jefferson County, this includes the Children's Services Board, the Board of Mental Retardation and Developmental Disabilities, the Department of Job and Family Services, the Prevention and Recovery Board, the Veteran's Service Commission, the Regional Airport Authority, the Jefferson County Water and Sewer Districts, and all departments and activities that are directly operated by the elected County officials.

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

The component unit column in the combined financial statements identifies the financial data of the County's component unit, JeffCo Workshop. It is discretely reported in a separate column to emphasize that it is legally separate from the County.

JeffCo. Workshop (JeffCo) is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. The workshop, under a contractual agreement with the Jefferson County Board of Mental Retardation and Developmental Disabilities (MR/DD) provides sheltered employment for mentally retarded or handicapped adults in Jefferson County. The Jefferson 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 JeffCo and JeffCo's sole purpose of providing assistance to the retarded and handicapped adults of Jefferson County, it was determined that to exclude the workshop from the County's report would make the report incomplete. JeffCo Workshop operates on a fiscal year ending December 31. The operating statement of JeffCo Workshop is presented at the object level. JeffCo 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 JeffCo Workshop, Steubenville, Ohio.

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

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 issuing of debt, or the levying of taxes.

Jefferson County Agricultural Society
Jefferson County Educational Service Center
Jefferson County Community Action Council
Jefferson County Historical Society
Jefferson County Law Library Association
Jefferson County Joint Vocational School District
Jefferson County Taxpayers Association
Jefferson County Land Office
Public Library of Steubenville and Jefferson County
Prime Time Office on Aging
Jefferson County Community Improvement Corporation
Progress Alliance

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:

Jefferson 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.

Jefferson County General Health District is governed by the Board of Health which oversees the operation of the health district and is elected by a regional advisory council comprised of township trustees and mayors of participating municipalities. The Board adopts its own budget, which is approved by the County Budget Commission as a ministerial function, hires and fires its own staff, and operates autonomously from the County. Funding is based on a rate per taxable valuation, along with state and federal grants applied for by the District.

Local Emergency Planning Commission (LEPC) is statutorily created as a separate and distinct political subdivision of the State. Its members are appointed by the Emergency Response Commission. The Commission adopts its own budget, authorizes expenditures, hires and fires staff, and operates autonomously from the County. The activity of the LEPC is reported to the Emergency Response Commission.

The following operation has been identified as a joint venture of Jefferson County.

Jefferson County Regional Planning Commission

The County participates in the Jefferson County Regional Planning Commission which is a statutorily created political subdivision of the State. The commission is jointly governed among Jefferson County and municipalities and townships within the County. Each member's control over the operation of the commission is limited to its representation on the board. The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environment, social, economic and governmental functions and services of the County as well as applies for certain grants on behalf of the member governments. The continued existence of the Commission is dependent upon the County's continued participation; however, the County does not have an equity interest in the Commission. Since Jefferson County serves as the fiscal agent for the Board, the financial activity of the District is presented as an agency fund. Additional information on the joint venture is presented in Note 20.

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

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 21.

Jefferson County Cluster
East Ohio Correctional Facility
Brooke, Hancock, Jefferson Metropolitan Planning Commission (BHJ)
Southeast Ohio Juvenile Rehabilitation District (SOJRD)
Area Office on Aging
Ohio Mid-Eastern Governments Association (OMEGA)
Jefferson-Belmont Joint Solid Waste Authority
Jefferson County Family and Children First Council
Mid Eastern Ohio Regional Council of Governments (MEORC)
Belmont-Jefferson Workforce Policy Board

The County is associated with the following organizations which are defined as related organizations. Additional information concerning the related organizations is presented in Note 22.

The Jefferson Metropolitan Housing Authority
Jefferson Community College

The County is associated with the following organization which is a public entity pool. Additional information concerning the pool is presented in Note 23.

County Risk Sharing Authority (CORSA)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements, and has elected not to apply Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, to its enterprise funds and business-type activities. The most significant of the County's accounting policies are described below.

A. Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities. The statement of net assets presents the financial condition of the governmental and business-type activities of the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program

Jefferson County, Ohio
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or department and therefore clearly identifiable to a particular function. The policy of the County is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major governmental funds:

General Fund The general fund accounts for all financial resources 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.

Public Assistance Fund The public assistance fund accounts for various federal and State grants as well as transfers from the general fund used to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

Motor Vehicle and Gasoline Tax (MVGT) Fund To account for revenue derived from motor vehicle licenses, gasoline taxes, grants, permissive sales taxes, and interest. Expenditures in this fund are restricted by State law to County road and bridge repair/improvements programs.

Mental Health Fund To account for Federal and State grants and a county-wide property tax levy that are expended primarily to pay the cost of contracts with local mental health agencies that provide services to the public.

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Mental Retardation and Developmental Disabilities (MRDD) Fund To account for the operation of a school and the costs of administering a sheltered workshop for the mentally retarded and developmentally disabled residents of the County. Revenue sources are Federal and State grant monies and a county-wide property tax levy.

Jail Operating Levy Fund To account for a county-wide property tax levy used for the administration and operation of the county justice facility.

Jail Construction Fund To account for note and bond proceeds and transfers from the general fund to be expended for the construction and maintenance of the County Justice Facility.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following is a description of the County's enterprise funds:

Sewer Fund To account for waste services provided to County individual and commercial users. The costs of providing these services are financed primarily through user charges.

Water Fund The water fund will read services provided to County individual and commercial users. The costs of providing these services are financed primarily through user charges.

Internal Service Fund Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The Internal Service Fund is used to account for the operation of the County's self insurance program for employee health benefits and prescription drugs and the County's workers' compensation program through a retrospective rating plan.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The County's fiduciary funds are all classified as agency funds. The agency funds account for assets held by the County as agent for the Board of Health and other districts and entities and for various taxes, assessments, and state shared resources collected on behalf of and distributed to other local governments.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the Statement of Net Assets. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

Jefferson County, Ohio
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Fund Financial Statements All governmental 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. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the year for which the taxes are levied. (See Note 7.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: sales tax (see Note 8), interest, federal and state grants and subsidies, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees and rentals. Using this criteria, the County has elected to not record child support arrearages within the special revenue and agency fund types. This amount, while potentially significant, is not considered measurable, and because collection is often significantly in arrears, the County is unable to determine a reasonable value.

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Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2003, but which were levied to finance year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by County Commissioners at the fund, program, department, and object level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts when the original appropriations were adopted. These appropriations were made before the end of the prior year and before the year end fund balances were known. This resulted in differences being reported for beginning of year fund balances for the original and final budgeted amounts. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2003.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the County Commissioners during the year.

F. Cash, Cash Equivalents, and Investments

Cash balances of the County's funds, except cash held by a trustee or fiscal agent or held in segregated accounts, are pooled and invested in short-term investments in order to provide improved cash management. During 2003, investments were limited to United States Treasury Notes, money market mutual funds, and certificates of deposit. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts

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such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost. Under existing Ohio statutes, all investment earnings accrue to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during 2003 amounted to \$238,531, which includes \$172,061 assigned from other funds. Interest income received directly by JeffCo Workshop during 2003 was \$29,735.

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 presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

The Permissive Sheriff and Jail Operating Special Revenue Funds and the Self Insurance Internal Service Fund made disbursements in excess of their equity interest in the cash management pool. The amounts of these excesses are reported as an interfund payable to the general, mental retardation/developmental disabilities, and mental health major funds and other non major funds.

G. Restricted Assets

Certain resources set aside for the repayment of enterprise fund revenue bonds and for the replacement and improvement of enterprise fund capital assets acquired through the issuance of revenue bonds are classified as restricted assets on the statement of fund net assets because their use is limited by applicable bond covenants. Special assessments receivable have been presented as restricted assets as their use is limited by the authorizing legislation.

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2003, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

J. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activities column of the government-wide statement of net assets and in the fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of ten thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest costs incurred during the construction of capital assets utilized by the enterprise funds are also capitalized.

All reported capital assets are depreciated except for land and construction in process. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure

Jefferson County, Ohio
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were estimated based on the County's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business Type Activities Estimated Lives</u>
Buildings and Improvements	20-40 Years	40 Years
Machinery and Equipment	5-20 Years	3-20 Years
Infrastructure	4-100 Years	40-50 Years
Vehicles	5-15 Years	5 Years

The component unit, JeffCo Workshop, Inc. depreciates equipment from 5-7 years and vehicles over 5 years utilizing the straight-line method.

K. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

L. 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 the County will compensate the employees for the benefits through paid time off or some other means. The County records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the County has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the County's termination policy. The County records a liability for sick leave for employees with ten or more years of service at varying rates depending on County policy.

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Severance Payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For enterprise funds, the entire amount of compensated absences is reported as a fund liability.

M. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported in the proprietary fund financial statements.

Jefferson County, Ohio
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In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, tax refunds, and long-term loans are recognized as a liability in the governmental fund financial statements when due.

N. Discounts

Bond issuance costs, bond premium and discounts are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recorded as deferred charges and amortized over the term of the related debt.

Bond discounts on the capital appreciation bonds are deferred and accreted over the term of the bonds. Bond discounts are presented as an addition to the face amount of the bonds.

On the governmental fund financial statements, governmental fund types recognize issuance costs, bond premiums, and bond discounts in the current period. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

O. Fund Balance Reserves

The County reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances and claimants. Under Ohio law, unclaimed monies are not available for appropriation until they have remained unclaimed for five years.

P. Fund Balance Designations

The County reports designated fund balance for sales tax collections to be utilized for the purchase of equipment.

Q. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The restrictions for other purposes are primarily for net assets of the Mental Health, Mental Retardation and Developmental Disabilities, Motor Vehicle and Gasoline Tax and the Tuberculosis/Crippled Child Levy special revenue funds.

Jefferson County, Ohio
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For the Year Ended December 31, 2003

The County applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for wastewater treatment, sale of water, and self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

S. Capital Contributions

Contributions of capital arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

T. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County and that are either unusual in nature or infrequent in occurrence.

V. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 - RESTATEMENT OF PRIOR YEAR FUND EQUITY

Restatement of Fund Balances The fund classification was updated during 2003 to reclassify the Wellness Block Grant and the Jefferson County Board Welcome Home Fund, both classified as a part of the Children Services Fund in fiscal year 2002, as a part of the Family and Children First Council agency fund for fiscal year 2003. There is also a restatement for cash held with fiscal agents in the MRDD major fund for amounts that were held by MEORC (See Note 6) that were not recorded, and a correction of misstated delinquent property taxes which had no effect on modified accrual fund balances. The effect on governmental fund balance and governmental activities net assets is as follows:

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

	MRDD Major Fund	Nonmajor Funds
Fund Balances		
December 31, 2002	\$1,545,385	\$7,038,557
Cash Held at MEORC	753,665	0
Fund Reclassifications:		
Wellness Block Grant Fund	0	(12,555)
JCCSB Welcome Home Fund	0	(55,809)
Restated Fund Balances		
December 31, 2002	\$2,299,050	\$6,970,193

	Governmental Activities
Net Assets, December 31, 2002	\$73,338,383
Cash Held at MEORC	753,665
Misstated Delinquent Property Taxes	(851,757)
Fund Reclassifications:	
Wellness Block Grant Fund	(12,555)
JCCSB Welcome Home Fund	(60,868)
Restated Net Assets, December 31, 2002	\$73,166,868

The result of the governmental restatements caused the previously reported Net Change in Fund Balance for total governmental funds to change from (\$883,541) to (\$198,240) and the previously reported Change in Net Assets for governmental activities to change from (\$369,008) to (\$197,493).

The reclassification of the Wellness Block Grant Fund and the Jefferson County Board Welcome Home Fund from the Children Services special revenue fund in fiscal year 2002 to the Family and Children First Council agency fund in fiscal year 2003 increased total agency fund assets/liabilities by \$73,423 from \$54,356,971 to \$54,430,394.

During fiscal year 2003 it was discovered that the business type activities had a liability for an Ohio Public Works Commission Loan that Jefferson County was carrying on its books that was actually a grant in a prior year.

	Water
Net Assets, December 31, 2002	\$13,637,903
Eliminate OPWC Loan Liability	40,000
Restated Net Assets, December 31, 2002	\$13,677,903

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

	Business Type Activities
Net Assets, December 31, 2002	\$26,891,274
Eliminate OPWC Loan Liability	40,000
Restated Net Assets, December 31, 2002	\$26,931,274

The water enterprise fund restatement had no effect on the previously reported Change in Net Assets.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the general and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures 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 (budget basis) rather than as a reservation of fund balance.
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. Unrecorded cash and unrecorded interest are reported on the balance sheet (GAAP basis), but not on the budgetary basis. The reconciled difference between the beginning and end of the year is reflected in the following tables as unrecorded cash.
6. Cash that is held by the agency funds on behalf of County funds on a budget basis are allocated and reported on the balance sheet (GAAP basis) in the appropriate County fund.
7. Adjustments from cost basis carrying values of investment balances to fair market value in accordance with GASB Statement 31, are recorded on the balance sheet (GAAP basis) but not on the budgetary basis.
8. Cash that is held by MEORC on behalf of the County's MRDD Board is not budgeted activity in the MRDD fund, but is reported on the balance sheet (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:

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Net Change in Fund Balances
General and Major Special Revenue Funds

	General	Public Assistance	MVGT	Mental Health	MRDD	Jail Operating Levy
GAAP Basis	(\$240,169)	\$976,589	(\$196,240)	\$800,379	(\$288,230)	(\$101,666)
Net Adjustment for Revenue Accruals	1,427	(845,972)	(160,278)	(1,102,726)	791,983	69,932
Advances In	269,414	0	0	0	0	0
GASB 31 Adjustment	660	0		0	0	
Unrecorded Cash	(137,064)	(638,533)	0	0	(84,428)	0
Non Budgeted Cash	0	0	0	0	(688,940)	0
Agency Fund Cash Allocation	(120,199)	0	0	(6,681)	0	(37,693)
Net Adjustment for Expenditure Accruals	67,826	(218,987)	210,858	663,588	7,739	70,165
Advances Out	0	(87,485)				
Transfers Out	5,000	0	0	0	0	0
Encumbrances	(21,615)	0	(90,557)	0	0	0
Budget Basis	(\$174,720)	(\$814,388)	(\$236,217)	\$354,560	(\$261,876)	\$738

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 5 - ACCOUNTABILITY AND COMPLIANCE

A. Fund Deficits

The following funds had a deficit fund balance or deficit net assets as of December 31, 2003:

	Deficit Fund Balance	Deficit Net Assets
<u>Special Revenue Funds:</u>		
Permissive Sheriff	\$675,814	
Jail Operating Levy	2,755,840	
<u>Capital Projects Fund:</u>		
Jail Construction	4,251,583	
<u>Internal Service Fund:</u>		
Self Insurance		\$8,677,888

The deficits in the Permissive Sheriff and Jail Operating Levy special revenue funds and the Self Insurance internal service fund are due to actual cash deficits in the funds, accrued liabilities, as well as a failure to adequately fund these programs. The cash deficits are reported as payables to other funds. In order to alleviate the deficit in the self insurance fund, the County Commissioners have increased monthly premium charges and made changes to the plan guidelines. See the contingencies/subsequent event note 25 for further details of the County's response to eliminating the deficit.

The deficit in the Jail Construction capital projects fund is due to the recognition of notes payable in accordance with generally accepted accounting principles. This deficit will be eliminated at the point either bonds are issued or the debt is repaid.

B. Legal Compliance:

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

	<u>Excess</u>
<u>Special Revenue Fund:</u>	
MRDD	
Health	
Contractual Services	\$894,824

The County will more closely monitor budgetary procedures pertaining to violations of this nature in the future.

The Permissive Sheriff and Jail Operating Levy special revenue funds and the Self Insurance internal service fund had appropriations in excess of estimated revenues contrary to section 5705.39, Revised Code. The County will monitor estimated revenue levels in the future to ensure that appropriations are not in excess of the amount available.

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 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 demands upon the County treasury. Active moneys must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Moneys held by the County which are not considered active are classified as inactive and can be deposited or invested in the following securities:

1. United States treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds 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 (STAR Ohio);
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 5 percent of the County's total average portfolio; and

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

10. Bankers acceptances for a period not to exceed two hundred seventy days and in an amount not to exceed 10 percent of the County's total average portfolio.

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

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand At year-end, the County had \$11,450 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 \$12,203,929 and the bank balance was \$13,303,340. Of the bank balance:

1. \$430,109 was covered by federal depository insurance,
2. \$12,873,231 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 would potentially subject the County to a successful claim by the FDIC.

At December 31, 2003, the County's MRDD special revenue fund had a cash balance of \$688,940 with MEORC, a jointly governed organization (See Note 21). The money is held by MEORC in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 3. The classification of cash and cash equivalents and investments for MEORC as a whole may be obtained from their audit report. To obtain financial information, write to the Mid East Ohio Regional Council, Cathy Henthorn, who serves as Associate Director of Business, 160 Columbus Road, Mt. Vernon, Ohio 43050.

Investments GASB Statement No. 3 entitled "Deposits With Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements" requires the County investments to be categorized to give an indication of the level of risk assumed by the County at year end. Category 1 includes investments that are insured or registered 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.

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

	Category 3	Fair Value
U.S. Treasury Notes	567,785	567,785
Money Market Mutual Fund	0	176,757
Total	\$567,785	\$744,542

Investments in open-end mutual funds are not categorized by risk because they are not evidenced by securities that exist in physical or book entry form.

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	\$13,081,076	\$567,785
Undeposited Cash	(11,450)	0
Cash Held by MEORC	(688,940)	
Investment in a Money Market Mutual Fund	(176,757)	176,757
GASB Statement 3	\$12,203,929	\$744,542

B. Component Unit

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$244,019	\$774,054
Cash on Hand	(\$870)	\$0
Investment in a Money Market Mutual Fund	(2,090)	2,090
Certificates of Deposit	584,486	(584,486)
GASB Statement 3	\$825,545	\$191,658

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

At year end, the carrying amount of JeffCo's deposits was \$825,545 and the bank balance was \$829,992 \$475,702 of which was covered by federal depository insurance and \$354,290 was uninsured and uncollateralized even though securituries for collateral were held by the pledging financial institutions' trust department in the Workshop's name. JeffCo Workshop holds a Shearson Lehman Mutual Fund totaling \$51,658. Investments in open-end mutual funds are not categorized by risk because they are not evidenced by securities that exist in physical or book entry form. JeffCo Workshop also holds bonds in the amount of \$140,000 that are classified as category one investments. There are no statutory guidelines regarding the deposit and investment of funds by the not-for-profit corporation.

NOTE 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 2003 for real and public utility property taxes represents collections of 2002 taxes. Property tax payments received during 2003 for tangible personal property (other than public utility property) is for 2003 taxes.

2003 real property taxes are levied after October 1, 2003, on the assessed value as of January 1, 2003, the lien date. Assessed values are established by the State Law at 35 percent of appraised market value. 2003 real property taxes are collected in and intended to finance 2004.

Public utility tangible personal property currently is assessed at varying percentages of true collected value; public utility real property is assessed at 35 percent of true value. 2003 public utility property taxes became a lien December 31, 2002, are levied after October 1, 2003, and are collected in 2004 with real property taxes.

2003 tangible personal property taxes are levied after October 1, 2002, on the value as of December 31, 2002. Collections are made in 2003. Tangible personal property assessments are 25 percent of true value, and 23 percent for inventory.

The full tax rate for all County operations for the year ended December 31, 2003, was 10.95 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2003 property tax receipts were based are as follows:

Real Property	\$715,324,780
Public Utility Personal Property	208,221,340
Tangible Personal Property	<u>120,137,070</u>
Total Assessed Property Value	<u><u>\$1,043,683,190</u></u>

Real property taxes are payable annually or semi-annually. If paid annually, payment is due 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 September 20.

The County treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collections of the taxes and remittance of them to the taxing districts are accounted for in various agency funds of the County. Property taxes receivable represent real and tangible personal property taxes, public utility taxes

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

and outstanding delinquencies which are measurable as of December 31, 2003 and for which there is an enforceable legal claim. In the general fund, mental health fund, court corrections/public safety fund, children services fund, mental retardation and developmental disabilities fund, jail operating fund and debt service fund, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2003 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

NOTE 8 - PERMISSIVE SALES AND USE TAX

On June 16, 1977, the County Commissioners adopted a resolution which imposed a one half of one percent permissive sales tax and use tax (Piggy Back tax) as set forth in Section 5739.021 of the Ohio Revised Code. The tax became effective July 1, 1977.

On April 9, 1987, the County Commissioners imposed a one half of one percent increase in the permissive sales tax (Piggy Back Tax) in Jefferson County. The tax became effective August 1, 1987 for a five year period. On November 5, 1991 an additional one-half of one percent was approved by the voters of Jefferson County as a continuing tax.

On September, 30 1994 the County Commissioners adopted resolution 1994-28 imposing two additional one-fourth of one percent permissive sales and use taxes (Piggy Back taxes) as set forth by Sections 5739.026(A)(3) and 5741.023 of the Ohio Revised Code. The tax was imposed as a continuing tax.

The revenue distributions are as follows: \$700,000 or thirty-five percent (which ever is greater) debt reduction. Of the remaining collections: 61.54 percent for road and bridge improvements, 11.54 percent for Water and Sewer improvements, 7.69 percent for building improvements associated with the General Fund, 7.69 percent for recreational improvements, 3.85 percent for computerization and geographical information systems.

The tax monies are held in trust by National City Bank and periodically distributed to the County as outlined in the trust agreement. Sales and use tax revenue for 2003 amounted to \$8,779,047.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2003, consisted of taxes, interest, special assessments, accounts (billings for user charged services, including unbilled utility services), and intergovernmental receivables arising from grants, entitlements and shared revenues. Management believes all receivables are fully collectible. Delinquent accounts receivable may be certified and collected as a special assessment, subject to foreclosure for nonpayment. Special assessments relating to the payment of debt are not expected to be collected within one year. The amount not scheduled for collection during the subsequent year is \$287,539. The County has \$148,871 in delinquent special assessments at December 31, 2003.

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities

Jail Operating Levy - Detention	\$183,285
Indigent Fee Reimbursement	42,494
Homestead/Rollback and SB 3 Reimbursement	1,514,518
Local Government Funding	1,171,926
Public Assistance Grants	814,461
Motor Vehicle License and Gas Tax	2,226,981
Miscellaneous Local Fund Grants	283,577
Mental Health Fund Grants	2,675,772
Court/Corrections Fund Grants	359,381
Permissive Sheriff Fund Grants	34,036
Children Services Fund Grants	1,057,845
MRDD Fund Grants	1,378,000
CDBG Fund Grants	490,834
FEMA Fund Grants	6,331
Total	<u><u>\$12,239,441</u></u>

The County's component unit, JeffCo Workshop, uses the allowance method of accounting for doubtful accounts. All accounts were considered to be fully collectible at December 31, 2003; therefore, no allowance for doubtful accounts has been recorded.

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2003, was as follows:

	Balance 12/31/2002	Additions	Reductions	Balance 12/31/2003
<u>Governmental Activities:</u>				
Non Depreciable Capital Assets:				
Land	\$3,892,015	\$0	\$0	\$3,892,015
Construction in Progress	2,606,535	163,820	(1,283,496)	1,486,859
Total Non Depreciable Capital Assets	6,498,550	163,820	(1,283,496)	5,378,874
Depreciable Capital Assets:				
Buildings and Improvements	40,315,638	0	0	40,315,638
Machinery and Equipment	10,324,838	121,756	(505,800)	9,940,794
Infrastructure	64,948,109	2,178,258	(498,896)	66,627,471
Vehicles	1,818,881	366,943	(62,037)	2,123,787
Total Depreciable Capital Assets	117,407,466	2,666,957	(1,066,733)	119,007,690
Accumulated Depreciation:				
Buildings and Improvements	(9,102,298)	(1,039,837)	0	(10,142,135)
Machinery and Equipment	(5,022,256)	(879,331)	292,037	(5,609,550)
Infrastructure	(15,235,130)	(1,731,734)	372,471	(16,594,393)
Vehicles	(1,300,077)	(142,424)	47,541	(1,394,960)
Total Accumulated Depreciation	(30,659,761)	(3,793,326)	712,049	(33,741,038)
Total Depreciable Capital Assets, Net	86,747,705	(1,126,369)	(354,684)	85,266,652
Governmental Capital Assets, Net	\$93,246,255	(\$962,549)	(\$1,638,180)	\$90,645,526

*Depreciation expense was charged to governmental activities as follows:

<u>Governmental Activities:</u>	
General Government:	
Legislative and Executive	\$138,305
Judicial	130,694
Public Safety	1,073,935
Public Works	1,841,301
Health	266,304
Human Services	207,742
Economic Development and Assistance	114,678
Conservation and Recreation	20,367
Total Depreciation Expense	\$3,793,326

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

	Balance 12/31/2002	Additions	Reductions	Balance 12/31/2003
<u>Business Type Activities:</u>				
Non Depreciable Capital Assets:				
Land	\$264,700	\$0	\$0	\$264,700
Construction in Progress	1,687,135	828,639	(430,652)	2,085,122
Total Non Depreciable Capital Assets	<u>1,951,835</u>	<u>828,639</u>	<u>(430,652)</u>	<u>2,349,822</u>
Depreciable Capital Assets:				
Buildings and Improvements	749,528	0	0	749,528
Machinery and Equipment	1,130,502	0	0	1,130,502
Infrastructure	55,382,725	561,932	0	55,944,657
Vehicles	65,402	0	0	65,402
Total Depreciable Capital Assets	<u>57,328,157</u>	<u>561,932</u>	<u>0</u>	<u>57,890,089</u>
Accumulated Depreciation:				
Buildings and Improvements	(311,205)	(19,811)	0	(331,016)
Machinery and Equipment	(507,194)	(77,252)	0	(584,446)
Infrastructure	(22,875,535)	(1,397,487)	0	(24,273,022)
Vehicles	(58,862)	(6,540)	0	(65,402)
Total Accumulated Depreciation	<u>(23,752,796)</u>	<u>(1,501,090)</u>	<u>0</u>	<u>(25,253,886)</u>
Total Depreciable Capital Assets, Net	<u>33,575,361</u>	<u>(939,158)</u>	<u>0</u>	<u>32,636,203</u>
Business Type Capital Assets, Net	<u>\$35,527,196</u>	<u>(\$110,519)</u>	<u>(\$430,652)</u>	<u>\$34,986,025</u>

NOTE 11 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; employee injuries, and natural disasters. By contracting with the County Risk Sharing Authority (CORSA) for liability, property, and crime insurance, the County has addressed these various types of risk.

CORSA, a non-profit corporation sponsored by the County Commissioners Association of Ohio, was created to provide affordable liability, property, casualty and crime insurance coverage for its members. CORSA was established May 12, 1987, and has grown to forty-one members.

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Under the CORSA program, the County has the following coverage:

Liability:		
General	\$1,000,000	Each Occurrence
Law Enforcement	1,000,000	Each Occurrence
Auto	1,000,000	Each Occurrence
Errors and Omissions	1,000,000	Each Occurrence
Stop Gap	1,000,000	
Medical Professional	6,000,000	
Foster Parents	6,000,000	
Excess	5,000,000	
Property:		
Property	97,662,813	Replacement Cost Value
Equipment Breakdown	100,000,000	Replacement Cost Value
Crime	1,000,000	
Newly Acquired Location	5,000,000	
Contractor's Equipment	Actual Cash Value	
Property in Transit	100,000	Each Occurrence
Extra Expense Business		
Interruption	1,000,000	Each Occurrence
Flood Damage	100,000,000	Each Occurrence
Earthquake Damage	100,000,000	Each Occurrence
Debris Removal	1,000,000	Each Occurrence
Valuable Papers	1,000,000	Each Occurrence
Unintentional Omissions	250,000	Each Occurrence
Auto Physical Damage	Actual Cash Value	
Crime:		
Employee Dishonesty	\$1,000,000	Each Occurrence
Money and Securities	\$1,000,000	Each Occurrence
Depositor's Forgery	\$1,000,000	Each Occurrence
Money Orders and Counterfeit	\$1,000,000	Each Occurrence

The deductible on the above coverage for each occurrence is \$2,500.

The amount of settlements have not exceeded commercial coverage in any of the past three years. Also, the limits have not been lowered significantly in the past year.

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

The County's Prosecutors Office has the following coverage through NDAA Lawyers Professional Services:

<u>Type of Coverage</u>	<u>Amount</u>	<u>Deductible Per Claim</u>	<u>Limits</u>
Professional Liability	\$100,000	\$1,250	\$300,000
Personal Injury Liability	\$100,000	\$1,250	\$300,000
Disciplinary Cost of Defense	\$10,000	\$500	\$10,000
Criminal Defense	\$75,000	\$500	\$75,000
Punitive Damage	\$50,000	\$500	\$50,000

The County participates in the State Workers' Compensation retrospective rating and payment program. Under the retrospective rating program, the County accumulates workers' compensation premiums in the self insurance internal service fund based upon rates determined by their third party administrator as if they were not participants in the retrospective plan. A portion of the premiums are paid to the State of Ohio to cover administrative fees, while the remaining premiums are maintained in the fund and used to pay claims as they are billed by the State. Claims are billed to the County one year in arrears. Participation in the Plan is approved on a yearly basis and is limited to Counties that can meet the Plan's selection criteria. The County contracts with the firm of Gates McDonald to provide administrative, cost controls and actuarial services for the Plan.

The County provides health, dental, and vision insurance to its employees through a self-insurance plan. The County pays \$850 per month for every eligible employee regardless of what coverage the employee has chosen, with the employees paying \$31 per month for single coverage, and \$54 per month for family coverage. The County's third-party administrator for the insurance program during 2003 was Sentry Administrative Services. Sentry administers the health, dental, and vision insurance plan. The County also pays the premiums for employee life insurance, which is contracted through Sun Life of Canada.

The claims liabilities of \$1,681,857 for health insurance and \$2,900,332 for workers' compensation reported in the self insurance internal service fund at December 31, 2003 are based on the requirements of Governmental Accounting Standards Board Statement Number 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate supplied by the County's third party administrator. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustments expenses. A summary of the fund's claims liability during the past two years is as follows:

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Program	Beginning Balance	Current Year Claims	Claims Payments	Ending Balance
Self Insurance - Health				
2002	\$1,684,196	\$9,064,096	\$8,668,149	\$2,080,143
2003	2,080,143	8,544,818	8,943,104	1,681,857
Self Insurance - Workers' Compensation				
2002	2,350,367	78,946	102,725	2,326,588
2003	2,326,588	762,986	189,242	2,900,332

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System:

The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6705.

For the year ended December 31, 2003, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The County's contribution rate for pension benefits for 2003 was 8.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the County's pension contributions were 11.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

The County's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2003, 2002, and 2001 were \$2,961,673, \$2,521,289, and \$2,426,517 respectively; 92 percent has been contributed for 2003 and 100 percent for 2002 and 2001. Contributions to the member-directed plan for 2003 were \$2,072 made by the County and \$1,300 made by the plan members.

B. State Teachers Retirement System (STRS):

Certified teachers employed by the school for the Board of Mental Retardation and Developmental Disabilities, participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2003, 2002, and 2001 were \$106,845, \$105,800, and \$111,964 respectively; 100

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

percent has been contributed for fiscal years 2003, 2002 and 2001. No contributions were made to the DC and Combined Plans for fiscal year 2003 by the School District and plan members.

The County's required contributions for pension obligations for the fiscal years ended June 30, 2003, 2002, and 2001 were \$109,045, \$104,503, and \$94,562, respectively; 100 percent has been contributed for fiscal years 2003, 2002 and 2001.

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. The County's liability is 6.2 percent of wages paid. No employees have elected social security.

NOTE 13 - POST-EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System (OPERS):

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2003 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 5.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2002, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.00 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 annually.

The number of active contributing participants in the traditional and combined plans was 364,881. Actual employer contributions for 2003 which were used to fund postemployment benefits were \$1,092,868. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2002, (the latest information available) were \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$18.7 billion and \$8.7 billion, respectively.

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

In December 2001, the Board adopted the Health Care “Choices” Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year “cliff” eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

B. State Teachers Retirement System (STRS):

The County provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.

By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the County, this amount equaled \$44,493 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

NOTE 14 – 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 acquired at least one year of service with the County. Accumulated, unused sick leave and compensatory time is paid upon retirement at varying rates depending on length of service and department policy.

Jefferson County, Ohio
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NOTE 15 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the County has entered into capitalized leases for copying equipment, office equipment, machinery, and vehicles. During 2003, the County entered into additional capital leases for sheriff's vehicles and a juvenile court vehicle. Each 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 basic financial statements for the governmental funds.

Equipment acquired by lease has been capitalized in government wide statements governmental activities in the amount of \$197,789, 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 government wide statements governmental activities. Governmental activities capitalized leased assets are reflected net of accumulated depreciation in the amount of \$140,222. Principal payments towards capital leases during 2003 totaled \$68,371 for governmental activities.

Future minimum lease payments through 2006 are as follows:

Year	Governmental Activities	
	Principal	Interest
2004	\$53,848	\$3,537
2005	31,855	1,137
2006	1,722	15
Total	\$87,425	\$4,689

Jefferson County, Ohio
Notes to the Basic Financial Statements
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NOTE 16 - CONSTRUCTION COMMITMENTS

As of December 31, 2003, the County had the following contractual purchase commitments:

Project	Fund	Purchase Commitment	Amounts Paid as of 12/31/2003	Amounts Remaining on Contracts
Toronto Water Line Connector	Water	\$8,500,000	\$218,430	\$8,281,570
Brilliant Water Tank Rehabilitation Project	Water	438,000	305,083	132,917
Wal-Mart Waterline Extension	Water	64,983	64,983	0
County Road 56 Waterline Extension	Water	156,600	141,560	15,040
Township Road 220 Waterline Extension	Water	105,608	103,433	2,175
Barber's Hollow/Mellwood Acres Sewer Project	Sewer	343,942	343,942	0
Norton Hill Pump Station	Water	545,500	170,115	375,385
Crestview-Belvedere Sanitary Sewer	Sewer	5,500,000	966,452	4,533,548
Sunshine Park Sanitary Sewer	Sewer	5,100,000	122,199	4,977,801
Lewis Addition Sanitary Sewer	Sewer	6,400	6,144	256
Permar's Run Sanitary Sewer	Sewer	13,000	11,984	1,016
Wal-Mart Sanitary Sewer	Sewer	35,399	35,399	0
Package Plant Improvements	Sewer	5,000	201	4,799
Airpark Runway Project	Miscellaneous Local	2,525,986	1,212,906	1,313,080
GIS Project	Miscellaneous Local	700,000	273,953	426,047
County Road 53 9.31 Bridge Project	MVGT	453,219	453,219	0
County Road 22 Bridge Project	MVGT	597,931	597,931	0
County Road 14, 7E, and 69 Paving, 56 Bridge Project	MVGT	501,500	484,418	17,082
County Road 22 Project	MVGT	558,846	558,846	0
Total		\$26,151,914	\$6,071,198	\$20,080,716

NOTE 17 - LONG-TERM LIABILITIES

Changes in the County's long-term liabilities during 2003 consist of the following:

Jefferson County, Ohio
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	Outstanding 12/31/2002	Additions	Reductions	Outstanding 12/31/2003	Amounts Due Within One Year
<u>Governmental Activities:</u>					
<i>General Obligation Bonds</i>					
<i>Jail Construction - 1995, \$3,540,000</i>					
Term @ 6.625%	\$1,235,000	\$0	\$385,000	\$850,000	\$410,000
<i>Jail Construction Refunding - 1998, \$10,657,219</i>					
Serial/Term - \$10,020,000 @ 3.75%-5.75%	8,850,000	0	225,000	8,625,000	235,000
CAB - \$637,219 @ 4.7%-5.0%	637,219	0	0	637,219	0
Accretion on CAB - \$2,997,781 @ 17.2%	725,033	249,243	0	974,276	0
<i>Various Purpose/Refunding - 1998, \$17,760,000</i>					
<i>Human Services Refunding - \$2,515,000</i>					
Serial/Term @ 3.75%-5.70%	2,185,000	0	200,000	1,985,000	195,000
<i>Jail Construction Additional - \$7,180,000</i>					
Serial/Term @ 3.75%-5.70%	6,385,000	0	305,000	6,080,000	320,000
<i>Emergency 911 - \$2,590,000</i>					
Serial/Term @ 3.75%-5.70%	1,480,000	0	275,000	1,205,000	240,000
<i>Engineer Road Projects - \$5,475,000</i>					
Serial/Term @ 3.75%-5.70%	4,755,000	0	230,000	4,525,000	285,000
Total General Obligation Bonds	26,252,252	249,243	1,620,000	24,881,495	1,685,000
<i>Long Term Notes Payable</i>					
Engineer Vehicles - 2000, \$324,045 @ 5.33%	169,862	0	83,373	86,489	86,489
GIS - 2001, \$700,000 @ 4.87%	572,988	0	133,214	439,774	139,679
Airpark Jet Fuel Tank - 2001, \$198,000 @ 4.50%	184,800	0	13,200	171,600	13,200
Airpark Hangers - 1998, \$255,368 @ 5.10%	119,481	0	34,184	85,297	35,948
Total Long Term Notes Payable	1,047,131	0	263,971	783,160	275,316
<i>State Infrastructure Bank Loan</i>					
Airpark Land - 1998, \$370,000 @ 4.25%	301,098	0	45,059	256,039	46,994
<i>OPWC Loan</i>					
Road Resurfacing - 1992, \$130,046 @ 0%	68,276	0	6,502	61,774	6,502
Capital Leases	93,776	62,020	68,371	87,425	53,848
Workers' Compensation Claims Payable	2,326,588	762,986	189,242	2,900,332	238,345
Tax Refund	132,195	0	66,096	66,099	44,064
SBC Loan Payable	0	263,695	7,723	255,972	47,778
Compensated Absences	2,135,980	1,510,695	1,487,382	2,159,293	134,477
Total Governmental Activities	\$32,357,296	\$2,848,639	\$3,754,346	\$31,451,589	\$2,532,324

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	Outstanding 12/31/2002	Additions	Reductions	Outstanding 12/31/2003	Amounts Due Within One Year
<u>Business Type Activities:</u>					
<i>Mortgage Revenue Bonds</i>					
<i>Water Revenue - 1965</i>					
\$1,360,000 @ 4.00%	\$201,000	\$0	\$69,000	\$132,000	\$71,000
<i>OWDA Loans</i>					
Water - 1989, \$4,181,879 @ 7.89%	2,863,343	0	162,161	2,701,182	174,955
George's Run Sewer - 1986, \$709,116 @ 2.0%	355,470	0	29,212	326,258	29,796
Reed's Mills/Barbers Hollow Treatment Plant 1990, \$4,708,811 @ 5.0%	2,415,919	0	252,427	2,163,492	265,206
Total OWDA Loans	5,634,732	0	443,800	5,190,932	469,957
<i>OPWC Loans</i>					
Airpark Water - 1993, \$178,000 @ 0%	102,350	0	8,900	93,450	8,900
Water Rehabilitation - 1995, \$329,744 @ 0%	263,795	0	21,983	241,812	21,983
Piney Fork Waterline - 1998, \$195,000 @ 0%	180,375	0	9,750	170,625	9,750
Norton Hill, Empire - 1998, \$113,589 @ 0%	102,230	0	5,679	96,551	5,679
Water Rehabilitation - 1997, \$226,000 @ 0%	165,733	0	15,067	150,666	15,067
Total OPWC Loans	814,483	0	61,379	753,104	61,379
<i>Long Term Notes Payable</i>					
Water Project - 2003, \$750,000 @ 2.09%	0	750,000	0	750,000	0
<i>Compensated Absences</i>					
	63,914	56,643	48,178	72,379	2,597
Total Business Type Activities	\$6,714,129	\$806,643	\$622,357	\$6,898,415	\$604,933

Governmental Activities:

1995 Jail Construction Bonds – On January 15, 1995, Jefferson County issued \$14,200,000 of general obligation bonds that consisted of \$3,540,000 term bonds, due 2005 at 6.625 percent and \$10,660,000 term bonds due 2019 at 7.125 percent. The bonds were issued for a 25 year period with final maturity at December 1, 2019. The \$10,660,000 term bonds were refunded in 1998, leaving \$3,540,000 term bonds outstanding. The bonds are being retired from the debt service fund from the proceeds of a bond issue tax levy.

The term bonds that remain outstanding mature in the year 2005 and are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, in each of the years 1995 through 2004 (with the balance of \$440,000 to be paid at stated maturity on December 1, 2005) at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

Jefferson County, Ohio
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<u>Date</u>	<u>Principal Amount to be Redeemed</u>
2004	<u><u>\$410,000</u></u>

Principal and interest requirements to retire the 1995 Jail Construction Bonds outstanding at December 31, 2003 are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2004	\$410,000	\$56,312
2005	<u>440,000</u>	<u>29,150</u>
Totals	<u><u>\$850,000</u></u>	<u><u>\$85,462</u></u>

1998 Jail Construction Refunding Bonds – On March 13, 1998 Jefferson County issued \$10,657,219 of general obligation bonds which included serial, term and capital appreciation (deep discount) bonds in the amount of \$3,365,000, \$6,655,000, and \$637,219, respectively. These bonds are not subject to prior optional redemption. These refunding bonds were issued along with additional various purpose improvement and refunding bonds of \$17,760,000 which are described below. The jail construction refunding bonds replaced the 1995 \$10,660,000 term bonds. The bonds are being retired from the debt service fund from the proceeds of a bond issue tax levy.

The term bonds mature in the year 2019 and are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, in each of the years 2013 through 2018 (with the balance of \$1,115,000 to be paid at stated maturity on December 1, 2019) at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Date</u>	<u>Principal Amount to be Redeemed</u>
2013	\$800,000
2014	850,000
2015	895,000
2016	940,000
2017	1,000,000
2018	<u>1,055,000</u>
	<u><u>\$5,540,000</u></u>

The capital appreciation bonds were sold at a discount of \$2,997,781, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2006 through 2010. The maturity amount of the capital appreciation bonds is \$3,635,000. The accretion recorded for 2003 was \$249,243, for a total bond liability of \$1,611,495.

Jefferson County, Ohio
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For the Year Ended December 31, 2003

Principal and interest requirements to retire the 1998 Jail Construction Refunding Bonds outstanding at December 31, 2003 are as follows:

Year Ending December 31	Serial and Term Bonds		Capital Appreciation Bonds	
	Principal	Interest	Principal	Accretion/ Interest
2004	\$235,000	\$477,180	\$0	\$0
2005	245,000	466,958	0	0
2006	0	456,055	173,171	556,829
2007	0	456,056	145,827	579,173
2008	0	456,055	124,494	605,506
2009-2013	2,290,000	2,171,358	193,727	1,256,273
2014-2018	4,740,000	1,167,826	0	0
2019	1,115,000	64,113	0	0
Totals	<u>\$8,625,000</u>	<u>\$5,715,601</u>	<u>\$637,219</u>	<u>\$2,997,781</u>

1998 Various Purpose Improvement and Refunding Bonds – On March 13, 1998 Jefferson County issued \$17,760,000 of general obligation bonds which included serial and term bonds in the amount of \$10,885,000 and \$6,875,000, respectively. These various purpose improvement and refunding bonds were issued along with the jail construction refunding bonds \$10,657,219 which were described above. A breakdown of this portion of the total bond issue is as follows:

\$2,515,000 of these general obligation bonds were issued to refund \$2,275,000 of outstanding 1991 human services complex bonds. These bonds are being retired through the debt service fund from rental income from the Department of Human Services.

\$7,180,000 of these general obligation bonds were issued for additional jail construction purposes. These bonds are being retired through the debt service fund from tax levy proceeds.

\$2,590,000 of these general obligation bonds were issued for emergency 911 equipment. These bonds are being retired through the debt service fund from tax levy proceeds.

\$5,475,000 of these general obligation bonds were issued for engineer road improvements. These bonds are being retired through the debt service fund from tax levy proceeds.

Bonds maturing on or after December 1, 2009, except for the 2013 term bond, are subject to prior redemption on or after December 1, 2008 by and at the sole option of the County, either in whole on any date or in part (as selected by the County) on any interest payment date and in integral multiples of \$5,000, at the following redemption prices (expressed as percentages of the principal amount redeemed), plus accrued interest to the redemption date:

Jefferson County, Ohio
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Redemption Dates (Dates Inclusive)	Redemption Prices
December 1, 2008 through November 30, 2009	101.0%
December 1, 2009 through November 30, 2010	100.5%
December 1, 2010 and thereafter	100.0%

The term bonds mature in the year 2013 and are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, in each of the years 2011 through 2012 (with the balance of \$1,010,000 to be paid at stated maturity on December 1, 2013) at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

Date	Principal Amount to be Redeemed
2011	\$930,000
2012	965,000
	\$1,895,000

The term bonds mature in the year 2017 and are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, in each of the years 2014 through 2016 (with the balance of \$1,020,000 to be paid at stated maturity on December 1, 2017) at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

Date	Principal Amount to be Redeemed
2014	\$1,050,000
2015	925,000
2016	975,000
	\$2,950,000

Principal and interest requirements to retire the 1998 Various Purpose Improvement and Refunding Bonds outstanding at December 31, 2003 are as follows:

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Year Ending December 31	Serial and Term Bonds	
	Principal	Interest
2004	\$1,040,000	\$681,701
2005	1,020,000	636,461
2006	1,105,000	591,071
2007	1,140,000	540,793
2008	845,000	488,353
2009-2013	4,675,000	4,832,995
2014-2017	3,970,000	1,538,301
Totals	\$13,795,000	\$9,309,675

Long Term Notes Payable - The County has issued several long term notes payable, all of which are backed by the full faith and credit of the County. The County has two outstanding tax anticipation notes which were issued for the following purposes: \$86,489 for engineer vehicles and \$439,774 for geographical information systems. These notes are being repaid through the debt service fund from county tax revenues. The County has two outstanding revenue anticipation notes which were issued for the following purposes \$171,600 for the a jet fuel tank at the airpark and \$85,297 for hangers at the airpark. These notes are being repaid through the debt service fund from rental revenues and the sale of fuel generated through the use of the airpark.

State Infrastructure Bank Loan - The County entered into a loan agreement in 1998 with the Ohio Department of Transportation for a \$370,000 State Infrastructure Bank Loan at 4.25 percent to be repaid over 10 years. These loan proceeds were used to purchase a tract of land at the airpark to be used in conjunction with Federal Aviation Administration grant monies for expansion of the runway to enhance further development within the County. The loan is backed by the full faith and credit of the County and will be repaid primarily with sales tax revenues and partially with net revenues of the airpark.

OPWC Road Resurfacing Loan - The \$61,774 OPWC road resurfacing loan was issued for road repairs and will be repaid through county taxes. The OPWC loan is interest free.

Principal and interest requirements to retire the long term notes payable, state infrastructure bank loan, and the OPWC Road Resurfacing Loan outstanding at December 31, 2003 are as follows:

Jefferson County, Ohio
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Year Ending December 31	Notes Payable		SIB Loan		OPWC Loan
	Principal	Interest	Principal	Interest	Principal
2004	\$275,316	\$36,076	\$46,994	\$9,777	\$6,502
2005	197,535	22,294	49,012	7,877	6,502
2006	179,122	13,118	51,118	5,895	6,502
2007	13,200	4,826	53,312	3,829	6,502
2008	13,200	4,343	55,603	1,674	6,502
2009-2013	104,787	12,381	0	0	29,264
Totals	<u>\$783,160</u>	<u>\$93,038</u>	<u>\$256,039</u>	<u>\$29,052</u>	<u>\$61,774</u>

Capital Leases – The County has issued capital leases for copying equipment, office equipment, machinery, and vehicles. These leases will be repaid through the general, permissive sheriff, emergency 911, and court corrections/public safety funds from County revenues.

Workers’ Compensation Claims Payable – The County has a liability for workers’ compensation as part of the State Workers’ Compensation retrospective rating and payment program. The County will pay the claims payable from the General fund, Miscellaneous Local, Human Services, Motor Vehicle and Gasoline Tax, Mental Health, Court/Corrections, Permissive Sheriff, Children Services, Mental Retardation and Developmental Disabilities and Jail Operating Levy special revenue funds, and the sewer and water enterprise funds using payments made to the internal service fund.

Tax Refund – The County has a liability to the Duquesne Light Corporation, a public utility company, for repayment of taxes from tax year 1999. The final determination of the refund was issued on June 6, 2000 and was scheduled to be repaid over a five year period through a reduction of ten tax settlements. The liability will be repaid through the general, mental retardation and developmental disabilities, mental health, tuberculosis/crippled child levy, children services, miscellaneous local, and jail operating special revenue funds, and the jail construction capital projects fund. Principal requirements to retire the tax refund outstanding at December 31, 2003 are as follows:

Date	Principal
2004	\$44,064
2005	22,035
	<u>\$66,099</u>

SBC Loan Payable – The County has entered into an agreement with SBC for prepaid, discounted service over a 60 month period pursuant to PUCO guidelines. The agreement was effective October 9, 2003. The County will receive 60 months of discounted telephone service at an 11 percent discount through the “Centrex Service Prepayment Option Plan B” offered by SBC through World Radio Telecommunications, an authorized distributor firm of SBC. In order to receive the 11 percent discount on the entire phone service, excluding federal taxes, the County must prepay for the entire 60 months of the service. The agreement is for service only and does not include any property or equipment.

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In order for the County to prepay the entire amount of the 60 months of discounted service, they entered into an agreement with SBC for them to loan the County the amount of the 60 months of discounted phone service at a 5.25 percent effective annual interest rate, to be repaid over 60 months. Principal and interest requirements to retire the loan outstanding at December 31, 2003 are as follows:

Year Ending December 31	Principal	Interest
2004	\$47,778	\$12,300
2005	50,348	9,730
2006	53,056	7,022
2007	55,909	4,169
2008	48,881	1,184
Totals	\$255,972	\$34,405

Compensated Absences – The County will pay compensated absences from the General fund, Miscellaneous Local, Human Services, Motor Vehicle and Gasoline Tax, Mental Health, Court/Corrections, Permissive Sheriff, Children Services, Mental Retardation and Developmental Disabilities and Jail Operating Levy special revenue funds, and the sewer and water enterprise funds.

Business Type Activities:

Water Improvement Revenue Bonds – In 1965, the County issued mortgage revenue bonds in the amount of \$1,360,000 for water improvements. These bonds will be paid from revenues derived by the County from the operation of the water system. Mortgage revenue bonds debt service requirements to maturity are as follows:

Year Ending December 31	Principal	Interest
2004	\$71,000	\$4,053
2005	61,000	1,281
Totals	\$132,000	\$5,334

The Water Funds' related bond indentures have certain restrictive covenants which principally require that bond reserve funds be maintained and charges for fees to customers be in sufficient amounts, as defined, to satisfy the obligations under the indenture agreements. In addition, special provisions exist regarding covenant violations, redemption of principal, and maintenance of properties in good condition.

OWDA Loans – The County has issued OWDA Loans for various water and sewer projects. These loans will be repaid from charges for services revenue in the enterprise funds, with the exception of the George's Run Sewer OWDA Loan that will be repaid from special assessments. Upon default of the

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property owners, sewer fund operating revenues will repay the debt. On May 29, 2003, the OWDA Board authorized an interest rate subsidy program that will become effective with the January 2004 payment. See Subsequent Event Note 25.

OPWC Loans – The County has issued OPWC Loans for various water and sewer projects. These loans will be repaid from charges for services revenue in the enterprise funds. The OPWC Loans are interest free.

The OWDA and OPWC loan debt service requirements to maturity are as follows:

Year Ending December 31	OWDA Loans		OPWC Loans
	Principal	Interest	Principal
2004	\$469,957	\$300,509	\$61,379
2005	497,783	274,239	61,379
2006	527,388	246,314	61,379
2007	558,897	216,618	61,379
2008	592,435	185,036	61,379
2009-2013	2,364,582	447,621	306,892
2014-2018	179,890	12,553	103,580
2019-2021	0	0	35,737
Totals	<u>\$5,190,932</u>	<u>\$1,682,890</u>	<u>\$753,104</u>

Long Term Notes Payable - The County issued a long term note payable for a water project. The twelve month bond anticipation note was originally issued on April 7, 2003, and as of the date of this report, long term financing arrangements have been made for this note. The note was rolled-over on April 7, 2004 as a twelve month issue, due on April 7, 2005. This note is intended to be refinanced into a bond issue that will be repaid through user charges. See Subsequent Event Note 25.

Debt Margins:

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County. The Code further provides that the total voted and unvoted net debt of the County less the same exempt debt shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000.

The effects of the debt limitations described above at December 31, 2003 are a margin on unvoted debt of \$10,209,706, and an overall debt margin of \$24,364,954.

Jefferson County, Ohio
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Conduit Debt:

Pursuant to State Statute, various industrial revenue bonds have been issued for private industry within Jefferson County. The proceeds of the industrial revenue bonds are used by the various private industries for new construction or improvements. The bonds are to be repaid by the recipients of the proceeds and do not represent an obligation of the County. As of December 31, 2003, there is \$20,875,000 in industrial revenue bond issues that have not been completely repaid of which \$6,180,000 remain outstanding.

Defeased Debt:

On March 13, 1998, the County issued \$10,657,219 in general obligation bonds with an interest rate of 4.95 percent to 5.089 percent to advance refund \$12,935,000 of the outstanding 1991 Human Services Complex bonds and the 1995 Jail Construction bonds with an interest rate of 6.714 percent to 7.250 percent. The serial bonds mature on December 1, 2019. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. Government Securities, which were deposited into an irrevocable trust with an escrow agent to provide future debt service payments on the refunded bonds were removed from the County's financial statements. As of December 31, 2003 \$10,660,000 of the refunded bonds remained outstanding.

NOTE 18 - NOTES PAYABLE

	Outstanding 12/31/02	Issued	Retired	Outstanding 12/31/03
<i>Capital Projects Funds:</i>				
Jail Construction - 2.10%	\$4,115,295	\$4,243,417	\$4,115,295	\$4,243,417
Industrial Park Water and Sewer - 2.10%	381,845	392,155	381,845	392,155
Total Capital Projects	4,497,140	4,635,572	4,497,140	4,635,572
<i>Enterprise Funds:</i>				
Water Projects - 2.10%	2,442,948	2,508,907	2,442,948	2,508,907
Water RECDS Consolidation - 5.60%	156,726	0	17,417	139,309
Sewer Projects - 2.10%	2,359,911	2,175,521	2,359,912	2,175,520
Sewer RECDS Consolidation - 5.60%	59,790	0	6,640	53,150
Total Enterprise	5,019,375	4,684,428	4,826,917	4,876,886
Total	\$9,516,515	\$9,320,000	\$9,324,057	\$9,512,458

The capital projects funds notes are bond anticipation notes and are backed by the full faith and credit of Jefferson County and have a maturity of one year or less, and no long term financing arrangements have been made for these notes. These notes will be repaid through the debt service fund with permissive sales tax revenue. The enterprise fund notes are bond anticipation and revenue anticipation notes. The bond anticipation notes have a maturity of one year or less, and no long term financing arrangements have been made. The revenue anticipation bonds are scheduled to be repaid over a four year period and a schedule of debt service requirements is below. The water and sewer project notes will be repaid through user charges.

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Year Ending December 31	Water RECDS Consolidation		Sewer RECDS Consolidation	
	Principal	Interest	Principal	Interest
2004	\$17,418	\$7,933	\$6,640	\$3,024
2005	17,418	6,923	6,640	2,639
2006	104,473	5,934	39,870	2,262
Totals	<u>\$139,309</u>	<u>\$20,790</u>	<u>\$53,150</u>	<u>\$7,925</u>

NOTE 19 – INTERNAL BALANCES

Interfund balances at December 31, 2003 consist of the following individual interfund receivables and payables:

Interfund Payable	Interfund Receivable						
	Major Funds				Other Nonmajor Governmental	Self Insurance	Total
	General	Mental Health	MRDD	Water			
Major Funds:							
General Fund	\$0	\$0	\$0		\$0	\$218,014	\$218,014
Public Assistance	44,064	0	0	0	9,684	141,771	195,519
MVGT	0	0	0	0	0	94,352	94,352
Mental Health	0	0	0	0	0	11,319	11,319
MRDD	0	0	0	0	0	213,318	213,318
Jail Operating Levy	0	0	203,957	0	2,405,369	116,172	2,725,498
Sewer	0	0	0	0	0	7,962	7,962
Water	3,473	0	0	0	0	27,298	30,771
Other Nonmajor							
Governmental	49,382	169,470	94,139	1,270	534,992	255,772	1,105,025
Self Insurance	823,000	1,636,530	633,904	0	1,650,000	0	4,743,434
Total All Funds	<u>\$919,919</u>	<u>\$1,806,000</u>	<u>\$932,000</u>	<u>\$1,270</u>	<u>\$4,600,045</u>	<u>\$1,085,978</u>	<u>\$9,345,212</u>

The interfund payable in the Public Assistance Fund is for an overpayment made from the General Fund to the Public Assistance Fund for state mandated share of expenses in previous years. This was discovered during a special audit completed by the State Department of Job and Family Services.

The interfund receivable in the Self Insurance Fund, that is included in the other nonmajor governmental funds column above, is a result of the liability from County Funds to the Self Insurance Fund for the administrative cost of the Bureau of Workers' Compensation Retrospective Rating Plan.

The remaining interfund receivables/payables are due to lags between the dates interfund goods and services are provided, transactions recorded in the accounting system, and payments between funds were made. Also, actual cash deficit balances in the Jail Operating Levy Fund, Permissive Sheriff Fund, and

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

the Self Insurance Fund were covered by cash from the Tuberculosis/Crippled Child Levy Fund, General Fund, Mental Health Fund, Mental Retardation and Developmental Disabilities Fund, Court/Corrections and Public Safety, and Miscellaneous Local Fund.

Interfund transfers for the year ended December 31, 2003 consisted of the following:

<u>Transfer from</u>	Transfer to				Totals
	Major Funds				
	MVGT Fund	Mental Health	Jail Operating Levy	Other Nonmajor Governmental	
General Fund	\$0	\$0	\$587,500	\$994,987	\$1,582,487
MVGT Fund	0	0	0	564,777	564,777
MRDD Fund	0	0	0	50,000	50,000
Other Nonmajor Governmental	73,261	35,000	0	514,924	623,185
Total All Funds	\$73,261	\$35,000	\$587,500	\$2,124,688	\$2,820,449

The above mentioned Transfers From/To were used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments come due, and use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 20 - JOINT VENTURE

Jefferson County Regional Planning Commission:

The County participates in the Jefferson County Regional Planning Commission which is a statutorily created (ORC section 713) political subdivision of the State. The commission is jointly governed among Jefferson County and municipalities and townships within the County. The commission includes the three Jefferson County Commissioners, fourteen municipality mayors, fourteen township trustees, and six non-governmental representatives appointed by the member governments. Each member's control over the operation of the commission is limited to its representation on the board. The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environment, social, economic and governmental functions and services of the County as well as applies for Community Development Block Grants for the member governments. The Board exercises total control of the budgeting, appropriation, contracting and management. The County's contribution is a \$70,234 annual subsidy (approximately 53 percent of the annual revenues of the Commission). The remaining member governments contribute an annual fee that totals \$4,300 per year. The Commission applies for Community Development Block Grants on behalf of member governments and receives approximately \$52,200 per year in administrative fees. Continued existence of the Commission is dependent upon the County's continued participation; however, the County does not have an equity interest in the

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Commission. The Commission is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on the County. The financial activity of the Commission is presented as an agency fund due to the County serving as fiscal agent. Complete financial statements can be obtained from the Jefferson County Regional Planning Commission, Steubenville, Ohio.

NOTE 21 - JOINTLY GOVERNED ORGANIZATIONS

A. Jefferson County Cluster

Jefferson County Cluster provides services to multi-need youth in Jefferson County. Members of the Cluster include the Jefferson County Alcohol, Drug Addiction, and Mental Health Services Board, the Children Services Board, the Jefferson Drug and Alcohol Councils, student services, Jefferson Juvenile District, the superintendent of public instruction, and the directors of youth services, human services, and mental retardation and developmental disabilities. The operation of the Cluster is controlled by an advisory committee which consists of a representative from each agency. The Cluster is not dependent upon Jefferson County for its continued existence, no debt exists, and the County does not have an equity interest in or a financial responsibility for the Cluster. The County did not contribute to the Cluster in 2003.

B. East Ohio Correctional Facility:

The East Ohio Correctional Facility provides services to Carroll, Columbiana, Harrison and Jefferson Counties. The facility has a judicial correctional board of four, each participating County's Common Pleas Judge. Each member's control over the operation of the commission is limited to its representation on the board. The continued existence of the Facility is not dependent on Jefferson County, no debt exists, and the County does not have an equity interest in or a financial responsibility for the Facility and the activity is presented on the financial statements as an agency fund. The County did not contribute financially to the facility in 2003.

C. Brooke, Hancock, Jefferson Regional Planning Commission BHJ:

BHJ is a separate and distinct political subdivision created pursuant to Ohio Revised Code section 713.30 and West Virginia Revised Code articles 8-25 and 8-26 to provide planning and administrative services to all local governments in a three county region comprised of Jefferson County and two counties in West Virginia. The governing board is comprised of 69 members which include 50 elected officials from the counties and municipalities as well as 19 appointed members from an array of private, public, and quasi-public and quasi-public entities. The Commission is not dependent upon Jefferson County for its continued existence, no debt exists, and the County does not have an equity interest in or a financial responsibility for the Council. The County contributed \$31,774 to BHJ in 2003.

D. Southeast Ohio Juvenile Rehabilitation District (SOJRD):

The Southeast Ohio Juvenile Rehabilitation District is a jointly governed organization among Belmont, Harrison, Guernsey, Monroe, Jefferson, and Noble counties. SOJRD was formed to operate a regional juvenile rehabilitation facility for the use of member counties, and to house and treat adjudicated nonviolent felony offenders. The facility is operated and managed and managed by SOJRD. The participating entities created a Judicial Rehabilitation Board the members of

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

which are made-up of the juvenile judges of each participating county who determine the policy.

A Board of Trustees has been created whose members are appointed by the juvenile judges of which Belmont and Jefferson counties have three appointees, Guernsey County has two appointees, and Harrison, Monroe and Noble counties each have one appointee. The facility is located on property now owned by Belmont County. Policies, procedures and the operating budget are approved by the Judicial Rehabilitation Board. The Board is not dependent upon Jefferson County for its continued existence, no debt exists, and the County does not have an equity interest in or a financial responsibility for the Board. The County did not contribute financially to the SOJRD in 2003.

E. Area Office on Aging:

The Area Office on Aging is a regional council of governments that assists nine counties, including Jefferson County, in providing services to senior citizens in the Council's service area. The Council is governed by a board of directors comprised of one representative appointed by each participating county. The board has total control over budgetary, personnel and all other financial matters. The Area Office on Aging receives Title III monies to be used for programs within the member counties. The continued existence of the Council is not dependent on the County's continued participation and the County has no equity interest in or financial responsibility for the Council. The Council has no outstanding debt. The County did not contribute financially to the office in 2003.

F. Ohio Mid-Eastern Governments Association (OMEGA):

OMEGA is a ten-county regional council of governments comprised of Belmont, Carroll, Coshocton, Columbiana, Guernsey, Harrison, Holmes, Jefferson, Muskingum, and Tuscarawas Counties. OMEGA was formed to aid and assist the participating counties and political subdivisions within the counties in the application of Appalachian Regional Commission and Economic Development grant monies. OMEGA is governed by a sixteen member executive board comprised of members appointed from each participating county and the cities within each county. City membership is voluntary.

The board has total control over budgeting, personnel, and financial matters. Each member currently pays a per capita membership fee based upon the most recent United States census. The continued existence of OMEGA is not dependent on the County's continued participation and the County does not have an equity interest in or financial responsibility for OMEGA. OMEGA has no outstanding debt. The County contributed \$6,396 to OMEGA in 2003.

G. Jefferson-Belmont Joint Solid Waste Authority:

The Jefferson-Belmont Joint Solid Waste Authority is a jointly governed organization between Jefferson and Belmont counties. The Authority, formed to provide solid waste services to the two participating counties, is governed by a fourteen member board of directors of which one commissioner from Jefferson County is a member. The Authority is not dependent on Jefferson County for its continued existence, no debt exists, and the County does not have an equity interest in or a financial responsibility for the Authority. The County does not make any monetary contributions to the Authority. Jefferson County serves as fiscal agent for the District and the activity is presented on the financial statements as an agency fund. The County did not contribute financially to the authority in 2003.

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

H. Jefferson County Family and Children First Council:

The Jefferson County Family and Children First Council is a jointly governed organization created under the Ohio Revised Code Section 121.37. The Council is comprised of the following members: Director of the Board of Mental Health, Alcohol and Drug Addiction, Health Commissioner of the City of Steubenville, Health Commissioner of Jefferson County, Director of the Jefferson County Department of Job and Family Services, Director of Children Services, Superintendent of Jefferson County Board of Mental Retardation and Developmental Disabilities, Juvenile Court Judge, Superintendent of the Steubenville City Board of Education, Superintendent of the Jefferson County Educational Service Center, Superintendent of Edison Local School District, Mayor of Steubenville, Chairman of the Board of County Commissioners, Director of the regional office of the Department of Youth Services, Director of the Community Action Council, a representative of Jefferson County Early Intervention Collaborative, a representative of the Jefferson County Behavioral Health System, a representative from the Jefferson County United Way, and a representative from the Family Services Association, three individuals representing the interests of families in Jefferson County, a representative from any public or private organization which formally attests to its support for the mission of the Council. The current Council is governed currently by a 24 member Board. During 2003, the County made no contributions to the Council. Continued existence of the Council is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

I. Mid Eastern Ohio Regional Council of Governments (MEORC):

The Mid Eastern Ohio Regional Council of Governments is a regional council of governments created pursuant to Ohio Revised Code Chapter 167. Participating counties include Carroll, Coshocton, Fairfield, Guernsey, Harrison, Hocking, Holmes, Jefferson, Knox, Monroe, Morgan, Muskingum, Noble, Perry, Tuscarawas, and Washington Counties. MEORC was created to provide the best possible services to persons with mental retardation and disability in their respective counties. Each county has representation on the MEORC board. Member counties have a contract between its county MR/DD board and the MEORC for MEORC to provide supported living services or housing to eligible persons in the member counties.

J. Belmont - Jefferson Workforce Policy Board

The Belmont - Jefferson Workforce Policy Board was created to establish a workforce investment system, including providing policy guidance for, and exercising oversight for the Workforce Development Plan in conjunction with the Workforce Investment Act. The Board was created under the Ohio Revised Code Section 6301 and Amended Substitute House Bill 470. The Board is comprised of 29 members in total with 14 members appointed by the Jefferson County Commissioners and 15 members appointed by the Belmont County Commissioners. During 2003, the County made no contributions to the Board.

NOTE 22 - RELATED ORGANIZATIONS

A. Jefferson Metropolitan Housing Authority

The Jefferson Metropolitan Housing Authority was established to provide adequate public housing for low income individuals and was created pursuant to Ohio Revised Code Section 3735.27. The Authority is operated by a five member board. Two members are appointed by the

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

mayor of the largest city in the County, one member is appointed by the probate court judge, one member is appointed by the common pleas court judge, and one member is appointed by the County commissioners. The Authority receives funding from the Federal Department of Housing and Urban Development. The board sets its own budget and selects its own management, and the County is not involved in the management or operation. The County is not financially accountable for the Authority. The County did not contribute financially to the authority in 2003.

B. Jefferson Community College

Jefferson Community College was established to provide educational programming and opportunities for individual growth and development that best serves the citizens and was created pursuant to Ohio Revised Code Section 3354. The College is operated by a nine member board. Six members are appointed by the County commissioners and three members are appointed by the Governor. The College receives funding from State appropriation, Federal grants and programs, Student Fees and other private sources. The board sets its own budget and selects its own management, and the County is not involved in the management or operation. The County is not financially accountable for the College. The County did not contribute financially to the College in 2003.

NOTE 23 - PUBLIC ENTITY POOL

County Risk Sharing Authority (CORSA)

The County Risk Sharing Authority, Inc. (CORSA) is a public entity shared risk pool among forty-one counties in Ohio. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member Counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member County has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member Counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member County's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member Counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of certificates. The County does not have an equity interest in or a financial responsibility for CORSA. Any additional premium or contribution amounts and estimates of losses are not reasonably determinable. The County's payment for insurance to CORSA in 2003 was \$463,628.

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 24 - FOOD STAMPS

The County's Department of Human Services (Welfare) distributes, through a contracting issuance center, federal food stamps to entitled recipients within Jefferson County. The receipt and issuance of the stamps have the characteristics of a federal grant. However, the Department of Human Services merely acts in an intermediary capacity. Therefore, the inventory value of these stamps is not reflected in the accompanying financial statements, as the only economic interest related to these stamps rests with the ultimate recipient.

NOTE 25 – CONTINGENCIES/SUBSEQUENT EVENTS

A. Primary Government

Grants - 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.

Litigation - On July 23, 1997, the Jefferson County Commissioners filed a Third-Party Complaint against Mascaro Construction, Inc. and the V Group. On or about December 15, 1999, after a trial, a jury of the United States District Court for the Southern District of Ohio granted a verdict against Mascaro in the amount of One Million Seven Hundred Thousand Dollars (\$1,700,000) and against the V Group in the amount of approximately Thirteen Million Three Hundred Thousand Dollars (\$13,300,000).

The District Court reduced the verdict against Mascaro, and the parties settled that matter for approximately One Million Forty Nine Thousand Dollars (\$1,049,000). Mascaro paid that settlement to the County.

On January 7, 2000, the V Group filed a Chapter 11 Bankruptcy case in the United States Bankruptcy Court for the Northern District of Ohio. During the bankruptcy, the Jefferson County Commissioners have attempted to negotiate a resolution with the V Group. No agreement was reached. In May, 2002, the Commissioners joined with the Office of the United States Trustee to seek conversion of the Bankruptcy Chapter 11 reorganization to Chapter 7 liquidation, and on March 8, 2002, the Bankruptcy Court converted the V Group Bankruptcy to a liquidation bankruptcy under Chapter 7 of the Bankruptcy Code. On March 18, 2002, the V Group filed an appeal of the Bankruptcy Court's decision.

In addition to its actions against the V Group, the Commissioners brought an adversary action in the Bankruptcy Court against Continental Casualty Company, the errors and omissions carrier for the V Group. The Commissioners alleged that although Continental maintained and still maintains the V Group exhausted its policy limits in the defense of the underlying case, additional coverage remained. Continental and the Commissioners have reached a settlement in the amount of One Hundred Seventy-Two Thousand Six Hundred and Seventeen Dollars (\$172,617) to be paid by Continental to the County. The Bankruptcy Court approved the settlement on April 25, 2002. Continental paid this settlement amount to the County during 2002.

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

On January 7, 2002, the Bankruptcy Court authorized the Jefferson County Commissioners to bring claims based on theories of fraudulent transfer, preference, and alter ego claims against the insiders of the V Group, entities related to or controlled by the insiders of the V Group, and others who assisted them with regard to such alleged transfers (the "Recovery Action"). In October, 2002, the Bankruptcy Court ordered all of the parties to the Recovery Action into a confidential mediation.

On September 5, 2003, the Chapter 7 Trustee (the "Trustee") filed a motion for Entry of an Order Approving Compromise of Claim and Terms of Settlement Agreement and Release (the "Settlement Motion"). After a hearing on January 14, 2004, the Bankruptcy Court approved a settlement of the Recovery Action upon the following terms:

1. The Parties to the Recovery Action (the "Parties") will obtain a final order from the Bankruptcy Court granting judgment in favor of the Trustee and against the probate estate of Paul V. Voinovich (the "Probate Estate") in the adversary proceeding in the amount of \$15,000,000 (the "Bankruptcy Claim");
2. The Parties will obtain a final order in the probate proceeding in Florida (the "Probate Proceeding") regarding the Probate Estate, which approves the withdrawal of the objection to the Bankruptcy Claim;
3. Upon the entry of these two orders, Christine Voinovich will pay \$500,000 to the Trustee and will guarantee a \$750,000 net recovery to the Trustee from the Probate Estate which is to be secured by a \$750,000 irrevocable standby letter of credit;
4. The Trustee will continue to assert the Bankruptcy Claim in the Probate Proceeding. If the net distribution on the Bankruptcy Claim totals \$750,000 or more, then Christine Voinovich is relieved from any further monetary obligation to the Trustee. If the net distribution on the Bankruptcy Claim is less than \$750,000, Christine Voinovich will pay the amount of the shortfall;
5. The Parties will dismiss, with prejudice, all claims made in the Recovery Action with the exception of the \$15,000,000 judgment against the Probate Estate and the parties will release all claims they may have against other parties (other than the claims the trustee may have to enforce the \$15,000,000 judgment against the probate estate and the trustee's claim in the probate proceeding);
6. Gateway Health Centers Limited Partnership and Gateway Manor Congregate Apartments Limited Partnership shall purchase the Probate Estate's interest in the partnerships for the net purchase price of \$1,640,000. Those proceeds will be distributed as follows: \$360,000 to Christine Voinovich and \$1,290,000 to the Probate Estate;
7. The Chapter 7 Trustee may request that the settlement be declared void with respect to any party that has intentionally, fraudulently, and materially failed to fully and accurately disclose reasonable available financial information required by the settlement.

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

With regard to the ultimate resolution, the timing is unpredictable. The Probate Estate must be administered and distributed and the Bankruptcy Estate must also be administered and distributed.

In addition, the County is currently party to pending litigation. It is not possible at this time to make a judgment as to whether there is a reasonable possibility of an unfavorable outcome which could result in a material judgment against the County.

OWDA Loan Interest Subsidy – On May 29, 2003, the Ohio Water Development Authority Board authorized an Interest Rate Subsidy program. This program will benefit Jefferson County, as the County has outstanding interest rates on loans in excess of 7 percent. Under the program, OWDA will effectively reduce the interest rate on the outstanding balance of these loans to 7 percent by paying the portion of the interest above 7 percent. Implementation of the subsidy program will commence with the payment due on January 1, 2004 and will carry through to the maturity date of the affected loans.

Long Term Notes Payable – On April 7, 2004, the County rolled over a bond anticipation note payable for a water project. The twelve month bond anticipation note was originally issued on April 7, 2003. The note had an interest rate of 2.10 percent, and matures April 7, 2005. This note is intended to be refinanced into a bond issue that will be repaid through user charges.

Health Insurance – Effective January 1, 2004, the County implemented an additional monthly premium of \$70 per covered employee as part of a fifteen year debt reduction plan to address the mounting deficit in the County's self insurance program. Also, in an effort to address the mounting deficit, effective February 1, 2004, the County became part of the Ohio Mid Eastern Regional Educational Service Agency (OME-RESA) claims servicing pool, with Self-Funded Plans, Inc. as the third-party administrator. The plan remains self-insured. As a result of the change in plans, the County now has individual stop loss coverage of \$35,000 per individual claim, which should significantly reduce the County's outlay for large claims. The plan benefits were also altered, effective with the change in plans, to address the deficit situation.

Termination of Contract - Regional Council Participation – Effective July 1, 2004 the County has resolved to terminate participation with the Mid Eastern Ohio Regional Council of Governments (MEORC), a regional council of governments created pursuant to Ohio Revised Code Chapter 167. This will include the termination of County's contract between the MR/DD board and MEORC for MEORC to provide supported living services and housing to eligible persons in the county. The County will begin administering these programs effective July 1, 2004.

B. Component Unit

Currently, no potential liability is expected to be incurred by JeffCo Workshop.

Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 26 - RELATED PARTY TRANSACTIONS

During 2003, Jefferson County provided facilities, certain equipment, transportation and salaries for administration, implementation and supervision of its programs to JeffCo Workshop, a discretely presented component unit of Jefferson County, reported \$38,996 for such contributions. JeffCo Workshop, recorded operating revenues and operating expenses at cost or fair value as applicable, to the extent the contribution is related to the vocational purpose of JeffCo Workshop.

**Combining Statements
And
Individual Fund Schedules**

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Jefferson County, Ohio
Fund Descriptions –
Nonmajor Governmental Funds

NonMajor Special Revenue Funds:

Special Revenue 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 expenditures for specific purposes. The following is a description of the County's nonmajor special revenue funds:

Miscellaneous Local Fund – To account for monies received by the County for fees, licenses and permits, fines and forfeitures, and federal and state sources which are used to support various local programs.

Court/Corrections and Public Safety Fund – To account for monies received through court fees and property tax collections by the County which are used for court expenses, enforcing laws, housing and rehabilitation of offenders and other judicial and public safety programs and issues.

Emergency 911 Fund – To account for revenue derived from a County tax levy used for the implementation and operation of a 911 system.

Permissive Sheriff Fund – To account for permissive sales tax monies as well as transfers from the General Fund used for the operation of the Sheriff's department.

Tuberculosis/Crippled Child Levy Fund – To account for a county-wide property tax levy that is expended for educational programs concerning the danger of tuberculosis and also for the needs of handicapped and crippled children.

Children Services Fund – To account for monies received from a county-wide property tax levy, Federal and State grants, support collections and Social Security. Major expenditures are for foster homes, emergency shelters, medical care, school supplies, counseling and parental training.

Community Development Block Grant Fund – To account for Federal grant monies used for the administration of a community development block grant program.

Federal Emergency Management Assistance Fund – To account for Federal grant monies used to assist local governments in disaster assistance.

(Continued)

Jefferson County, Ohio
Fund Descriptions –
Nonmajor Governmental Funds (Continued)

Nonmajor Debt Service Fund:

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal and interest and fiscal charges on general long-term obligations.

Nonmajor Capital Projects Fund:

The Capital Projects 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). The following is a description of the County's capital projects funds:

Permanent Improvement Fund – To account for note and bond proceeds and transfers expended for the construction and repair/improvements of various County properties and facilities.

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Jefferson County, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,190,008	\$1,774,870	\$485,912	\$3,450,790
Cash and Cash Equivalents in Segregated Accounts	100,424	0	0	100,424
Investments with Fiscal and Escrow Agents	0	83,959	0	83,959
Receivables:				
Property Taxes	2,377,267	1,293,163	0	3,670,430
Permissive Taxes	180,965	158,244	0	339,209
Accounts	11,888	0	0	11,888
Intergovernmental	2,581,137	69,335	0	2,650,472
Interfund	4,600,045	0	0	4,600,045
Materials and Supplies Inventory	17,281	0	0	17,281
Prepaid Items	62,149	0	0	62,149
<i>Total Assets</i>	<u>\$11,121,164</u>	<u>\$3,379,571</u>	<u>\$485,912</u>	<u>\$14,986,647</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$449,614	\$0	\$5,100	\$454,714
Accrued Wages and Benefits	150,661	0	0	150,661
Matured Severance Payable	25,622	0	0	25,622
Interfund Payable	1,105,025	0	0	1,105,025
Intergovernmental Payable	91,559	0	0	91,559
Deferred Revenue	4,047,088	1,362,498	0	5,409,586
Accrued Interest Payable	0	0	1,083	1,083
Notes Payable	0	0	392,155	392,155
<i>Total Liabilities</i>	<u>5,869,569</u>	<u>1,362,498</u>	<u>398,338</u>	<u>7,630,405</u>
Fund Balances				
Reserved for Encumbrances	55,607	0	0	55,607
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	5,195,988	0	0	5,195,988
Debt Service Funds	0	2,017,073	0	2,017,073
Capital Projects Funds	0	0	87,574	87,574
<i>Total Fund Balances</i>	<u>5,251,595</u>	<u>2,017,073</u>	<u>87,574</u>	<u>7,356,242</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$11,121,164</u>	<u>\$3,379,571</u>	<u>\$485,912</u>	<u>\$14,986,647</u>

Jefferson County, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2003

	Miscellaneous Local	Court/Corrections and Public Safety	Emergency 911	Permissive Sheriff
Assets				
Equity in Pooled Cash and Cash Equivalents	\$150,248	\$331,709	\$157,583	\$0
Cash and Cash Equivalents in Segregated Accounts	81,284	0	0	17,910
Receivables:				
Property Taxes	0	0	1,498,110	0
Permissive Taxes	0	0	0	180,965
Accounts	3,388	0	0	0
Intergovernmental	283,577	359,381	171,257	34,036
Interfund	1,650,000	525,742	0	18,053
Materials and Supplies Inventory	7,649	0	558	7,532
Prepaid Items	10,889	0	6,561	29,392
<i>Total Assets</i>	<u>\$2,187,035</u>	<u>\$1,216,832</u>	<u>\$1,834,069</u>	<u>\$287,888</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$195,828	\$26,602	\$5,940	\$23,748
Accrued Wages and Benefits	33,906	9,686	17,916	36,670
Matured Severance Payable	14,198	0	0	11,424
Interfund Payable	76,804	29,443	21,230	869,854
Intergovernmental Payable	17,466	5,352	7,285	22,006
Deferred Revenue	157	212,804	1,669,367	0
<i>Total Liabilities</i>	<u>338,359</u>	<u>283,887</u>	<u>1,721,738</u>	<u>963,702</u>
Fund Balances (Deficit)				
Reserved for Encumbrances	50,521	1,176	0	0
Unreserved	1,798,155	931,769	112,331	(675,814)
<i>Total Fund Balances (Deficit)</i>	<u>1,848,676</u>	<u>932,945</u>	<u>112,331</u>	<u>(675,814)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,187,035</u>	<u>\$1,216,832</u>	<u>\$1,834,069</u>	<u>\$287,888</u>

Tuberculosis/ Crippled Child Levy	Children Services	Community Development Block Grant	Federal Emergency Management Assistance	Total Nonmajor Special Revenue Funds
\$838	\$476,433	\$73,197	\$0	\$1,190,008
0	1,230	0	0	100,424
0	879,157	0	0	2,377,267
0	0	0	0	180,965
0	8,500	0	0	11,888
33,778	1,201,943	490,834	6,331	2,581,137
2,397,000	9,250	0	0	4,600,045
0	1,542	0	0	17,281
0	15,307	0	0	62,149
<u>\$2,431,616</u>	<u>\$2,593,362</u>	<u>\$564,031</u>	<u>\$6,331</u>	<u>\$11,121,164</u>
\$0	\$142,786	\$54,710	\$0	\$449,614
0	52,483	0	0	150,661
0	0	0	0	25,622
0	107,694	0	0	1,105,025
5,259	34,191	0	0	91,559
33,778	1,706,828	417,823	6,331	4,047,088
<u>39,037</u>	<u>2,043,982</u>	<u>472,533</u>	<u>6,331</u>	<u>5,869,569</u>
3,910	0	0	0	55,607
2,388,669	549,380	91,498	0	5,195,988
<u>2,392,579</u>	<u>549,380</u>	<u>91,498</u>	<u>0</u>	<u>5,251,595</u>
<u>\$2,431,616</u>	<u>\$2,593,362</u>	<u>\$564,031</u>	<u>\$6,331</u>	<u>\$11,121,164</u>

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Jefferson County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$1,960,387	\$1,031,608	\$0	\$2,991,995
Permissive Taxes	1,665,129	349,960	0	2,015,089
Charges for Services	2,166,429	0	0	2,166,429
Licenses and Permits	350,836	0	0	350,836
Fines and Forfeitures	35,661	0	0	35,661
Intergovernmental	8,604,307	129,349	0	8,733,656
Interest	1,028	0	0	1,028
Rent	43,174	343,462	0	386,636
Other	151,014	0	6,000	157,014
<i>Total Revenues</i>	<u>14,977,965</u>	<u>1,854,379</u>	<u>6,000</u>	<u>16,838,344</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	1,055,239	0	0	1,055,239
Judicial	118,480	0	0	118,480
Public Safety	4,537,556	0	0	4,537,556
Public Works	355,984	0	0	355,984
Health	333,195	0	0	333,195
Human Services	6,451,214	0	0	6,451,214
Economic Development and Assistance	1,615,646	0	0	1,615,646
Capital Outlay	198,347	0	12,070	210,417
Debt Service:				
Principal Retirement	49,476	1,935,532	0	1,985,008
Interest and Fiscal Charges	2,656	1,354,733	10,037	1,367,426
<i>Total Expenditures</i>	<u>14,717,793</u>	<u>3,290,265</u>	<u>22,107</u>	<u>18,030,165</u>
<i>Excess of Revenues Over (Under)</i> <i>Expenditures</i>	<u>260,172</u>	<u>(1,435,886)</u>	<u>(16,107)</u>	<u>(1,191,821)</u>
Other Financing Sources (Uses):				
Sale of Assets	14,347	0	0	14,347
Inception of Capital Lease	62,020	0	0	62,020
Transfers In	933,605	1,141,083	50,000	2,124,688
Transfers Out	(588,185)	0	(35,000)	(623,185)
Total Other Financing Sources (Uses)	<u>421,787</u>	<u>1,141,083</u>	<u>15,000</u>	<u>1,577,870</u>
<i>Net Change in Fund Balances</i>	681,959	(294,803)	(1,107)	386,049
<i>Fund Balances at Beginning of Year</i>	<u>4,569,636</u>	<u>2,311,876</u>	<u>88,681</u>	<u>6,970,193</u>
<i>Fund Balances at End of Year</i>	<u>\$5,251,595</u>	<u>\$2,017,073</u>	<u>\$87,574</u>	<u>\$7,356,242</u>

Jefferson County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003

	Miscellaneous Local	Court/Corrections and Public Safety	Emergency 911	Permissive Sheriff
Revenues				
Property Taxes	\$0	\$0	\$1,252,113	\$0
Permissive Taxes	0	0	0	1,665,129
Charges for Services	864,371	201,890	0	482,134
Licenses and Permits	350,836	0	0	0
Fines and Forfeitures	12,072	23,589	0	0
Intergovernmental	2,320,065	1,153,347	339,206	197,894
Interest	1,028	0	0	0
Rent	18,414	0	24,760	0
Other	45,801	7,735	0	2,836
<i>Total Revenues</i>	<u>3,612,587</u>	<u>1,386,561</u>	<u>1,616,079</u>	<u>2,347,993</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	1,055,239	0	0	0
Judicial	2,850	115,630	0	0
Public Safety	0	1,162,760	998,330	2,376,466
Public Works	355,984	0	0	0
Health	148,474	0	0	0
Human Services	1,406,478	0	0	0
Economic Development and Assistance	504,139	0	0	0
Capital Outlay	15,426	64,344	0	95,316
Debt Service:				
Principal Retirement	0	4,614	9,818	35,044
Interest and Fiscal Charges	0	606	0	2,050
<i>Total Expenditures</i>	<u>3,488,590</u>	<u>1,347,954</u>	<u>1,008,148</u>	<u>2,508,876</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>123,997</u>	<u>38,607</u>	<u>607,931</u>	<u>(160,883)</u>
Other Financing Sources (Uses):				
Sale of Assets	9,347	0	5,000	0
Inception of Capital Lease	0	19,337	0	42,683
Transfers In	283,894	2,709	0	647,002
Transfers Out	(174,102)	0	(340,822)	0
<i>Total Other Financing Sources (Uses)</i>	<u>119,139</u>	<u>22,046</u>	<u>(335,822)</u>	<u>689,685</u>
<i>Net Change in Fund Balances</i>	243,136	60,653	272,109	528,802
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>1,605,540</u>	<u>872,292</u>	<u>(159,778)</u>	<u>(1,204,616)</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$1,848,676</u>	<u>\$932,945</u>	<u>\$112,331</u>	<u>(\$675,814)</u>

Tuberculosis/ Crippled Child Levy	Children Services	Community Development Block Grant	Federal Emergency Management Assistance	Total Nonmajor Special Revenue Funds
\$30	\$708,244	\$0	\$0	\$1,960,387
0	0	0	0	1,665,129
0	618,034	0	0	2,166,429
0	0	0	0	350,836
0	0	0	0	35,661
58,737	3,229,890	1,231,907	73,261	8,604,307
0	0	0	0	1,028
0	0	0	0	43,174
1,139	93,503	0	0	151,014
<u>59,906</u>	<u>4,649,671</u>	<u>1,231,907</u>	<u>73,261</u>	<u>14,977,965</u>
0	0	0	0	1,055,239
0	0	0	0	118,480
0	0	0	0	4,537,556
0	0	0	0	355,984
184,721	0	0	0	333,195
0	5,044,736	0	0	6,451,214
0	0	1,111,507	0	1,615,646
0	23,261	0	0	198,347
0	0	0	0	49,476
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,656</u>
<u>184,721</u>	<u>5,067,997</u>	<u>1,111,507</u>	<u>0</u>	<u>14,717,793</u>
<u>(124,815)</u>	<u>(418,326)</u>	<u>120,400</u>	<u>73,261</u>	<u>260,172</u>
0	0	0	0	14,347
0	0	0	0	62,020
0	0	0	0	933,605
<u>0</u>	<u>0</u>	<u>0</u>	<u>(73,261)</u>	<u>(588,185)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>(73,261)</u>	<u>421,787</u>
(124,815)	(418,326)	120,400	0	681,959
<u>2,517,394</u>	<u>967,706</u>	<u>(28,902)</u>	<u>0</u>	<u>4,569,636</u>
<u>\$2,392,579</u>	<u>\$549,380</u>	<u>\$91,498</u>	<u>\$0</u>	<u>\$5,251,595</u>

Jefferson County, Ohio
Fund Descriptions –
Agency Funds

Agency Funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results of operations. The following is a description of the County's agency funds:

Board of Health Fund – To account for Federal and State grants, licenses and fees expended for the operation of the County's Board of Health.

East Ohio Correctional Center Fund – To account for Federal and State grants to be expended for establishing, equipping, furnishing, operating, and maintaining a multi-county minimum security correctional center.

Jefferson/Belmont Joint Solid Waste District Fund – To account for user charges to be expended for the operation of a multi-county solid waste transfer station.

Taxes Agency Fund – To account for the collection and distribution of various taxes.

Undivided State Monies - To account for the collection and distribution of local government, local government assistance, and motor vehicle license monies.

Corporation/Subdivision Fund – To account for tax settlement distributions to subdivisions within Jefferson County.

Miscellaneous Court/Safety Fund – To account for various fees and contributions to be used in connection with various court and public safety uses.

Family and Children First Council Fund – To account for State grant revenues and expenditures of the Jefferson County Family and Children First Council.

Other Agency Fund – 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 funds are included:

- Ohio Election Commission Fund
- Soil and Water Conservation Fund
- Housing and Trust Fund
- Regional Planning Commission Fund
- Ohio Port Assistance Program Fund
- Local Emergency Planning Commission Fund
- Emergency Management Agency Fund
- North Ohio Valley Air Authority Fund
- Carnegie Library Fund
- State of Ohio Fund
- Law Library Fund
- Payroll Clearing Fund

Jefferson County, Ohio
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended December 31, 2003

	<u>Balance 12/31/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/03</u>
<i>Board of Health:</i>				
<u>Assets:</u>				
Cash and				
Cash Equivalents	\$200,328	\$1,243,219	\$1,128,284	\$315,263
Total Assets	<u>\$200,328</u>	<u>\$1,243,219</u>	<u>\$1,128,284</u>	<u>\$315,263</u>
<u>Liabilities:</u>				
Undistributed Monies	\$200,328	\$1,243,219	\$1,128,284	\$315,263
Total Liabilities	<u>\$200,328</u>	<u>\$1,243,219</u>	<u>\$1,128,284</u>	<u>\$315,263</u>
<i>East Ohio Correction Center (EOCC):</i>				
<u>Assets:</u>				
Cash and				
Cash Equivalents	\$221,277	\$3,103,463	\$3,243,397	\$81,343
Total Assets	<u>\$221,277</u>	<u>\$3,103,463</u>	<u>\$3,243,397</u>	<u>\$81,343</u>
<u>Liabilities:</u>				
Undistributed Monies	\$221,277	\$3,103,463	\$3,243,397	\$81,343
Total Liabilities	<u>\$221,277</u>	<u>\$3,103,463</u>	<u>\$3,243,397</u>	<u>\$81,343</u>
<i>Jefferson/Belmont Joint Solid Waste District:</i>				
<u>Assets:</u>				
Cash and				
Cash Equivalents	\$100,117	\$110,238	\$111,834	\$98,521
Total Assets	<u>\$100,117</u>	<u>\$110,238</u>	<u>\$111,834</u>	<u>\$98,521</u>
<u>Liabilities:</u>				
Undistributed Monies	\$100,117	\$110,238	\$111,834	\$98,521
Total Liabilities	<u>\$100,117</u>	<u>\$110,238</u>	<u>\$111,834</u>	<u>\$98,521</u>

(Continued)

Jefferson County, Ohio
Combining Statement of Changes in Assets and Liabilities
All Agency Funds (Continued)
For the Year Ended December 31, 2003

	<u>Balance 12/31/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/03</u>
<i>Taxes Agency:</i>				
<i>Assets:</i>				
Cash and				
Cash Equivalents	\$1,982,866	\$44,917,433	\$45,250,355	\$1,649,944
Receivables:				
Property Taxes	44,437,178	43,492,559	44,437,178	43,492,559
Accounts	350,440	507,666	350,440	507,666
Special Assessments	307,309	269,904	307,309	269,904
Intergovernmental	1,005,584	1,106,028	1,005,584	1,106,028
Total Assets	<u>\$48,083,377</u>	<u>\$90,293,590</u>	<u>\$91,350,866</u>	<u>\$47,026,101</u>
<i>Liabilities:</i>				
Intergovernmental Payable	\$46,100,511	\$45,376,157	\$46,100,511	\$45,376,157
Undistributed Monies	1,982,866	44,917,433	45,250,355	1,649,944
Total Liabilities	<u>\$48,083,377</u>	<u>\$90,293,590</u>	<u>\$91,350,866</u>	<u>\$47,026,101</u>
<i>Undivided State Monies:</i>				
<i>Assets:</i>				
Cash and				
Cash Equivalents	\$0	\$3,149,431	\$3,149,400	\$31
Receivables:				
Intergovernmental	1,803,794	1,868,558	1,803,794	1,868,558
Total Assets	<u>\$1,803,794</u>	<u>\$5,017,989</u>	<u>\$4,953,194</u>	<u>\$1,868,589</u>
<i>Liabilities:</i>				
Intergovernmental Payable	\$1,803,794	\$1,868,558	\$1,803,794	\$1,868,558
Undistributed Monies	0	3,149,431	3,149,400	31
Total Liabilities	<u>\$1,803,794</u>	<u>\$5,017,989</u>	<u>\$4,953,194</u>	<u>\$1,868,589</u>
<i>Corporation/Subdivision:</i>				
<i>Assets:</i>				
Cash and				
Cash Equivalents	\$454	\$35,563,897	\$35,564,351	\$0
Total Assets	<u>\$454</u>	<u>\$35,563,897</u>	<u>\$35,564,351</u>	<u>\$0</u>
<i>Liabilities:</i>				
Undistributed Monies	\$454	\$35,563,897	\$35,564,351	\$0
Total Liabilities	<u>\$454</u>	<u>\$35,563,897</u>	<u>\$35,564,351</u>	<u>\$0</u>

(Continued)

Jefferson County, Ohio
Combining Statement of Changes in Assets and Liabilities
All Agency Funds (Continued)
For the Year Ended December 31, 2003

	<u>Balance 12/31/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/03</u>
<i>Miscellaneous Court/Safety:</i>				
<u>Assets:</u>				
Cash and				
Cash Equivalents	\$2,908	\$16,649	\$16,513	\$3,044
Cash and				
Cash Equivalents in				
Segregated Accounts	1,341,676	10,864,134	11,865,808	340,002
Accounts Receivable	440,036	572,859	440,036	572,859
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$1,784,620</u>	<u>\$11,453,642</u>	<u>\$12,322,357</u>	<u>\$915,905</u>
<u>Liabilities:</u>				
Intergovernmental Payable	\$273,125	\$355,568	\$273,125	\$355,568
Undistributed Monies	1,511,495	11,098,074	12,049,232	560,337
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$1,784,620</u>	<u>\$11,453,642</u>	<u>\$12,322,357</u>	<u>\$915,905</u>
<i>Family and Children First Council:</i>				
<u>Assets:</u>				
Cash and				
Cash Equivalents	\$57,780	\$519,516	\$471,478	\$105,818
Receivables:				
Accounts	10,696	0	0	10,696
Intergovernmental	10,425	0	0	10,425
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$78,901</u>	<u>\$519,516</u>	<u>\$471,478</u>	<u>\$126,939</u>
<u>Liabilities:</u>				
Undistributed Monies	\$78,901	\$519,516	\$471,478	\$126,939
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$78,901</u>	<u>\$519,516</u>	<u>\$471,478</u>	<u>\$126,939</u>
<i>Other Agency:</i>				
<u>Assets:</u>				
Cash and				
Cash Equivalents	\$343,549	\$4,156,436	\$3,717,348	\$782,637
Receivables:				
Intergovernmental	1,813,977	1,806,710	1,813,977	1,806,710
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$2,157,526</u>	<u>\$5,963,146</u>	<u>\$5,531,325</u>	<u>\$2,589,347</u>
<u>Liabilities:</u>				
Intergovernmental Payable	\$1,813,977	\$1,806,710	\$1,813,977	\$1,806,710
Undistributed Monies	343,549	4,156,436	3,717,348	782,637
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$2,157,526</u>	<u>\$5,963,146</u>	<u>\$5,531,325</u>	<u>\$2,589,347</u>

(Continued)

Jefferson County, Ohio
Combining Statement of Changes in Assets and Liabilities
All Agency Funds (Continued)
For the Year Ended December 31, 2003

	<u>Balance 12/31/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/03</u>
<i>Total - All Agency Funds:</i>				
<u>Assets:</u>				
Cash and				
Cash Equivalents	\$2,909,279	\$92,780,282	\$92,652,960	\$3,036,601
Cash and				
Cash Equivalents in				
Segregated Accounts	1,341,676	10,864,134	11,865,808	340,002
Receivables:				
Property Taxes	44,437,178	43,492,559	44,437,178	43,492,559
Accounts	801,172	1,080,525	790,476	1,091,221
Special Assessments	307,309	269,904	307,309	269,904
Intergovernmental	4,633,780	4,781,296	4,623,355	4,791,721
	<u>\$54,430,394</u>	<u>\$153,268,700</u>	<u>\$154,677,086</u>	<u>\$53,022,008</u>
Total Assets				
	<u>\$54,430,394</u>	<u>\$153,268,700</u>	<u>\$154,677,086</u>	<u>\$53,022,008</u>
<u>Liabilities:</u>				
Intergovernmental Payable	\$49,991,407	\$49,406,993	\$49,991,407	\$49,406,993
Undistributed Monies	4,438,987	103,861,707	104,685,679	3,615,015
	<u>\$54,430,394</u>	<u>\$153,268,700</u>	<u>\$154,677,086</u>	<u>\$53,022,008</u>
Total Liabilities				
	<u>\$54,430,394</u>	<u>\$153,268,700</u>	<u>\$154,677,086</u>	<u>\$53,022,008</u>

**Individual Fund Schedules of Revenues,
Expenditures/Expenses and Changes in Fund
Balance/Equity – Budget (Non-GAAP Basis)
and Actual**

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2003

	Final Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Taxes	\$1,749,809	\$1,749,809	\$0
Permissive Taxes	4,006,193	4,006,193	0
Charges for Services	2,282,888	2,282,888	0
Licenses and Permits	6,344	6,344	0
Fines and Forfeitures	389,419	389,419	0
Intergovernmental	2,903,776	2,903,776	0
Interest	257,493	257,493	0
Other	400,952	400,952	0
Total Revenues	11,996,874	11,996,874	0
<u>Expenditures:</u>			
Current:			
General Government -			
Legislative and Executive			
Commissioners			
Personal Services	295,705	295,705	0
Fringe Benefits	127,612	127,612	0
Materials and Supplies	6,336	6,336	0
Other	4,879	4,442	437
Total Commissioners	434,532	434,095	437
Auditor			
Personal Services	354,528	354,528	0
Fringe Benefits	137,404	137,404	0
Materials and Supplies	9,045	7,621	1,424
Contractual Services	5,389	4,586	803
Other	2,483	2,150	333
Total Auditor	508,849	506,289	2,560
Permissive Sales Tax			
Capital Outlay	18,416	18,416	0
Other	165,783	162,976	2,807
Total Permissive Sales Tax	184,199	181,392	2,807
Treasurer			
Personal Services	155,588	155,586	2
Fringe Benefits	87,303	87,303	0
Materials and Supplies	20,350	20,347	3
Contractual Services	9,080	9,026	54
Other	500	500	0
Total Treasurer	272,821	272,762	59

(Continued)

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (Continued)
For the Year Ended December 31, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Prosecuting Attorney			
Personal Services	\$569,030	\$569,030	\$0
Fringe Benefits	227,565	227,565	0
Materials and Supplies	11,307	10,316	991
Contractual Services	26,390	24,993	1,397
Other	88,843	87,228	1,615
	<u>923,135</u>	<u>919,132</u>	<u>4,003</u>
Budget Commission			
Other	467	467	0
	<u>467</u>	<u>467</u>	<u>0</u>
Bureau of Inspection			
Contractual Services	108,916	108,916	0
	<u>108,916</u>	<u>108,916</u>	<u>0</u>
County Planning Commission			
Contractual Services	102,008	102,008	0
Other	6,396	6,396	0
	<u>108,404</u>	<u>108,404</u>	<u>0</u>
Data Processing			
Personal Services	251,906	251,906	0
Fringe Benefits	118,494	118,494	0
	<u>370,400</u>	<u>370,400</u>	<u>0</u>
Data Processing Central Purchasing			
Capital Outlay	30,288	0	30,288
Other	63,917	81,207	(17,290)
	<u>94,205</u>	<u>81,207</u>	<u>12,998</u>
Board of Elections			
Personal Services	257,590	257,590	0
Fringe Benefits	143,801	143,801	0
Materials and Supplies	21,895	21,648	247
Contractual Services	184,047	183,409	638
Other	7,631	7,627	4
	<u>614,964</u>	<u>614,075</u>	<u>889</u>
Recorder			
Personal Services	153,291	153,185	106
Fringe Benefits	84,594	84,594	0
Materials and Supplies	1,640	1,300	340
Other	2,280	2,280	0
	<u>241,805</u>	<u>241,359</u>	<u>446</u>

(Continued)

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (Continued)
For the Year Ended December 31, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Buildings and Grounds			
Personal Services	\$198,701	\$198,701	\$0
Fringe Benefits	143,991	143,991	0
Materials and Supplies	11,147	9,536	1,611
Contractual Services	323,365	319,592	3,773
Capital Outlay	4,513	4,513	0
Other	91,340	91,340	0
	<u>773,057</u>	<u>767,673</u>	<u>5,384</u>
Insurance			
Contractual Service	131,605	131,605	0
	<u>131,605</u>	<u>131,605</u>	<u>0</u>
Total General Government - Legislative and Executive	<u>4,767,359</u>	<u>4,737,776</u>	<u>29,583</u>
General Government - Judicial			
Court of Appeals			
Other	19,441	19,441	0
	<u>19,441</u>	<u>19,441</u>	<u>0</u>
Common Pleas			
Personal Services	245,212	245,212	0
Fringe Benefits	113,744	113,744	0
Materials and Supplies	30,656	30,656	0
Contractual Services	233,046	233,046	0
Other	7,937	7,937	0
	<u>630,595</u>	<u>630,595</u>	<u>0</u>
Total Common Pleas	<u>630,595</u>	<u>630,595</u>	<u>0</u>
Jury Commission			
Personal Services	800	800	0
	<u>800</u>	<u>800</u>	<u>0</u>
Adult Probation			
Personal Services	92,920	92,920	0
Fringe Benefits	41,796	41,796	0
Materials and Supplies	75	75	0
Contractual Services	7,976	7,976	0
	<u>142,767</u>	<u>142,767</u>	<u>0</u>
Total Adult Probation	<u>142,767</u>	<u>142,767</u>	<u>0</u>
Capital Felony			
Contractual Services	10,116	10,116	0
	<u>10,116</u>	<u>10,116</u>	<u>0</u>

(Continued)

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (Continued)
For the Year Ended December 31, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Juvenile Court			
Personal Services	\$623,925	\$623,925	\$0
Fringe Benefits	314,099	314,099	0
Materials and Supplies	27,412	27,412	0
Contractual Services	154,605	154,605	0
Other	84,430	84,430	0
	<u>1,204,471</u>	<u>1,204,471</u>	<u>0</u>
Total Juvenile Court			
County Court #2			
Personal Services	81,584	81,584	0
Fringe Benefits	34,102	34,102	0
Materials and Supplies	4,266	4,266	0
Contractual Services	28,368	28,368	0
Other	1,039	1,039	0
	<u>149,359</u>	<u>149,359</u>	<u>0</u>
Total County Court #2			
County Court #3			
Personal Services	80,707	80,707	0
Fringe Benefits	45,577	45,577	0
Materials and Supplies	4,255	4,255	0
Contractual Services	35,436	35,436	0
Other	1,710	1,710	0
	<u>167,685</u>	<u>167,685</u>	<u>0</u>
Total County Court #3			
Probate Court			
Personal Services	152,780	152,780	0
Fringe Benefits	80,861	80,861	0
Materials and Supplies	4,000	4,000	0
Contractual Services	18	18	0
Other	7,510	7,510	0
	<u>245,169</u>	<u>245,169</u>	<u>0</u>
Total Probate Court			
Clerk of Courts			
Personal Services	248,064	248,064	0
Fringe Benefits	126,357	126,357	0
Materials and Supplies	7,982	7,982	0
Contractual Services	4,140	4,140	0
	<u>386,543</u>	<u>386,543</u>	<u>0</u>
Total Clerk of Courts			
County Court			
Personal Services	90,864	90,864	0
Fringe Benefits	57,984	57,984	0
Materials and Supplies	4,395	4,395	0
Contractual Services	44,608	44,608	0
Other	1,572	1,572	0
	<u>199,423</u>	<u>199,423</u>	<u>0</u>
Total County Court			

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (Continued)
For the Year Ended December 31, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Municipal Court			
Personal Services	\$75,601	\$75,601	\$0
Fringe Benefits	13,120	13,120	0
Contractual Services	<u>54,859</u>	<u>54,859</u>	<u>0</u>
Total Municipal Court	<u>143,580</u>	<u>143,580</u>	<u>0</u>
Law Library			
Personal Services	23,913	23,913	0
Fringe Benefits	<u>14,545</u>	<u>14,545</u>	<u>0</u>
Total Law Library	<u>38,458</u>	<u>38,458</u>	<u>0</u>
Court Magistrate			
Personal Services	112,859	112,859	0
Fringe Benefits	52,515	52,515	0
Materials and Supplies	2,337	2,337	0
Contractual Services	2,475	2,475	0
Capital Outlay	5,194	5,194	0
Other	<u>7,892</u>	<u>7,892</u>	<u>0</u>
Total Court Magistrate	<u>183,272</u>	<u>183,272</u>	<u>0</u>
Total General Government - Judicial	<u>3,521,679</u>	<u>3,521,679</u>	<u>0</u>
Public Safety			
Coroner			
Personal Services	59,086	59,086	0
Fringe Benefits	31,118	31,118	0
Materials and Supplies	<u>18,114</u>	<u>17,646</u>	<u>468</u>
Total Coroner	<u>108,318</u>	<u>107,850</u>	<u>468</u>
Courthouse Security			
Contractual Services	<u>292,043</u>	<u>292,043</u>	<u>0</u>
Total Courthouse Security	<u>292,043</u>	<u>292,043</u>	<u>0</u>
Jail Settlement			
Contractual Services	257,052	257,052	0
Capital Outlay	<u>1,845</u>	<u>1,845</u>	<u>0</u>
Total Jail Settlement	<u>258,897</u>	<u>258,897</u>	<u>0</u>
Disaster Services			
Contractual Services	<u>54,908</u>	<u>54,908</u>	<u>0</u>
Total Disaster Services	<u>54,908</u>	<u>54,908</u>	<u>0</u>
Total Public Safety	<u>714,166</u>	<u>713,698</u>	<u>468</u>

(Continued)

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (Continued)
For the Year Ended December 31, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Health			
Humane Society			
Other	\$300	\$300	\$0
Agriculture			
Contractual Services	225,174	225,174	0
Vital Statistics			
Contractual Services	1,301	1,301	0
Total Health	<u>226,775</u>	<u>226,775</u>	<u>0</u>
Human Services			
Veteran's Services			
Personal Services	130,071	130,071	0
Fringe Benefits	55,467	55,467	0
Materials and Supplies	7,466	7,021	445
Contractual Services	224,130	224,452	(322)
Other	20,738	16,261	4,477
Total Veteran's Services	<u>437,872</u>	<u>433,272</u>	<u>4,600</u>
Public Assistance			
Contractual Services	548,281	548,281	0
Total Human Services	<u>986,153</u>	<u>981,553</u>	<u>4,600</u>
Other			
Contractual Services	37,469	29,769	7,700
Other	574,183	581,272	(7,089)
Total Other	<u>611,652</u>	<u>611,041</u>	<u>611</u>
Intergovernmental:			
Grants			
Contractual Services	72,499	72,499	0
Total Intergovernmental	<u>72,499</u>	<u>72,499</u>	<u>0</u>
Total Expenditures	<u>10,900,283</u>	<u>10,865,021</u>	<u>35,262</u>
Excess of Revenues Over Expenditures	<u>1,096,591</u>	<u>1,131,853</u>	<u>35,262</u>
<u>Other Financing Sources (Uses):</u>			
Sale of Assets	1,500	1,500	0
Advance In	269,414	269,414	0
Transfers Out	(1,577,487)	(1,577,487)	0
Total Other Financing Sources (Uses)	<u>(1,306,573)</u>	<u>(1,306,573)</u>	<u>0</u>

(Continued)

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (Continued)
For the Year Ended December 31, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Net Change in Fund Balance	(\$209,982)	(\$174,720)	\$35,262
Fund Balance at Beginning of Year	1,329,371	1,329,371	0
Prior Year Encumbrances Appropriated	<u>103,015</u>	<u>103,015</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,222,404</u></u>	<u><u>\$1,257,666</u></u>	<u><u>\$35,262</u></u>

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Public Assistance Fund
For the Year Ended December 31, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>			
Intergovernmental	\$8,975,585	\$8,975,585	\$0
Other	917,668	917,668	0
Total Revenues	9,893,253	9,893,253	0
<u>Expenditures:</u>			
Current:			
Human Services	10,620,156	10,620,156	0
Excess of Revenues Under Expenditures	(726,903)	(726,903)	0
<u>Other Financing Use:</u>			
Advances Out	(87,485)	(87,485)	0
Net Change in Fund Balance	(814,388)	(814,388)	0
Fund Balance at Beginning of Year	1,164,323	1,164,323	0
Fund Balance at End of Year	<u>\$349,935</u>	<u>\$349,935</u>	<u>\$0</u>

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Motor Vehicle and Gasoline Tax Fund
For the Year Ended December 31, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>			
Permissive Taxes	\$2,416,701	\$2,416,701	\$0
Licenses and Permits	8,250	8,250	0
Fines and Forfeitures	68,803	68,803	0
Intergovernmental	4,323,952	4,323,952	0
Interest	1,035	1,035	0
Other	37,213	37,213	0
Total Revenues	<u>6,855,954</u>	<u>6,855,954</u>	<u>0</u>
<u>Expenditures:</u>			
Current:			
Public Works	6,410,116	6,366,959	43,157
Intergovernmental	233,696	233,696	0
Total Expenditures	<u>6,643,812</u>	<u>6,600,655</u>	<u>43,157</u>
Excess of Revenues Over Expenditures	212,142	255,299	(43,157)
<u>Other Financing Sources (Uses):</u>			
Transfers In	73,261	73,261	
Transfers Out	(564,777)	(564,777)	0
Total Other Financing Sources (Uses)	<u>(491,516)</u>	<u>(491,516)</u>	<u>0</u>
Net Change in Fund Balance	(279,374)	(236,217)	(43,157)
Fund Balance at Beginning of Year	615,799	615,799	0
Prior Year Encumbrances Appropriated	120,871	120,871	0
Fund Balance at End of Year	<u>\$457,296</u>	<u>\$500,453</u>	<u>(\$43,157)</u>

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Mental Health Fund
For the Year Ended December 31, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>			
Taxes	\$319,952	\$319,952	\$0
Intergovernmental	6,081,178	6,081,178	0
Rent	60,600	60,600	0
Other	11,448	11,448	0
Total Revenues	<u>6,473,178</u>	<u>6,473,178</u>	<u>0</u>
<u>Expenditures:</u>			
Current:			
Health			
Mental Health			
Personal Services	236,135	236,135	0
Fringe Benefits	98,351	98,351	0
Materials and Supplies	12,146	12,146	0
Contractual Services	5,667,768	5,667,768	0
Capital Outlay	13,036	13,036	0
Other	126,182	126,182	0
Total Expenditures	<u>6,153,618</u>	<u>6,153,618</u>	<u>0</u>
Excess of Revenues Over Expenditures	319,560	319,560	0
<u>Other Financing Source:</u>			
Transfer In	35,000	35,000	0
Net Change in Fund Balance	354,560	354,560	0
Fund Balance at Beginning of Year	<u>1,451,859</u>	<u>1,451,859</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,806,419</u></u>	<u><u>\$1,806,419</u></u>	<u><u>\$0</u></u>

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Mental Retardation and Developmental Disabilities Fund
For the Year Ended December 31, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>			
Taxes	\$2,543,867	\$2,543,867	\$0
Charges for Services	211,068	211,068	0
Intergovernmental	5,339,252	6,268,137	928,885
Other	34,773	34,773	0
Total Revenues	<u>8,128,960</u>	<u>9,057,845</u>	<u>928,885</u>
<u>Expenditures:</u>			
Current:			
Health			
Mental Retardation and Developmental Disabilities			
Personal Services	4,509,403	4,509,403	0
Fringe Benefits	2,795,576	2,784,159	11,417
Materials and Supplies	406,796	358,028	48,768
Contractual Services	527,563	1,422,387	(894,824)
Capital Outlay	22,309	15,436	6,873
Other	198,020	180,308	17,712
Total Health	<u>8,459,667</u>	<u>9,269,721</u>	<u>(810,054)</u>
Excess of Revenues Under Expenditures	(330,707)	(211,876)	118,831
<u>Other Financing Use:</u>			
Transfers Out	(50,000)	(50,000)	0
Net Change in Fund Balance	(380,707)	(261,876)	118,831
Fund Balance at Beginning of Year	<u>1,194,597</u>	<u>1,194,597</u>	<u>0</u>
Fund Balance at End of Year	<u>\$813,890</u>	<u>\$932,721</u>	<u>\$118,831</u>

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Jail Operating Levy Fund
For the Year Ended December 31, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>			
Taxes	\$1,111,114	\$1,111,114	\$0
Permissive Taxes	200,000	200,000	0
Charges for Services	2,021,015	2,021,015	0
Intergovernmental	736,128	736,128	0
Total Revenues	<u>4,068,257</u>	<u>4,068,257</u>	<u>0</u>
<u>Expenditures:</u>			
Current:			
Public Safety			
Jail Operating Levy			
Personal Services	2,327,777	2,327,777	0
Fringe Benefits	1,308,361	1,308,361	0
Materials and Supplies	548,529	548,529	0
Contractual Services	455,280	455,280	0
Other	15,072	15,072	0
Total Expenditures	<u>4,655,019</u>	<u>4,655,019</u>	<u>0</u>
Excess of Revenues Under Expenditures	(586,762)	(586,762)	0
<u>Other Financing Source:</u>			
Transfers In	587,500	587,500	0
Net Change in Fund Balance	738	738	0
Fund Balance (Deficit) at Beginning of Year	(2,602,745)	(2,602,745)	0
Prior Year Encumbrances Appropriated	1,050	1,050	0
Fund Balance (Deficit) at End of Year	<u>(\$2,600,957)</u>	<u>(\$2,600,957)</u>	<u>\$0</u>

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Jail Construction Fund
For the Year Ended December 31, 2003

	Final Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Capital Outlay			
Jail Construction			
Contractual Services	34,815	34,815	0
Debt Service:			
Principal Retirement	4,115,295	4,115,295	0
Interest and Fiscal Charges	111,113	111,113	0
Total Debt Service	4,226,408	4,226,408	0
Total Expenditures	4,261,223	4,261,223	0
Excess of Revenues Under Expenditures	(4,261,223)	(4,261,223)	0
<u>Other Financing Source:</u>			
Proceeds of Notes	4,243,417	4,243,417	0
Net Change in Fund Balance	(17,806)	(17,806)	0
Fund Balance at Beginning of Year	21,359	21,359	0
Fund Balance at End of Year	\$3,553	\$3,553	\$0

Jefferson County, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>			
Charges for Services	\$887,272	\$887,272	\$0
Special Assessments	34,953	34,953	0
Capital Grants	26,996	26,996	0
Permissive Taxes	55,913	55,913	0
Proceeds of Notes	2,175,521	2,175,521	0
Total Revenues	<u>3,180,655</u>	<u>3,180,655</u>	<u>0</u>
<u>Expenses:</u>			
Personal Services	252,919	252,912	7
Contractual Services	296,653	293,449	3,204
Materials and Supplies	88,472	84,437	4,035
Capital Outlay	80,625	71,503	9,122
Debt Service:			
Principal Retirement	2,648,191	2,648,191	0
Interest and Fiscal Charges	191,897	191,897	0
Total Expenses	<u>3,558,757</u>	<u>3,542,389</u>	<u>16,368</u>
Net Change in Fund Equity	(378,102)	(361,734)	16,368
Fund Equity at Beginning of Year	1,079,400	1,079,400	0
Prior Year Encumbrances Appropriated	49,036	49,036	0
Fund Equity at End of Year	<u><u>\$750,334</u></u>	<u><u>\$766,702</u></u>	<u><u>\$16,368</u></u>

Jefferson County, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>			
Charges for Services	\$4,141,193	\$4,141,193	\$0
Tap-In Fees	59,300	59,300	0
Interest	16,034	16,034	0
Permissive Taxes	362,449	362,449	0
Other Operating Revenue	14,942	14,942	0
Other Non-Operating Revenue	167,738	167,738	0
Proceeds of Notes	3,258,907	3,258,907	0
Total Revenues	<u>8,020,563</u>	<u>8,020,563</u>	<u>0</u>
<u>Expenses:</u>			
Personal Services	887,542	887,389	153
Contractual Services	1,732,112	1,864,324	(132,212)
Materials and Supplies	185,063	155,446	29,617
Other Operating Expenses	11,952	11,657	295
Capital Outlay	870,775	736,098	134,677
Debt Service:			
Principal Retirement	2,752,905	2,752,905	0
Interest and Fiscal Charges	295,373	295,373	0
Total Expenses	<u>6,735,722</u>	<u>6,703,192</u>	<u>32,530</u>
Net Change in Fund Equity	1,284,841	1,317,371	(32,530)
Fund Equity at Beginning of Year	1,077,810	1,077,810	0
Prior Year Encumbrances Appropriated	<u>45,387</u>	<u>45,387</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$2,408,038</u></u>	<u><u>\$2,440,568</u></u>	<u><u>\$32,530</u></u>

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Miscellaneous Local Fund
For the Year Ended December 31, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>			
Charges for Services	\$913,849	\$913,849	\$0
Licenses and Permits	350,836	350,836	0
Fines and Forfeitures	12,072	12,072	0
Intergovernmental	1,832,511	1,832,511	0
Interest	1,028	1,028	0
Rent	15,548	15,548	0
Other	45,801	45,801	0
Total Revenues	3,171,645	3,171,645	0
<u>Expenditures:</u>			
Current:			
General Government -			
Legislative and Executive			
Certificate of Auto Title			
Personal Services	209,785	209,785	0
Fringe Benefits	112,641	112,641	0
Materials and Supplies	7,698	7,698	0
Contractual Services	1,750	1,750	0
Other	5,994	5,994	0
Total Certificate of Auto Title	337,868	337,868	0
Real Estate Assessment			
Personal Services	154,473	154,473	0
Fringe Benefits	86,169	86,169	0
Materials and Supplies	9,403	9,403	0
Contractual Services	199,616	198,616	1,000
Other	12,900	12,900	0
Total Real Estate Assessment	462,561	461,561	1,000
Delinquent Real/Assess Collection			
Personal Services	81,865	81,865	0
Fringe Benefits	46,025	46,025	0
Materials and Supplies	1,743	1,743	0
Contractual Services	52,212	52,212	0
Other	106	106	0
Total Delinquent Real/Assess Collection	181,951	181,951	0
Equipment Recorders Supply			
Materials and Supplies	2,982	2,982	0
Contractual Services	65,749	62,298	3,451
Capital Outlay	13,685	13,525	160
Total Equipment Recorders Supply	82,416	78,805	3,611

(Continued)

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Miscellaneous Local Fund (Continued)
For the Year Ended December 31, 2003

	Final Budget	Actual	Variance Positive (Negative)
Geographic Info System			
Materials and Supplies	\$1,543	\$1,543	\$0
Contractual Services	135,357	7	135,350
Total Geographic Info System	136,900	1,550	135,350
Total General Government - Legislative and Executive	1,201,696	1,061,735	139,961
Public Works			
Recycling			
Materials and Supplies	81,124	81,124	0
Beautification			
Personal Services	137,565	137,565	0
Fringe Benefits	67,304	67,304	0
Materials and Supplies	1,668	1,489	179
Contractual Services	7,731	7,731	0
Capital Outlay	12,515	12,515	0
Other	26,461	26,461	0
Total Beautification	253,244	253,065	179
Total Public Works	334,368	334,189	179
Economic Development and Assistance			
Airport Gas Resale			
Materials and Supplies	17,552	17,552	0
Airport			
Personal Services	50,092	50,092	0
Fringe Benefits	39,480	39,480	0
Materials and Supplies	5,118	4,360	758
Contractual Services	322,356	218,959	103,397
Other	15,079	116,238	(101,159)
Total Airport	432,125	429,129	2,996
Total Economic Development and Assistance	449,677	446,681	2,996

(Continued)

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Miscellaneous Local Fund (Continued)
For the Year Ended December 31, 2003

	Final Budget	Actual	Variance Positive (Negative)
Health			
Dog and Kennel			
Personal Services	\$77,649	\$77,649	\$0
Fringe Benefits	52,713	52,713	0
Materials and Supplies	9,978	8,636	1,342
Other	11,975	11,120	855
Total Health	<u>152,315</u>	<u>150,118</u>	<u>2,197</u>
Human Services			
Child Support Enforcement Agency			
Personal Services	524,093	524,093	0
Fringe Benefits	263,842	263,842	0
Materials and Supplies	4,776	4,776	0
Contractual Services	447,083	447,083	0
Other	279,674	279,674	0
Total Human Services	<u>1,519,468</u>	<u>1,519,468</u>	<u>0</u>
Total Expenditures	<u>3,657,524</u>	<u>3,512,191</u>	<u>145,333</u>
Excess of Revenues Under Expenditures	<u>(485,879)</u>	<u>(340,546)</u>	<u>145,333</u>
Other Financing Sources (Uses):			
Sale of Assets	9,347	9,347	0
Transfers In	278,894	278,894	0
Transfers Out	(174,102)	(174,102)	0
Total Other Financing Sources (Uses)	<u>114,139</u>	<u>114,139</u>	<u>0</u>
Net Change in Fund Balance	(371,740)	(226,407)	145,333
Fund Balance at Beginning of Year	1,682,030	1,682,030	0
Prior Year Encumbrances Appropriated	<u>77,851</u>	<u>77,851</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,388,141</u></u>	<u><u>\$1,533,474</u></u>	<u><u>\$145,333</u></u>

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Court/Corrections and Public Safety Fund
For the Year Ended December 31, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>			
Charges for Services	\$220,454	\$220,454	\$0
Fines and Forfeitures	23,589	23,589	0
Intergovernmental	1,118,756	1,118,756	0
Other	<u>7,735</u>	<u>7,735</u>	<u>0</u>
Total Revenues	<u>1,370,534</u>	<u>1,370,534</u>	<u>0</u>
<u>Expenditures:</u>			
Current:			
General Government - Judicial			
County Probation Services			
Materials and Supplies	4,471	4,471	0
Contractual Services	5,972	5,971	1
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>
Total County Probation Services	<u>10,443</u>	<u>10,442</u>	<u>1</u>
Conduct of Business			
Other	<u>774</u>	<u>605</u>	<u>169</u>
Court Computer			
Contractual Services	<u>53,392</u>	<u>53,392</u>	<u>0</u>
Indigent Drivers Alcohol Treatment			
Contractual Services	<u>1,500</u>	<u>1,500</u>	<u>0</u>
Indigent Guardianship			
Contractual Services	<u>21,162</u>	<u>21,162</u>	<u>0</u>
Juvenile Court Computer			
Other	<u>1,715</u>	<u>1,715</u>	<u>0</u>

(Continued)

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Court/Corrections and Public Safety Fund (Continued)
For the Year Ended December 31, 2003

	Final Budget	Actual	Variance Positive (Negative)
Juvenile Computer Equipment			
Capital Outlay	\$15,339	\$15,339	\$0
Probate Court Computer			
Contractual Services	3,975	3,975	0
Probate Computer Equipment			
Materials and Supplies	6,316	6,316	0
Contractual Services	17,249	17,249	0
Total Probate Computer Equipment	23,565	23,565	0
Drug Court Treatment			
Materials and Supplies	1,000	1,000	0
Contractual Services	17,270	17,270	0
Total Drug Court Treatment	18,270	18,270	0
Clerk of Courts			
Contractual Services	2,339	2,339	0
Common Pleas Court Computer			
Contractual Services	7,429	7,429	0
Total General Government - Judicial	159,903	159,733	170
Public Safety			
Juvenile Probation Fees			
Other	668	668	0
Juvenile Incentive Block Grant			
Personal Services			
Materials and Supplies	33,270	33,270	0
Contractual Services	13,100	13,100	0
Capital Outlay	28,329	28,329	0
Total Juvenile Incentive Block Grant	74,699	74,699	0

(Continued)

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Court/Corrections and Public Safety Fund (Continued)
For the Year Ended December 31, 2003

	Final Budget	Actual	Variance Positive (Negative)
Child Abuse and Neglect			
Other	\$264	\$264	\$0
Mediation Juvenile Program			
Contractual Services	257,892	257,892	0
Other	720	720	0
Total Mediation Juvenile Program	258,612	258,612	0
FEL DELQ Care and Custody			
Personal Services	108,057	108,057	0
Fringe Benefits	190,127	190,127	0
Materials and Supplies	1,291	1,291	0
Contractual Services	204,850	204,850	0
Other	25,525	25,525	0
Total FEL DELQ Care and Custody	529,850	529,850	0
Sexual Offender Treatment Program			
Materials and Supplies	723	723	0
Contractual Services	12,779	12,779	0
Other	3,500	3,500	0
Total Sexual Offender Treatment Program	17,002	17,002	0
Crime Victims Assistance Office			
Personal Services	33,709	33,709	0
Fringe Benefits	17,050	17,050	0
Total Crime Victims Assistance Office	50,759	50,759	0
CPP			
Personal Services	16,163	16,163	0
Fringe Benefits	9,436	9,436	0
Materials and Supplies	2,505	2,505	0
Contractual Services	11,821	11,821	0
Capital Outlay	11,760	11,760	0
Other	7,009	7,009	0
Total CPP	58,694	58,694	0
Status Offender Program			
Personal Services	26,479	26,479	0
Contractual Services	2,525	2,525	0
Total Status Offender Program	29,004	29,004	0

(Continued)

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Court/Corrections and Public Safety Fund (Continued)
For the Year Ended December 31, 2003

	Final Budget	Actual	Variance Positive (Negative)
TANF			
Contractual Services	\$32,880	\$32,880	\$0
Community Corrections Act			
Personal Services	41,650	41,650	0
Fringe Benefits	20,025	20,025	0
Other	58	58	0
Total Community Corrections Act	61,733	61,733	0
Prisoner Incentive			
Capital Outlay	7,815	7,815	0
Law Enforcement Block Grant			
Capital Outlay	2,697	2,697	0
Law Enforcement Trust			
Contractual Services	7,535	7,535	0
CTC Expansion Project 1L			
Contractual Services	30,000	30,000	0
Total Public Safety	1,162,212	1,162,212	0
Total Expenditures	1,322,115	1,321,945	170
Excess of Revenues Over Expenditures	48,419	48,589	170
<u>Other Financing Source:</u>			
Transfers In	2,709	2,709	0

(Continued)

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Court/Corrections and Public Safety Fund (Continued)
For the Year Ended December 31, 2003

	Final Budget	Actual	Variance Positive (Negative)
Net Change in Fund Balance	\$51,128	\$51,298	\$170
Fund Balance at Beginning of Year	803,227	803,227	0
Prior Year Encumbrances Appropriated	<u>382</u>	<u>382</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$854,737</u></u>	<u><u>\$854,907</u></u>	<u><u>\$170</u></u>

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Emergency 911 Fund
For the Year Ended December 31, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>			
Permissive Taxes	\$1,237,801	\$1,237,801	\$0
Intergovernmental	339,206	339,206	0
Rent	24,760	24,760	0
Total Revenues	<u>1,601,767</u>	<u>1,601,767</u>	<u>0</u>
<u>Expenditures:</u>			
Current:			
Public Safety			
Emergency 911			
Personal Services	436,362	436,362	0
Fringe Benefits	208,706	208,706	0
Materials and Supplies	118,592	118,592	0
Contractual Services	217,947	217,947	0
Other	28,928	28,928	0
Total Expenditures	<u>1,010,535</u>	<u>1,010,535</u>	<u>0</u>
Excess of Revenues Over Expenditures	<u>591,232</u>	<u>591,232</u>	<u>0</u>
<u>Other Financing Sources (Uses):</u>			
Sale of Assets	5,000	5,000	0
Advances Out	(181,929)	(181,929)	0
Transfers Out	(340,822)	(340,822)	0
Total Other Financing Sources (Uses)	<u>(517,751)</u>	<u>(517,751)</u>	<u>0</u>
Net Change in Fund Balance	73,481	73,481	0
Fund Balance at Beginning of Year	<u>35,435</u>	<u>35,435</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$108,916</u></u>	<u><u>\$108,916</u></u>	<u><u>\$0</u></u>

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Permissive Sheriff Fund
For the Year Ended December 31, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>			
Permissive Taxes	\$1,657,896	\$1,657,896	\$0
Charges for Services	457,515	457,515	0
Intergovernmental	174,007	174,007	0
Other	2,836	2,836	0
Total Revenues	<u>2,292,254</u>	<u>2,292,254</u>	<u>0</u>
<u>Expenditures:</u>			
Current:			
Public Safety			
Permissive Sheriff			
Personal Services	1,363,991	1,363,991	0
Fringe Benefits	787,225	787,225	0
Materials and Supplies	118,070	118,070	0
Capital Outlay	95,316	95,316	0
Other	66,534	66,534	0
Total Expenditures	<u>2,431,136</u>	<u>2,431,136</u>	<u>0</u>
Excess of Revenues Under Expenditures	(138,882)	(138,882)	0
<u>Other Financing Source:</u>			
Transfers In	647,002	647,002	0
Net Change in Fund Balance	508,120	508,120	0
Fund Balance (Deficit) at Beginning of Year	<u>(1,297,471)</u>	<u>(1,297,471)</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u><u>(\$789,351)</u></u>	<u><u>(\$789,351)</u></u>	<u><u>\$0</u></u>

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Tuberculosis/Crippled Child Levy Fund
For the Year Ended December 31, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>			
Taxes	\$30	\$30	\$0
Intergovernmental	67,554	67,554	0
Other	1,139	1,139	0
Total Revenues	<u>68,723</u>	<u>68,723</u>	<u>0</u>
<u>Expenditures:</u>			
Current:			
Health			
Tuberculosis Levy			
Materials and Supplies	1,440	1,440	0
Contractual Services	85,683	85,683	0
Total Tuberculosis Levy	87,123	87,123	0
Crippled Child Levy			
Other	102,282	102,282	0
Total Expenditures	<u>189,405</u>	<u>189,405</u>	<u>0</u>
Net Change in Fund Balance	(120,682)	(120,682)	0
Fund Balance at Beginning of Year	<u>2,514,610</u>	<u>2,514,610</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$2,393,928</u></u>	<u><u>\$2,393,928</u></u>	<u><u>\$0</u></u>

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Children Services Fund
For the Year Ended December 31, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>			
Taxes	\$714,436	\$714,436	\$0
Charges for Services	661,910	661,910	0
Intergovernmental	3,235,233	3,235,233	0
Other	93,503	93,503	0
Total Revenues	<u>4,705,082</u>	<u>4,705,082</u>	<u>0</u>
<u>Expenditures:</u>			
Current:			
Human Services			
Children Services Levy			
Personal Services	1,777,226	1,777,226	0
Fringe Benefits	1,096,142	1,096,142	0
Materials and Supplies	60,342	48,615	11,727
Contractual Services	2,091,536	2,050,621	40,915
Capital Outlay	23,261	23,261	0
Other	71,539	64,008	7,531
Total Children Services Levy	<u>5,120,046</u>	<u>5,059,873</u>	<u>60,173</u>
Preschool Grant			
Personal Services	7,170	7,170	0
Fringe Benefits	446	446	0
Total Preschool Grant	<u>7,616</u>	<u>7,616</u>	<u>0</u>
Total Human Services	<u>5,127,662</u>	<u>5,067,489</u>	<u>60,173</u>
Net Change in Fund Balance	(422,580)	(362,407)	60,173
Fund Balance at Beginning of Year	795,695	795,695	0
Prior Year Encumbrances Appropriated	19,930	19,930	0
Fund Balance at End of Year	<u><u>\$393,045</u></u>	<u><u>\$453,218</u></u>	<u><u>\$60,173</u></u>

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Development Block Grant Fund
For the Year Ended December 31, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>			
Intergovernmental	\$1,125,387	\$1,125,387	\$0
<u>Expenditures:</u>			
Current:			
Economic Development and Assistance			
Community Development Block Grant			
Contractual Services	1,096,623	1,096,623	0
Other	4,622	4,622	0
Total Expenditures	<u>1,101,245</u>	<u>1,101,245</u>	<u>0</u>
Net Change in Fund Balance	24,142	24,142	0
Fund Balance at Beginning of Year	<u>15,546</u>	<u>15,546</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$39,688</u></u>	<u><u>\$39,688</u></u>	<u><u>\$0</u></u>

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Federal Emergency Management Assistance Fund
For the Year Ended December 31, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>			
Intergovernmental	\$73,261	\$73,261	\$0
<u>Expenditures:</u>			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	73,261	73,261	0
<u>Other Financing Use:</u>			
Transfers Out	<u>(73,261)</u>	<u>(73,261)</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Debt Service Fund
For the Year Ended December 31, 2003

	Final Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Taxes	\$1,040,972	\$1,040,972	\$0
Permissive Taxes	343,705	343,705	0
Intergovernmental	129,349	129,349	0
Rent	343,462	343,462	0
Total Revenues	<u>1,857,488</u>	<u>1,857,488</u>	<u>0</u>
<u>Expenditures:</u>			
Debt Service:			
Principal Retirement	1,935,532	1,935,532	0
Interest and Fiscal Charges	1,354,733	1,354,733	0
Total Debt Service	<u>3,290,265</u>	<u>3,290,265</u>	<u>0</u>
Excess of Revenues Under Expenditures	(1,432,777)	(1,432,777)	0
<u>Other Financing Source:</u>			
Transfers In	<u>1,141,083</u>	<u>1,141,083</u>	<u>0</u>
Net Change in Fund Balance	(291,694)	(291,694)	0
Fund Balance at Beginning of Year	<u>2,099,590</u>	<u>2,099,590</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,807,896</u></u>	<u><u>\$1,807,896</u></u>	<u><u>\$0</u></u>

Jefferson County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Permanent Improvement Fund
For the Year Ended December 31, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>			
Other	\$6,000	\$6,000	\$0
<u>Expenditures:</u>			
Capital Outlay			
Mental Retardation	6,970	6,970	0
Debt Service:			
Principal Retirement	381,845	381,845	0
Interest and Fiscal Charges	10,310	10,310	0
Total Debt Service	392,155	392,155	0
Total Expenditures	399,125	399,125	0
Excess of Revenues Under Expenditures	(393,125)	(393,125)	0
<u>Other Financing Sources (Uses):</u>			
Proceeds of Notes	392,155	392,155	0
Transfers In	50,000	50,000	0
Transfers Out	(35,000)	(35,000)	0
Total Other Financing Sources (Uses)	407,155	407,155	0
Net Change in Fund Balance	14,030	14,030	0
Fund Balance at Beginning of Year	471,882	471,882	0
Fund Balance at End of Year	<u>\$485,912</u>	<u>\$485,912</u>	<u>\$0</u>

Jefferson County, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Self Insurance Fund
For the Year Ended December 31, 2003

	Final Budget	Actual	Variance Positive (Negative)
<u>Revenues:</u>			
Charges for Services - Insurance	\$7,290,636	\$7,290,636	\$0
Charges for Services - Workers' Compensation	603,278	603,278	0
Other Non-Operating Revenues - Workers' Compensation	24,802	24,802	0
Other Operating Revenue	<u>237,264</u>	<u>237,264</u>	<u>0</u>
Total Revenues	<u>8,155,980</u>	<u>8,155,980</u>	<u>0</u>
<u>Expenses:</u>			
Contractual Services - Insurance	393,984	393,984	0
Contractual Services - Workers' Compensation	243,916	243,916	0
Claims - Insurance	8,943,104	8,943,104	0
Claims - Workers' Compensation	<u>189,242</u>	<u>189,242</u>	<u>0</u>
Total Expenses	<u>9,770,246</u>	<u>9,770,246</u>	<u>0</u>
Net Change in Fund Equity	(1,614,266)	(1,614,266)	0
Fund Equity (Deficit) at Beginning of Year	<u>(3,129,168)</u>	<u>(3,129,168)</u>	<u>0</u>
Fund Equity (Deficit) at End of Year	<u><u>(\$4,743,434)</u></u>	<u><u>(\$4,743,434)</u></u>	<u><u>\$0</u></u>

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Statistical Section

JEFFERSON COUNTY, OHIO
General Fund Expenditures by Function
Last Ten Years

	<u>2003 (1)</u>	<u>2002 (1)</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
General Government:					
Legislative and Executive	\$4,719,734	\$5,074,323	\$5,028,648	\$5,155,992	\$4,733,044
Judicial	3,541,116	3,390,391	3,075,791	3,245,423	2,784,616
Public Safety	709,081	119,497	311,644	929,074	131,471
Public Works	0	0	15,230	183,643	180,300
Health	227,774	282,393	267,807	387,358	373,922
Human Services	990,784	877,699	894,109	826,458	847,208
Economic Development	0	0	0	125,893	133,812
Other	611,041	554,592	477,797	411,079	72,382
Capital Outlay	24,663	0	11,987	0	0
Intergovernmental	59,999	40,500	143,765	181,168	172,986
Principal Retirement	23,877	35,626	33,211	0	0
Interest and Fiscal Charges	<u>3,163</u>	<u>2,866</u>	<u>6,620</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$10,911,232</u>	<u>\$10,377,887</u>	<u>\$10,266,609</u>	<u>\$11,446,088</u>	<u>\$9,429,741</u>

(1) - Includes modified accrual information only. Once a significant number of years of full accrual information has been obtained, it will be included in a separate table

Source: Jefferson County Auditor

<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
\$4,830,432	\$4,683,961	\$5,092,457	\$4,465,601	\$3,359,439
2,685,234	2,547,965	2,197,547	2,092,597	1,802,955
149,254	133,869	121,342	121,715	202,323
168,200	179,106	0	158,619	0
368,540	340,874	258,504	203,395	8,431
896,019	933,746	1,154,815	235,875	224,738
359,424	158,484	156,381	0	0
113,942	378,880	3,361	0	294,839
0	0	0	0	0
176,137	169,930	195,383	71,212	0
0	0	0	2,073	0
<u>1,399</u>	<u>26,544</u>	<u>44,045</u>	<u>97,980</u>	<u>0</u>
<u>\$9,748,581</u>	<u>\$9,553,359</u>	<u>\$9,223,835</u>	<u>\$7,449,067</u>	<u>\$5,892,725</u>

JEFFERSON COUNTY, OHIO

General Fund Revenues by Source

Last Ten Years

	<u>2003 (1)</u>	<u>2002 (1)</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Property Taxes	\$1,734,045	\$1,725,032	\$2,179,948	\$1,939,289	\$1,923,662
Permissive Tax	4,031,020	3,975,249	3,738,870	3,745,132	3,571,762
Charges for Services	2,327,390	2,226,229	1,713,866	1,658,858	1,501,198
Licenses and Permits	6,344	4,685	4,885	0	0
Fines and Forfeitures	384,862	263,397	394,154	234,803	114,872
Intergovernmental	2,865,211	2,809,891	2,979,094	2,668,001	2,584,139
Interest	238,531	401,982	995,506	1,417,097	1,119,105
Rent	0	1,650	12,035	10,012	9,925
Other	<u>400,952</u>	<u>365,560</u>	<u>184,103</u>	<u>1,211,636</u>	<u>115,271</u>
Total Revenues	<u><u>\$11,988,355</u></u>	<u><u>\$11,773,675</u></u>	<u><u>\$12,202,461</u></u>	<u><u>\$12,884,828</u></u>	<u><u>\$10,939,934</u></u>

(1) - Includes modified accrual information only. Once a significant number of years of full accrual information has been obtained, it will be included in a separate table

Source: Jefferson County Auditor

<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
\$1,873,329	\$1,388,517	\$2,243,816	\$1,906,152	\$4,284,058
3,968,361	3,696,679	3,813,018	3,382,041	0
1,538,214	1,300,002	1,395,470	1,222,011	1,030,444
72,077	8,135	8,315	8,240	8,130
261,195	171,975	223,735	291,464	224,395
2,345,540	2,300,171	1,725,081	2,188,871	1,726,326
991,804	761,544	498,061	616,461	0
11,026	45,048	49,807	39,491	0
<u>177,962</u>	<u>425,813</u>	<u>238,020</u>	<u>73,906</u>	<u>458,905</u>
<u><u>\$11,239,508</u></u>	<u><u>\$10,097,884</u></u>	<u><u>\$10,195,323</u></u>	<u><u>\$9,728,637</u></u>	<u><u>\$7,732,258</u></u>

JEFFERSON COUNTY, OHIO

Property Tax Levies and Collections

Real and Public Utility Taxes

Last Ten Years

<u>Year</u>	<u>Current Tax Levy</u>	<u>Current Tax Collections (1)</u>	<u>Percent Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>
2003	\$40,165,455	\$38,832,118	96.68%	\$1,591,492	\$40,423,610
2002	39,037,712	37,807,239	96.85%	1,663,993	39,471,232
2001	49,139,104	47,833,872	97.34%	1,354,347	49,188,219
2000	45,115,236	45,115,236	100.00%	1,231,287	46,346,523
1999	46,785,513	45,667,358	97.61%	1,389,985	47,057,343
1998	46,574,714	45,368,028	97.41%	795,031	46,163,059
1997	45,096,566	43,988,978	97.54%	1,099,851	45,088,829
1996	43,848,774	42,886,926	97.81%	903,284	43,790,210
1995	42,928,015	42,078,633	98.02%	967,540	43,046,173
1994	40,063,860	39,288,733	98.07%	983,003	40,271,736

(1) State Reimbursement of Rollback and Homestead Exemptions are included.

(2) Penalties and interest are included, since by Ohio Law they become part of the tax obligation as assessment occurs.

Source: Jefferson County Auditor

<u>Percent of Collections to Current Tax Levy</u>	<u>Outstanding Delinquent Taxes (2)</u>	<u>Percent of Delinquent Taxes to Current Tax Levy</u>
100.64%	\$5,283,118	13.15%
101.11%	5,141,530	13.17%
100.10%	4,932,325	10.04%
102.73%	4,469,298	9.91%
100.58%	4,096,522	8.76%
99.12%	3,957,000	8.50%
99.98%	3,252,206	7.21%
99.87%	2,868,900	6.54%
100.28%	2,626,413	6.12%
100.52%	3,321,428	8.29%

JEFFERSON COUNTY, OHIO*Property Tax Levies and Collections**Tangible Personal Property Taxes**Last Ten Years*

<u>Year</u>	<u>Current Tax Levy</u>	<u>Current Tax Collections</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collected</u>	<u>Outstanding Delinquent Taxes</u>
2003	\$8,072,306	\$7,957,062	\$70,469	\$8,027,531	5,053,757
2002	5,816,268	5,657,258	110,825	5,768,083	5,008,982
2001	6,312,008	6,179,833	97,644	6,277,477	4,960,797
2000	9,315,459	8,443,478	569,201	9,012,680	4,926,266
1999	8,949,296	7,899,617	113,128	8,012,745	3,670,316
1998	7,927,285	7,123,769	103,250	7,227,019	3,388,186
1997	9,588,398	7,129,079	38,649	7,167,728	4,059,524
1996	6,952,882	6,542,782	33,368	6,576,150	3,326,972
1995	7,384,302	7,219,403	79,012	7,298,415	2,948,639
1994	6,047,003	5,282,644	70,636	5,353,280	3,310,843

Source: Jefferson County Auditor

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JEFFERSON COUNTY, OHIO
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

Year	Real Property		Public Utility Property		Tangible Personal Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value (1)
2003	715,324,780	2,043,785,086	208,221,340	594,918,114	120,137,070	480,548,280
2002	710,144,460	2,028,984,171	203,524,140	581,497,543	112,992,494	451,969,976
2001	709,278,810	2,026,510,886	204,389,790	583,970,829	115,978,614	463,914,456
2000	706,385,800	2,018,245,143	414,211,860	470,695,295	116,037,125	464,148,500
1999	576,107,630	1,646,021,800	416,032,490	472,764,193	142,000,742	568,002,968
1998	569,433,660	1,626,953,314	422,466,140	480,075,159	141,362,823	565,451,292
1997	563,355,090	1,609,585,971	422,628,880	480,260,091	128,468,415	513,873,660
1996	520,185,810	1,486,245,171	423,463,930	481,209,011	122,595,923	490,383,692
1995	519,558,460	1,484,452,743	448,915,360	510,131,091	114,787,870	459,151,480
1994	447,044,300	1,277,269,429	440,497,570	500,565,420	117,943,780	471,775,120

(1) - This amount is calculated by dividing the assessed value by the assessment percentage.

Source: Jefferson County Auditor

Totals		
Assessed Value	Estimated Actual Value (1)	Ratio
1,043,683,190	3,119,251,480	33.5%
1,026,661,094	3,062,451,690	33.5%
1,029,647,214	3,074,396,170	33.5%
1,236,634,785	2,953,088,938	41.9%
1,134,140,862	2,686,788,961	42.2%
1,133,262,623	2,672,479,765	42.4%
1,114,452,385	2,603,719,722	42.8%
1,066,245,663	2,457,837,875	43.4%
1,083,261,690	2,453,735,314	44.1%
1,005,485,650	2,249,609,969	44.7%

JEFFERSON COUNTY, OHIO

*Property Tax Rates
Direct and Overlapping Governments
(Per \$1,000 of Assessed Value)
Last Ten Years*

<u>County Units</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
General Fund	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85
Mental Health	0.50	0.50	0.50	0.50	0.50	0.50
Mental Health & Retardation	1.80	1.80	1.80	1.80	1.80	1.80
Tuberculosis & Crippled Children	0.00	0.30	0.30	0.30	0.30	0.30
Children's Services	1.00	1.00	1.00	1.00	1.00	1.00
Bond/jail (\$15,000,000)	1.10	1.10	1.10	1.10	1.10	1.10
Mental Health & Retardation - Jeffco.	1.70	1.70	1.70	1.70	1.70	1.70
911 System	1.50	1.00	1.00	1.00	1.00	1.00
Jail Operating & Equipment	1.50	1.50	1.50	1.50	1.50	1.50
	10.95	10.75	10.75	10.75	10.75	10.75
<u>Corporations:</u>						
Adena	25.00	25.00	25.00	20.00	20.00	20.00
Amsterdam	19.40	19.40	19.40	19.40	19.40	16.70
Bergholz	8.20	8.20	8.20	8.20	8.20	8.20
Bloomington	8.40	8.40	8.40	8.40	8.40	8.40
Dillonvale	16.90	16.90	16.90	16.90	16.90	16.90
Empire	13.70	12.20	12.20	12.20	12.20	12.20
Irondale	11.00	11.00	11.00	11.00	11.00	11.00
Mingo Junction	9.80	6.80	7.80	7.80	7.80	7.80
Mt. Pleasant	26.90	26.90	26.90	26.90	26.90	26.90
New Alexandria	2.40	7.40	7.40	7.40	7.40	7.40
Rayland	6.70	6.70	6.70	6.70	6.70	6.70
Richmond	14.40	14.40	14.40	14.40	14.40	14.40
Smithfield	25.30	26.30	26.30	23.30	23.30	23.30
Steubenville	8.90	7.90	7.90	7.90	7.90	9.20
Stratton	5.00	3.50	3.50	3.50	3.50	3.50
Tiltonsville	12.70	12.70	12.70	12.70	12.70	12.70
Toronto	7.00	3.40	3.40	3.90	3.90	6.40
Wintersville	6.80	6.80	6.80	6.80	6.80	9.80
Yorkville	10.45	10.45	10.45	11.30	10.95	10.95
<u>Townships:</u>						
Brush Creek	4.20	4.20	4.20	3.70	3.70	3.70
Cross Creek	8.90	8.90	8.90	8.90	8.90	8.90
Island Creek	8.70	8.70	8.70	8.70	8.70	8.70
Knox	9.70	9.70	8.20	5.20	5.20	5.20
Mt. Pleasant	6.10	6.10	6.10	6.10	6.10	6.10
Ross	3.70	3.70	3.70	2.70	2.70	2.70
Salem	6.50	6.50	6.50	6.50	6.50	6.50
Saline	3.80	3.80	3.80	3.80	3.80	3.80
Smithfield	5.10	5.10	5.10	5.10	5.10	5.10
Springfield	8.20	8.20	8.20	8.20	8.20	8.20
Steubenville	4.10	4.10	4.10	4.10	4.10	4.10
Warren	5.80	5.80	5.80	5.80	5.80	5.80
Wayne	11.90	11.90	11.90	11.90	11.90	11.90
Wells	6.00	6.00	6.00	6.00	6.00	6.00
<u>School Districts</u>						
Buckeye Local School District	30.60	30.50	30.50	30.50	31.35	31.35
Edison Local School District	30.40	30.40	30.40	30.40	30.50	30.50
Indian Creek Local School District	39.10	39.10	39.10	39.10	39.10	39.10
Steubenville City School District	35.95	36.45	36.45	36.80	36.80	34.70
Toronto City School District	37.65	37.65	37.65	37.65	37.65	44.05
<u>Joint Vocational School</u>						
Jefferson County JVS	1.50	1.50	1.50	1.50	1.50	1.50
<u>College</u>						
Community College	1.00	1.00	1.00	1.00	1.00	1.00

Source: Jefferson County Auditor

<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
\$1.85	\$1.85	\$1.85	\$1.85
0.50	0.50	0.50	0.50
1.80	1.80	1.80	1.80
0.30	0.30	0.30	0.30
1.00	1.00	1.00	1.00
1.10	1.10	1.10	1.10
1.70	1.70	1.70	1.70
1.00	0.65	0.65	0.65
1.50	1.50	1.50	1.50
10.75	10.40	10.40	10.40

20.00	20.00	20.00	20.00
16.70	16.70	13.70	13.70
8.20	8.20	8.20	8.20
8.40	8.40	8.40	8.40
16.90	16.90	16.90	16.90
12.20	12.70	12.20	12.20
11.00	11.00	11.00	11.00
7.80	7.80	7.80	6.80
22.90	22.90	14.90	22.90
7.40	7.40	7.40	7.40
6.70	6.70	6.70	6.00
14.40	14.40	14.40	14.40
24.30	24.30	24.30	24.30
9.20	9.20	9.20	8.20
3.50	4.00	3.50	3.50
12.70	12.70	7.80	9.25
6.40	3.40	3.40	3.40
9.80	9.80	9.80	9.80
10.95	10.95	10.95	10.95

3.70	3.70	3.70	3.70
8.90	8.90	8.90	8.90
8.70	8.70	8.70	8.70
5.20	5.20	5.20	5.20
6.10	6.10	6.10	6.10
2.70	2.70	2.70	2.70
6.50	6.50	6.50	6.50
3.80	3.80	3.80	3.80
5.10	5.10	5.10	5.10
8.20	8.20	5.20	5.20
4.10	4.10	4.10	4.10
5.80	5.80	5.80	5.80
11.90	11.90	11.90	11.90
6.00	6.00	6.00	6.00

31.35	31.35	31.35	31.35
30.50	30.50	30.50	27.60
39.10	39.10	31.20	31.20
34.70	34.70	34.70	34.70
44.05	44.05	44.05	39.05

1.50	1.50	1.50	1.50
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1.00	1.00	1.00	1.00
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JEFFERSON COUNTY, OHIO
Special Assessments Billed and Collected
Last Ten Years

Year	Special Assessments Billed	Special Assessments Collected	Percent Collected	Outstanding Delinquent
2003	\$226,727	\$34,953	15.42%	\$191,774
2002	218,551	32,686	14.96%	186,957
2001	224,006	47,643	21.27%	182,160
2000	209,962	46,579	22.18%	170,069
1999	179,519	38,812	21.62%	145,411
1998	161,293	35,759	22.17%	130,648
1997	147,117	33,146	22.53%	119,165
1996	135,953	29,828	21.94%	110,122
1995	124,196	27,584	22.21%	100,599
1994	124,033	27,449	22.13%	100,467

Source: Jefferson County Auditor

JEFFERSON COUNTY, OHIO
Computation of Legal Debt Margin
December 31, 2003

	Total Debt Limit (1)	Total Unvoted Debt Limit (2)
Assessed Value of County, Collection Year 2003	\$1,043,683,190	\$1,043,683,190
Debt Limitation	24,592,080	10,436,832
Total Outstanding Debt:		
General Obligation Bonds	23,907,219	23,907,219
Revenue Bonds	132,000	132,000
OWDA Loans	5,190,932	5,190,932
OPWC Loans	814,878	814,878
Notes	11,301,657	11,301,657
Total	41,346,686	41,346,686
Exemptions:		
General Obligation Bonds	22,702,219	22,702,219
Revenue Bonds	132,000	132,000
OWDA Loans	5,190,932	5,190,932
OPWC Loans	814,878	814,878
Notes:		
Jail Facilities Notes	4,243,417	4,243,417
Road Improvement Notes	0	0
Water Revenue Notes	3,398,216	3,398,216
Sewer Revenue Notes	2,228,670	2,228,670
Industrial Park Water Revenue Notes	110,033	110,033
Industrial Park Sewer Revenue Notes	282,122	282,122
Amount Available in Debt Service Fund	2,017,073	2,017,073
Total	41,119,560	41,119,560
Net Debt	\$227,126	\$227,126
Total Legal Debt Margin (Debt Limitation Minus Net Debt)	\$24,364,954	\$10,209,706

(1) The Debt Limitation is calculated as follows:

Three percent of first \$100,000,000 of assessed value	\$3,000,000
1 1/2 percent of the next \$200,000,000 of assessed value	\$3,000,000
2 1/2 percent of amount of assessed value in excess of \$300,000,000	18,592,080
	\$24,592,080

(2) The Debt Limitation equals one percent of the assessed value.

Source: Jefferson County Auditor

JEFFERSON COUNTY, OHIO
*Ratio of Net General Obligation Bonded Debt to Assessed Value
and Net Bonded Debt Per Capita
Last Ten Years*

<u>Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt (1)</u>	<u>Debt Service Monies Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2003	71,888	\$1,043,683,190	\$23,907,219	\$2,017,073	\$21,890,146	2.10%	\$304.50
2002	72,402	1,026,661,094	25,527,219	2,311,876	23,215,343	2.26%	320.65
2001	72,855	1,029,647,214	27,087,219	1,935,010	25,152,209	2.44%	345.24
2000	73,894	1,236,634,785	28,582,219	1,306,301	27,275,918	2.21%	369.12
1999	73,662	1,134,140,862	29,842,219	1,430,851	28,411,368	2.51%	385.70
1998	74,558	1,114,452,385	30,902,219	1,197,938	29,704,281	2.67%	398.41
1997	76,014	1,066,245,663	16,475,000	1,581,075	14,893,925	1.40%	195.94
1996	77,037	1,073,746,960	16,915,000	1,462,935	15,452,065	1.44%	200.58
1995	77,968	1,084,003,820	17,335,000	(381,064)	17,716,064	1.63%	227.22
1994	78,477	1,006,187,400	3,450,000	(337,545)	3,787,545	0.38%	48.26

(1) Includes only General Obligation Bonds

Source: Jefferson County Auditor

JEFFERSON COUNTY, OHIO
*Ratio of Annual Debt Service Expenditures For
 General Obligation Bonded Debt to Total General Fund Expenditures
 Last Ten Years*

<u>Year</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures</u>	<u>Ratio of Debt Service To Total General Fund Expenditures</u>
2003	\$1,620,000	\$1,293,186	\$2,913,186	\$10,911,232	26.70%
2002	1,560,000	1,367,558	2,927,558	10,377,887	28.21%
2001	1,495,000	1,440,413	2,935,413	10,266,609	28.59%
2000	1,260,000	1,502,188	2,762,188	11,446,088	24.13%
1999	1,060,000	1,554,678	2,614,678	9,429,741	27.73%
1998	1,055,000	1,317,867	2,372,867	9,748,581	24.34%
1997	440,000	1,164,425	1,604,425	9,553,359	16.79%
1996	420,000	1,189,406	1,609,406	9,223,835	17.45%
1995	315,000	1,101,999	1,416,999	7,449,067	19.02%
1994	239,285	274,263	513,548	5,892,725	8.71%

Source: Jefferson County Auditor

JEFFERSON COUNTY, OHIO

*Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2003*

<u>Political Subdivision</u>	<u>Debt Outstanding (1)</u>	<u>Percentage Applicable To County (2)</u>	<u>Amount Applicable To County</u>
Jefferson County	\$23,907,219	100.00%	<u>\$23,907,219</u>
Cities Wholly Within County	750,000	100.00	750,000
Villages Wholly Within County	137,000	100.00	137,000
School District Wholly Within County	9,909,444	100.00	9,909,444
Buckeye Local School District	3,597,474	89.36	3,350,816
Southern Local School District	2,949,999	1.46	<u>44,165</u>
Total Overlapping Debt Only			<u>14,191,425</u>
Total Applicable to Jefferson County			<u><u>\$38,098,644</u></u>

(1) Includes only General Obligation Bonded Debt.

(2) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the County by the total assessed valuation of the political subdivision.

Source: Jefferson County Auditor

JEFFERSON COUNTY, OHIO

Revenue Bond Coverage - Water Fund

Last Nine Years

Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest and Fiscal Charges	Total	
2003	\$4,198,098	\$2,752,511	\$1,445,587	\$69,000	\$6,993	\$75,993	19.02
2002	3,820,188	2,708,552	1,111,636	63,000	9,765	72,765	15.28
2001	3,037,379	2,600,027	437,352	60,000	12,348	72,348	6.05
2000	3,152,461	2,525,840	626,621	58,000	14,826	72,826	8.60
1999	3,077,663	2,202,212	875,451	56,000	17,220	73,220	11.96
1998	2,915,440	2,348,500	566,940	54,000	19,530	73,530	7.71
1997	2,579,262	1,702,331	876,931	51,000	21,720	72,720	12.06
1996	3,072,079	1,596,632	1,475,447	49,000	23,680	72,680	20.30
1995	2,390,594	1,516,456	874,138	47,000	25,560	72,560	12.05

(1) Total revenues (including interest) exclusive of tap fees, capital grants, and permissive taxes

(2) Total operating expenses exclusive of depreciation

(3) Includes principal and interest of revenue bonds only

Note: Information prior to 1995 not available

Source: Jefferson County Auditor

JEFFERSON COUNTY, OHIO

Demographic Statistics

December 31, 2003

Total Population	71,888	(1)
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Sex

Male	34,295	(2)
Female	37,593	

Age

Under 5 Years	3,755	(2)
5 to 9 Years	4,215	
10 to 14 Years	4,540	
15 to 19 Years	4,933	
20 to 24 Years	4,051	
25 to 34 Years	7,869	
35 to 44 Years	10,513	
45 to 54 Years	10,911	
55 to 59 Years	3,916	
60 to 64 Years	3,806	
65 to 74 Years	6,907	
75 to 84 Years	4,997	
85 Years and Over	1,475	

Median Age	41.6	
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Under 18 Years	16,944	
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Percent of Total Population	23.6%	
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65 Years and Over	13,379	
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Percent of Total Population	18.6%	
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Year		Population (1)
2003		71,888
2002		72,402
2001		72,855
2000		73,894
1999		73,662
1998		74,558
1997		76,014
1996		77,037
1995		77,968
1994		78,477

Sources: (1) U.S. Census Bureau
 (2) Social and Economic Trend Analysis

JEFFERSON COUNTY, OHIO

Ten Largest Employers

December 31, 2003

<u>Ten Largest Employers</u>	<u>Nature of Business</u>	<u>Employees</u>
Weirton Steel Corporation	Steel	3,307
Wheeling-Pittsburgh Steel Corporation	Steel	2,480
Trinity Health Systems	Health Care	1,800
Wal-Mart Distribution Center	Retail Product Distribution	548
Titanium Metals Corporation	Titanium Mill Products	500
Wal-Mart	Retail Sales	448
FirstEnergy	Utility	400
Franciscan University of Steubenville	Higher Education	375
American Electric Power	Power Generation	250
Jefferson Community College	Higher Education	220

Source: Ohio Industrial Directory and Jefferson County Auditor's Office

JEFFERSON COUNTY, OHIO
Property Value, Construction and Bank Deposits
Last Ten Years

Collection Year	Real Property Value		
	Agricultural/ Residential	Commercial/ Industrial	Total Value (1)
2003	\$561,336,380	\$153,988,400	\$715,324,780
2002	558,299,540	150,979,270	709,278,810
2001	557,811,710	148,574,090	706,385,800
2000	437,500,420	138,607,210	576,107,630
1999	431,203,490	138,230,170	569,433,660
1998	426,309,620	137,045,470	563,355,090
1997	385,324,580	134,861,230	520,185,810
1996	384,547,290	135,011,170	519,558,460
1995	315,137,890	131,906,410	447,044,300
1994	312,204,320	132,105,180	444,309,500

(1) Does not include Public Utility Real Property and Mineral Land and Rights

Sources: Jefferson County Auditor
 Federal Deposit Insurance Agency

New Construction			Bank Deposits
Residential	Industrial	Total New Construction	
\$4,376,930	\$3,798,490	\$8,175,420	\$950,499,000
4,474,960	2,360,720	6,835,680	930,041,000
5,699,450	2,054,480	7,753,930	913,259,000
6,431,540	1,353,710	7,785,250	910,791,000
4,881,840	1,351,330	6,233,170	904,951,000
2,659,230	1,334,170	3,993,400	896,436,000
1,782,740	717,280	2,500,020	909,721,000
1,782,740	1,644,280	3,427,020	884,969,000
2,485,820	2,067,240	4,553,060	872,416,000
1,425,730	1,449,380	2,875,110	913,259,000

JEFFERSON COUNTY, OHIO

Principal Property Taxpayers

December 31, 2003

<u>Taxpayers</u>	<u>Type of Business</u>	<u>Real Estate Assessed Valuation</u>	<u>Tangible Personal Property Assessed Valuation</u>
First Energy (formerly Ohio Edison)	Electric Utility	\$91,072,160	\$0
Buckeye Power Company	Electric Utility	60,217,130	0
Ohio Power Company	Electric Utility	58,642,150	0
Wheeling-Pittsburgh Steel Corporation	Steel Manufacturing	7,578,980	36,918,750
Titanium Metals Corporation of America	Metals Manufacturing	0	23,441,220
Cleveland Electric	Electric Utility	12,413,040	0
Wal-Mart Stores	Retail Property	9,026,570	1,279,370
Fort Steuben Mall	Retail Property	9,927,280	0
Midwest Electrical Supply Co.	Electric Supplies	0	9,421,460
Ohio Bell Telephone Company	Telephone Company	<u>6,997,590</u>	<u>0</u>
		<u>\$255,874,900</u>	<u>\$71,060,800</u>

Source: Jefferson County Auditor's Office

<u>Total Assessed Valuation</u>	<u>Percent of Total County Assessed Valuation</u>
\$91,072,160	8.09%
60,217,130	5.35%
58,642,150	5.21%
44,497,730	3.95%
23,441,220	2.08%
12,413,040	1.10%
10,305,940	0.92%
9,927,280	0.88%
9,421,460	0.84%
<u>6,997,590</u>	<u>0.62%</u>
<u><u>\$326,935,700</u></u>	<u><u>29.05%</u></u>

JEFFERSON COUNTY, OHIO

Miscellaneous Statistics

December 31, 2003

Date of Incorporation	1797
35th Largest County in the State of Ohio (1)	88 Counties in Ohio
County Seat	Steubenville, Ohio
Area - Square Miles	409.6
Number of Political Subdivisions Located in the County: (2)	
Cities	2
Villages	17
Townships	14
School Districts	7
Vocations School Districts	3
Fire District	1
Colleges:	
Jefferson Community College	1
Universities:	
Franciscan University	1
Lane Miles (3)	
U.S. Highways	18.95
State Highways	153.65
County Highways	526
Township Roads	894
Communications	
3 Radio Stations - WDIG 95-AM; WSTV 1340-AM; WRKY 103.5-FM	
3 Daily Newspapers - The Herald Star; Intelligencer; Times Leader	
Voter Statistics, Election of November , 2003 (4)	
Number of Registered Voters	46,073
Number of Voters, Last General Election	20,667
Percentage of Voters Voting	44.86%

Sources:

- (1) U.S. Bureau of the Census
- (2) Jefferson County Auditor
- (3) Jefferson County Engineer's Office and Ohio Department of Development
- (4) Jefferson County Board of Elections



**Auditor of State
Betty Montgomery**

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P.O. Box 1140
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Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

FINANCIAL CONDITION

JEFFERSON 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
NOVEMBER 4, 2004**