



**Auditor of State  
Betty Montgomery**



**FINANCIAL CONDITION  
PICKAWAY COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Board of County Commissioners  
Pickaway County  
207 South Court Street  
Circleville, Ohio 43113

To the Board of County Commissioners

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pickaway County, Ohio (the County) as of and for the year ended December 31, 2002, 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 the Brooks-Yates Center for Diversified Opportunities, Inc. 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 the Brooks-Yates Center for Diversified Opportunities, Inc. 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. The other auditors audited the financial statements of Brooks-Yates Center for Diversified Opportunities, Inc. in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pickaway County, Ohio, as of December 31, 2002, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General, Auto License and Gas Tax, Human Services, and Board of Mental Retardation funds thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 4, during the year ended December 31, 2002, the County implemented the new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*.

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In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2003 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 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 schedule of federal awards expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the schedule of federal awards expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Betty Montgomery**  
**Auditor of State**

September 19, 2003

**Pickaway County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2002*  
*Unaudited*

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The discussion and analysis of Pickaway County's financial performance provides an overall review of the County's financial activities for the fiscal year ended December 31, 2002. The intent of this discussion and analysis is to look at the County's financial performance as a whole. Readers should also review the financial statements and notes to those respective statements to enhance their understanding of the County's financial performance.

### **Financial Highlights**

Key financial highlights for 2002 are as follows:

- The assets of the County exceeded its liabilities at December 31, 2002, by \$35,237,525. Of this amount, \$2,226,737 may be used to meet the County's ongoing obligations to citizens and creditors.
- The net assets of governmental activities increased \$5,639,497, which represents a 19.2 percent increase from 2001. While the net assets of business-type activities decreased \$619, which represents a 0.3 percent decrease.
- For 2002, all revenues of the County totaled \$30,556,758. General revenues accounted for \$14,564,014 in revenue or 47.7 percent of all revenues. Program revenues in the form of charges for services and grants and contributions accounted for \$15,992,744 or 52.3 percent of all revenues.
- The County had \$24,784,298 in expenses related to governmental activities: only \$15,861,836 of these expenses was offset by program specific charges for services, grants and contributions. General revenues were \$14,561,959 of which \$9,856,560 was taxes with the remaining \$4,705,399 interest, grants, entitlements and miscellaneous revenues.
- As of December 31, 2002, the County's governmental funds reported combined ending fund balances of \$10,098,681, an increase of \$3,240,316 or 47.2 percent in comparison with the prior year.

### **Overview of the Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Pickaway County as a financial whole or as an entire operating entity. The statements then proceed to provide a detailed look at specific financial conditions.

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: The government-wide financial statements, fund financial statements, and notes to the basic financial statements.

#### *Government-Wide Financial Statements*

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to private-sector businesses. The statement of net assets and the statement of activities provide information about activities of the County as a whole, presenting both an aggregate view of the County's finances and a longer-term view of those assets.

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. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's tax base, current property tax laws in Ohio

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restricting revenue growth, and the condition of the County's capital assets (roads, bridges, sewer lines, etc.). These factors need to be considered when assessing the overall health of the County.

The statement of activities presents information showing how the government's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

In both of the government-wide financial statements, the County is divided into two distinct kinds of activities:

**Governmental Activities** - Most of the County's programs and services are reported here including human services, health, public safety, public works, economic development and assistance and general government (legislative and executive and judicial). 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 countywide sewer operation is reported here.

**Component Units** - The County's financial statements include financial data for the Pickaway County Airport Authority and Brook-Yates Center Diversified Opportunities, Inc. These component units are described in the notes to the basic financial statements. The component units are separate and may buy, sell, lease and mortgage property in their own name and can sue and be sued in their own name.

#### *Fund Financial Statements*

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the General, Auto, License and Gas Tax, Job and Family Services, and Board of Mental Retardation.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. 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 one of three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-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.



**Pickaway County, Ohio**  
*Management's Discussion and Analysis*  
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The County maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental 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.

**Proprietary Funds** - The County maintains only one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for its Countywide Sewer fund.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The County's fiduciary funds are private-purpose trust and agency.

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

**Government-Wide Financial Analysis**

You may recall that the statement of net assets provides the perspective of the County as a whole. Table 1 provides a summary of the County's net assets for 2002 compared to 2001:

	Table 1 Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2002	2001	2002	2001	2002	2001
<i>Assets:</i>						
Current and Other Assets	\$17,567,092	\$16,921,864	\$155,721	\$174,287	\$17,722,813	\$17,096,151
Capital Assets, Net	26,418,496	24,391,863	79,813	89,222	26,498,309	24,481,085
<b>Total Assets</b>	<b>43,985,588</b>	<b>41,313,727</b>	<b>235,534</b>	<b>263,509</b>	<b>44,221,122</b>	<b>41,577,236</b>
<i>Liabilities:</i>						
Current Liabilities	5,390,373	7,895,455	49,758	77,114	5,440,131	7,972,569
Long-Term Liabilities	3,543,466	4,006,020	0	0	3,543,466	4,006,020
<b>Total Liabilities</b>	<b>8,933,839</b>	<b>11,901,475</b>	<b>49,758</b>	<b>77,114</b>	<b>8,983,597</b>	<b>11,978,589</b>
<i>Net Assets:</i>						
Invested in Capital Assets						
Net of Related Debt	25,525,582	22,540,198	49,813	27,778	25,575,395	22,567,976
<i>Restricted For:</i>					0	
Capital Projects	1,445,791	120,561	0	0	1,445,791	120,561
Other Purposes	5,989,602	5,720,510	0	0	5,989,602	5,720,510
Unrestricted	2,090,774	1,030,983	135,963	158,617	2,226,737	1,189,600
<b>Total Net Assets</b>	<b>\$35,051,749</b>	<b>\$29,412,252</b>	<b>\$185,776</b>	<b>\$186,395</b>	<b>\$35,237,525</b>	<b>\$29,598,647</b>

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$35,237,525 (\$35,051,749 in governmental activities and \$185,776 in business-type activities) at the end of the 2002 year.

The County's net assets are reflected in three categories: invested in capital assets, net of related debt, restricted and unrestricted.

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The County's largest portion of net assets relates to invested in capital assets, net of related debt. This accounts for 72.6 percent of net assets. 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 capital assets themselves cannot be used to pay these liabilities.

The County's smallest portion of net assets is unrestricted. This accounts for 6.3 percent of net assets. These net assets represent resources that may be used to meet the County's ongoing obligations to its citizens and creditors.

The remaining balance of \$7,435,393 or 21.1 percent is restricted assets. The restricted net assets are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net assets, both for the County as a whole, as well as for its separate governmental and business-type activities. The same was true for the prior year.

Table 2 shows the changes in net assets for fiscal year 2002. Since this is the first year the County has prepared financial statements following GASB Statement No. 34, revenue and expense comparisons to fiscal year 2001 are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

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Table 2			
Changes in Net Assets			
	Governmental		
	Activities	Business-Type	
	2002	2002	Total
<i>Program Revenues:</i>			
Charges for Services	\$2,551,394	\$130,908	\$2,682,302
Operating Grants and Contributions	12,339,319	0	12,339,319
Capital Grants and Contributions	971,123	0	971,123
<b>Total Program Revenues</b>	<b>15,861,836</b>	<b>130,908</b>	<b>15,992,744</b>
<i>General Revenues:</i>			
Property Taxes	4,626,607	0	4,626,607
Sales Taxes	5,229,953	0	5,229,953
Grants & Entitlements	1,164,184	0	1,164,184
Interest	493,462	0	493,462
Miscellaneous	3,047,753	2,055	3,049,808
<b>Total General Revenues</b>	<b>14,561,959</b>	<b>2,055</b>	<b>14,564,014</b>
<b>Total Revenues</b>	<b>30,423,795</b>	<b>132,963</b>	<b>30,556,758</b>
<i>Program Expenses:</i>			
<i>General Government:</i>			
Legislative & Executive	3,564,717	0	3,564,717
Judicial	1,519,757	0	1,519,757
Public Safety	5,274,133	0	5,274,133
Public Works	1,942,977	0	1,942,977
Health	3,568,465	0	3,568,465
Human Services	7,503,452	0	7,503,452
Conservation and Recreation	358,391	0	358,391
Economic Development and Assistance	784,952	0	784,952
Other	78,526	0	78,526
Interest and Fiscal Charges	188,928	0	188,928
Countywide Sewer	0	133,582	133,582
<b>Total Program Expenses</b>	<b>24,784,298</b>	<b>133,582</b>	<b>24,917,880</b>
<b>Change in Net Assets</b>	<b>5,639,497</b>	<b>(619)</b>	<b>5,638,878</b>
Net Assets at January 1	29,412,252	186,395	29,598,647
Net Assets at December 31	\$35,051,749	\$185,776	\$35,237,525

The most significant program expenses for the County are Human Services, Public Safety, Health, Legislative and Executive, and Public Works. These programs account for 88.2 percent of the total governmental activities. Human Services, which accounts for 30.3 percent of the total, represents costs associated with providing services for various state and locally mandated public assistance and welfare programs for families and individuals. These expenses reflect programs administered by Job and Family Services, Child Support Enforcement Agency and Children Services. Public Safety, which represents 21.3 percent of the total, represents costs mainly associated with the operation of the Sheriff's Department and County Jail. Health, which accounts for 14.4 percent of the total, primarily represents costs associated

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with the services provided by the Board of Mental Retardation. Legislative and Executive expenses, which is 14.4 percent of the total, represents costs associated with the general administration of county government including the County Commissioners, Auditor, Treasurer, Prosecutor and Recorder. Public Works, which accounts for 7.8 percent of the total, represents costs associated with the operation of the County Engineer in maintaining the County's roads and bridges.

Funding for the most significant programs indicated above is from charges for services, operating grants, and in some instances property and sales taxes. The Job and Family Services, Child Support Enforcement Agency and Children Services are basically funded with federal and state monies. The operation of the Sheriff's Department and County Jail is funded through General Fund general revenues and per diem charges to house prisoners from other jurisdictions. The Board of Mental Retardation is partially funded by voted property tax levy. The most significant funding sources for the County Engineer are motor vehicle license fees and gasoline taxes.

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.

Table 3  
 Governmental Activities

	Total Cost of Services	Net Cost of Services
	2002	2002
<i>General Government:</i>		
Legislative and Executive	\$3,564,717	\$2,681,027
Judicial	1,519,757	818,817
Public Safety	5,274,133	4,232,069
Public Works	1,942,977	(2,886,231)
Health	3,568,465	1,904,536
Human Services	7,503,452	1,450,190
Conservation and Recreation	358,391	348,452
Economic Development and Assistance	784,952	106,148
Other	78,526	78,526
Interest and Fiscal Charges	188,928	188,928
 Total Expenses	 \$24,784,298	 \$8,922,462

Of the \$24,784,298 total governmental activities expenses, \$15,861,836 or 64.0 percent was covered by direct charges to users of the services and intergovernmental grants. The majority of program revenues are grants, with the remaining portion consisting of fees and charges for services. These charges are for fees charged for real estate transfers, for the collection of property taxes throughout the County, for title fees and for court fees. Public Safety charges for services include items such as fees for boarding prisoners, patrolling subdivisions, and for special details. Health includes charges for services provided to clients of the Mental Retardation Board. For Public Works, the County Engineer has fully funded their operations.

Additional revenues were provided to both the governmental and business-type activities by the state and federal governments for operations and capital improvements.

**Financial Analysis of the County's Funds**

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

As of the end of the current year, the County's governmental funds reported combined ending fund balances of \$10,098,681. Of this total, \$9,821,228 represents unreserved fund balance, which is available for appropriation at the government's discretion within certain legal constraints and purposes restrictions. The remainder of fund balance is reserved to indicate that it is not available for new spending. While a large amount 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 their being restricted for use for a particular purpose mandated by the source of the resources such as the state or federal government or the local tax levy.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$3,135,725. Unreserved fund balance represents 31.8 percent of expenditures. This is one measurement of the General Fund's liquidity. The fund balance of the General Fund increased by \$1,321,757 with revenues exceeding expenditures by \$1,982,362.

The Auto, License and Gas Tax Fund balance increased by \$818,203. The Job and Family Services Fund balance increased by \$345,200. The Board of Mental Retardation Fund balance increased by \$652,082. Reductions in expenditures account for the majority of these increases.

Proprietary Fund – The County's only proprietary fund is the Countywide Sewer Fund, which accounts for the providing of sewer services to several subdivisions. To date, program revenues have been adequate to cover the costs of the operation. For 2002, the fund had a decrease in fund balance of \$619.

### **Budgetary Highlights - General Fund**

By state statute, the Board of County Commissioners adopts the annual operating budget for the County. Essentially the budget is the County's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the Ohio Revised Code.

The County had several revisions to the original appropriations approved by the County Commissioners. Overall these changes resulted in an increase from the original budget of 3.7 percent or \$365,529 in the General Fund. The majority of the increase occurred in the Legislative and Executive expenditure function (\$286,700). This increase was largely due to the rising cost of insurance and workers compensation premiums which are paid from this function. The County spent 93.9 percent of the amount appropriated in the General Fund during 2002.

The General Fund's budgeted revenue only increased \$284 over the original amount during 2002. This is a result of Pickaway County's steady economic conditions. Fluctuations in growth and diversity have typically not occurred in Pickaway County, allowing departmental managers the ability to consistently predict revenues. The County does not increase its estimated revenues unless there are insufficient revenues to cover the total appropriations of the General Fund.

### **Capital Assets and Debt Administration**

#### *Capital Assets*

The County's investment in capital assets for its governmental and business-type activities as of December 31, 2002 amounts to \$26,498,209 (net of accumulated depreciation and related debt). This investment in capital assets includes

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*Management's Discussion and Analysis*  
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land and improvements, buildings and improvements, improvements other than buildings, machinery and equipment, furniture and fixtures, vehicles, and infrastructure.

The only significant capital asset events during 2002 were improvements to the County's infrastructure, which included \$1,996,113 for the paving of eleven miles of County roads and \$985,582 for the repair or replacement of nine bridges.

For more information regarding the County's capital assets, see Note 8 of the notes to the basic financial statements.

#### *Debt*

Outstanding special assessment bonds at December 31, 2002, totaled \$143,000 with \$5,000 being retired during the year. Special assessment bonds are backed by the full faith and credit of the County. In the event of payment default by the property owner, the County would be responsible for the debt service payments.

General obligation bonds outstanding at December 31, 2002 were \$31,888 with \$1,118,912 being retired during the year. These bonds relate to proceeds used to construct and renovate County buildings. All bonds are backed by the full faith and credit of the County.

General obligation notes outstanding at December 31, 2002 were \$1,970,571 with \$404,965 being retired during the year. The County continues to monitor its outstanding debt. Information relative to the County's debt is identified in Note 10 of the notes to the basic financial statements.

#### **Economic Factors**

The County's budget for the General Fund in 2003 is conservative. Revenues are projected to come in 5 percent less than what was actually received in 2002 and appropriations for 2003 are 5 percent larger than the actual expenditures for 2002. The budget in 2003, calls for a reduction in the ending fund balance of approximately \$100,000 or 7.5 percent.

Much of the reason for the conservative budget centers on the slow down in economic growth and uncertainty of the future economic climate. The County continues to have an unemployment rate that is slightly higher than the state and federal rates. However, all of these rates have increased since 1999. A part of the decline is expected to occur in sales tax revenue, since it is the most volatile and subject to decline if the economic slow down was to continue. A decrease in the amount of interest income earned by the County is also projected based on the lowering of the interest rates by the Federal Reserve. The state legislature has reduced the amounts for state based programs including local government, local government revenue assistance and state funded grant programs which may require more local support in order to maintain the current level of service.

The County's business-type activity is projected to operate at a similar level as in 2002. The rates charged remain unchanged and expenses for sewer operations are anticipated to remain stable.

#### **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, request for additional financial information or about obtaining the separately issued financial statements of the County's component units should be addressed to Melissa A. Betz, Pickaway County Auditor, 207 S. Court Street, Circleville, Ohio 43113.

**Pickaway County, Ohio**

*Statement of Net Assets*

December 31, 2002

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Pickaway County Airport Authority	Brooks-Yates Center Diversified Opportunities, Inc.
<b>Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	\$8,488,703	\$140,553	\$8,629,256	\$0	\$0
Cash and Cash Equivalents in					
Segregated Accounts	93,006	0	93,006	61,835	99,311
Materials and Supplies Inventory	259,738	0	259,738	0	0
Accrued Interest Receivable	103,343	0	103,343	0	0
Accounts Receivable	14,235	15,168	29,403	0	58,689
Intergovernmental Receivable	3,490,928	0	3,490,928	0	0
Sales Taxes Receivable	931,535	0	931,535	0	0
Property Taxes Receivable	3,969,463	0	3,969,463	0	0
Special Assessments Receivable	143,300	0	143,300	0	0
Prepaid Items	72,841	0	72,841	0	0
Due From Primary Government	0	0	0	0	13,717
Workers Compensation Deposit	0	0	0	0	332
Nondepreciable Capital Assets	902,042	13,964	916,006	0	158,835
Depreciable Capital Assets, Net	25,516,454	65,849	25,582,303	0	1,552,552
<i>Total Assets</i>	<u>43,985,588</u>	<u>235,534</u>	<u>44,221,122</u>	<u>61,835</u>	<u>1,883,436</u>
<b>Liabilities:</b>					
Accounts Payable	574,356	17,169	591,525	0	15,353
Accrued Wages and Benefits	749,664	1,162	750,826	0	13,029
Contracts Payable	35,614	0	35,614	0	0
Intergovernmental Payable	117,720	0	117,720	0	1,679
Accrued Interest Payable	14,139	1,427	15,566	0	0
Deferred Revenue	3,776,136	0	3,776,136	0	0
Notes Payable	0	30,000	30,000	0	0
Deposits Held and Due To Others	109,027	0	109,027	0	0
Due To Component Unit	13,717	0	13,717	0	0
<i>Long-Term Liabilities:</i>					
Due Within One Year	1,045,806	0	1,045,806	0	17,313
Due In More Than One Year	2,497,660	0	2,497,660	0	86,672
<i>Total Liabilities</i>	<u>8,933,839</u>	<u>49,758</u>	<u>8,983,597</u>	<u>0</u>	<u>134,046</u>
<b>Net Assets:</b>					
Invested in Capital Assets, Net of Related Debt	25,525,582	49,813	25,575,395	0	1,607,402
<i>Restricted for:</i>					
Roads and Bridges	2,890,312	0	2,890,312	0	0
Human Services	178,168	0	178,168	0	0
Mental Retardation and Developmental Disabilities	543,095	0	543,095	0	0
Capital Projects	1,445,791	0	1,445,791	2,177	0
Other Purposes	2,378,027	0	2,378,027	0	191,301
Unrestricted	2,090,774	135,963	2,226,737	59,658	(49,313)
<i>Total Net Assets</i>	<u>\$35,051,749</u>	<u>\$185,776</u>	<u>\$35,237,525</u>	<u>\$61,835</u>	<u>\$1,749,390</u>

See accompanying notes to the basic financial statements

**Pickaway County, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2002

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	\$3,564,717	\$865,212	\$18,478	\$0
Judicial	1,519,757	565,384	135,556	0
Public Safety	5,274,133	675,313	366,751	0
Public Works	1,942,977	83,227	3,774,858	971,123
Health	3,568,465	232,428	1,431,501	0
Human Services	7,503,452	119,891	5,933,371	0
Conservation and Recreation	358,391	9,939	0	0
Economic Development and Assistance	784,952	0	678,804	0
Other	78,526	0	0	0
Interest and Fiscal Charges	188,928	0	0	0
<i>Total Governmental Activities</i>	<u>24,784,298</u>	<u>2,551,394</u>	<u>12,339,319</u>	<u>971,123</u>
<b>Business-Type Activities:</b>				
Countywide Sewer	133,582	130,908	0	0
<i>Total Business-Type Activities</i>	<u>133,582</u>	<u>130,908</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government</i>	<u>\$24,917,880</u>	<u>\$2,682,302</u>	<u>\$12,339,319</u>	<u>\$971,123</u>
<b>Component Units:</b>				
Pickaway County Airport Authority	\$356,315	\$0	\$10,000	\$182,956
Brooks-Yates Center Diversified Opportunities, Inc.	554,909	419,306	196,548	0
<i>Total Component Units</i>	<u>\$911,224</u>	<u>\$419,306</u>	<u>\$206,548</u>	<u>\$182,956</u>

**General Revenues:**

*Property Taxes Levied for:*

General Purposes

Board of Mental Retardation

*Sales Tax for:*

General Purposes

Capital Outlay

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

*Total General Revenues*

Changes in Net Assets

*Net Assets at Beginning of Year - As Restated (See Note 4)*

*Net Assets at End of Year*

See accompanying notes to the basic financial statements



Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Pickaway County Airport Authority	Brooks-Yates Center Diversified Opportunities, Inc.
(\$2,681,027)	\$0	(\$2,681,027)	\$0	\$0
(818,817)	0	(818,817)	0	0
(4,232,069)	0	(4,232,069)	0	0
2,886,231	0	2,886,231	0	0
(1,904,536)	0	(1,904,536)	0	0
(1,450,190)	0	(1,450,190)	0	0
(348,452)	0	(348,452)	0	0
(106,148)	0	(106,148)	0	0
(78,526)	0	(78,526)	0	0
(188,928)	0	(188,928)	0	0
(8,922,462)	0	(8,922,462)	0	0
0	(2,674)	(2,674)	0	0
0	(2,674)	(2,674)	0	0
(8,922,462)	(2,674)	(8,925,136)	0	0
0	0	0	(163,359)	0
0	0	0	0	60,945
0	0	0	(163,359)	60,945
2,878,539	0	2,878,539	0	0
1,748,068	0	1,748,068	0	0
5,093,972	0	5,093,972	0	0
135,981	0	135,981	0	0
1,164,184	0	1,164,184	0	0
493,462	0	493,462	387	536
3,047,753	2,055	3,049,808	30,189	6,556
14,561,959	2,055	14,564,014	30,576	7,092
5,639,497	(619)	5,638,878	(132,783)	68,037
29,412,252	186,395	29,598,647	194,618	1,681,353
<u>\$35,051,749</u>	<u>\$185,776</u>	<u>\$35,237,525</u>	<u>\$61,835</u>	<u>\$1,749,390</u>

**Pickaway County, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2002*

	General	Auto, License and Gas Tax	Job and Family Services	Board of Mental Retardation
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,482,078	\$1,402,722	\$135,081	\$522,507
Cash and Cash Equivalents In Segregated Accounts	50,984	15	0	0
Materials and Supplies Inventory	28,483	224,793	1,902	0
Accrued Interest Receivable	103,343	0	0	0
Accounts Receivable	7,667	0	0	2,752
Interfund Receivable	28,599	0	203,846	0
Intergovernmental Receivable	852,206	1,521,296	400,719	232,982
Sales Taxes Receivable	850,563	0	0	0
Property Taxes Receivable	2,212,846	0	0	1,756,617
Special Assessments Receivable	0	0	0	0
Prepaid Items	71,626	0	1,215	0
<i>Total Assets</i>	<u>\$6,688,395</u>	<u>\$3,148,826</u>	<u>\$742,763</u>	<u>\$2,514,858</u>
<b>Liabilities:</b>				
Accounts Payable	\$197,104	\$27,039	\$80,507	\$52,737
Accrued Wages and Benefits	316,664	79,917	146,734	128,071
Contracts Payable	7,294	390	0	0
Compensated Absences Payable	52,039	20,117	20,295	24,730
Interfund Payable	1,018	0	18,993	0
Intergovernmental Payable	77,653	0	22,328	4,212
Deferred Revenue	2,791,871	760,628	0	1,883,173
Deposits Held and Due To Others	109,027	0	0	0
Due To Component Unit	0	0	10,754	2,963
<i>Total Liabilities</i>	<u>3,552,670</u>	<u>888,091</u>	<u>299,611</u>	<u>2,095,886</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	0	166,491	0	0
Reserved for Debt Service	0	0	0	0
<i>Unreserved:</i>				
<i>Undesignated, Reported in:</i>				
General Fund	3,135,725	0	0	0
Special Revenue Funds	0	2,094,244	443,152	418,972
Capital Projects Funds	0	0	0	0
<i>Total Fund Balances</i>	<u>3,135,725</u>	<u>2,260,735</u>	<u>443,152</u>	<u>418,972</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,688,395</u>	<u>\$3,148,826</u>	<u>\$742,763</u>	<u>\$2,514,858</u>

See accompanying notes to the basic financial statements

**Pickaway County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
December 31, 2002*

Other Governmental Funds	Total Governmental Funds		
\$3,946,315	\$8,488,703	<b>Total Governmental Funds Balances</b>	\$10,098,681
42,007	93,006	<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
4,560	259,738	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	26,418,496
0	103,343		
3,816	14,235	Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:	
391	232,836	Property Taxes	241,402
483,725	3,490,928	Intergovernmental Revenue	1,575,845
80,972	931,535	Special Assessments	143,300
0	3,969,463		
143,300	143,300	Total	1,960,547
0	72,841		
\$4,705,086	\$17,799,928	In statement of activities, interest is accrued on outstanding debt, whereas in the governmental funds an interest expenditure is reported when due.	(14,139)
\$216,969	\$574,356	Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and therefore are not reported in the funds:	
78,278	749,664	General Obligation Bonds	(174,888)
27,930	35,614	General Obligation Notes	(1,970,571)
14,449	131,630	Capital Leases Payable	(327,515)
212,825	232,836	Compensated Absences Payable	(938,862)
13,527	117,720		
301,011	5,736,683	Total	(3,411,836)
0	109,027		
0	13,717	<i>Net Assets of Governmental Activities</i>	\$35,051,749
864,989	7,701,247		
7,530	174,021		
103,432	103,432		
0	3,135,725		
2,283,345	5,239,713		
1,445,790	1,445,790		
3,840,097	10,098,681		
\$4,705,086	\$17,799,928		

**Pickaway County, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2002*

	General	Auto, License and Gas Tax	Job and Family Services	Board of Mental Retardation
<b>Revenues:</b>				
Property Taxes	\$2,660,112	\$0	\$0	\$1,739,290
Sales Tax	5,093,972	0	0	0
Charges for Services	1,566,154	47,993	0	125,816
Licenses and Permits	4,545	0	0	0
Fines and Forfeitures	165,162	173	0	0
Intergovernmental	1,185,652	4,333,386	4,118,983	1,453,792
Special Assessments	0	0	0	0
Investment Earnings	469,565	0	0	0
Other	681,184	153,424	489,552	191,613
<i>Total Revenues</i>	<u>11,826,346</u>	<u>4,534,976</u>	<u>4,608,535</u>	<u>3,510,511</u>
<b>Expenditures:</b>				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	3,327,685	0	0	0
Judicial	1,239,304	0	0	0
Public Safety	4,003,568	0	0	0
Public Works	117,144	3,710,899	0	0
Health	70,251	0	0	3,332,419
Human Services	427,460	0	4,567,012	0
Conservation and Recreation	330,683	0	0	0
Economic Development and Assistance	0	0	0	0
Other	75,439	0	0	3,086
Capital Outlay	128,934	0	0	72,579
<i>Debt Service:</i>				
Principal Retirement	109,820	4,372	24,722	123,486
Interest and Fiscal Charges	13,696	1,502	3,455	44,968
<i>Total Expenditures</i>	<u>9,843,984</u>	<u>3,716,773</u>	<u>4,595,189</u>	<u>3,576,538</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,982,362</u>	<u>818,203</u>	<u>13,346</u>	<u>(66,027)</u>
<b>Other Financing Sources (Uses):</b>				
Inception of Capital Lease	157,840	0	52,630	0
Proceeds from Sale of Long-Term Notes	0	0	0	718,109
Transfers In	53,000	0	279,224	0
Transfers Out	(871,445)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(660,605)</u>	<u>0</u>	<u>331,854</u>	<u>718,109</u>
<i>Net Change in Fund Balances</i>	1,321,757	818,203	345,200	652,082
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>1,813,968</u>	<u>1,442,532</u>	<u>97,952</u>	<u>(233,110)</u>
<i>Fund Balances at End of Year</i>	<u>\$3,135,725</u>	<u>\$2,260,735</u>	<u>\$443,152</u>	<u>\$418,972</u>

See accompanying notes to the basic financial statements

**Pickaway 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, 2002*

Other Governmental Funds	Total Governmental Funds		
\$206,068	\$4,605,470	<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$3,240,316
135,981	5,229,953	<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
592,827	2,332,790	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 outlays exceeded depreciation in the current period:	
0	4,545	Capital Asset Additions	4,013,919
38,785	204,120	Current Year Depreciation	(1,986,856)
3,449,746	14,541,559	Total	2,027,063
24,212	24,212	Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(430)
23,897	493,462	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
1,531,979	3,047,752	Property Taxes	21,137
6,003,495	30,483,863	Intergovernmental Revenue	(44,705)
		Special Assessments	(5,000)
353,646	3,681,331	Charges for Services	(31,500)
274,078	1,513,382	Total	(60,068)
614,759	4,618,327	Repayment of principal of long-term (e.g. bonds, notes, leases) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	1,669,343
265,435	4,093,478	Other financing sources in the governmental funds that increase long- term liabilities in the statement of net assets are not reported as revenues in the statement of activities:	
107,305	3,509,975	Inception of Capital Leases	(217,100)
2,590,597	7,585,069	Issuance of Long-Term Notes	(1,004,469)
10,802	341,485	Total	(1,221,569)
783,884	783,884	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(3,746)
0	78,525	Compensated absences expense reported in the statement of activities does not require the use of current financial resources and therefore is not reported as an expenditure in the governmental funds.	(11,412)
203,622	405,135	<i>Change in Net Assets of Governmental Activities</i>	\$5,639,497
1,406,942	1,669,342		
121,561	185,182		
6,732,631	28,465,115		
(729,136)	2,018,748		
6,630	217,100		
286,359	1,004,468		
1,508,417	1,840,641		
(969,196)	(1,840,641)		
832,210	1,221,568		
103,074	3,240,316		
3,737,023	6,858,365		
\$3,840,097	\$10,098,681		

**Pickaway County, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Year Ended December 31, 2002*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$2,646,150	\$2,646,150	\$2,660,112	\$13,962
Sales Tax	3,905,000	3,905,000	4,841,869	936,869
Charges for Services	1,609,318	1,609,602	1,527,774	(81,828)
Licenses and Permits	10,050	10,050	4,545	(5,505)
Fines and Forfeitures	87,745	87,745	152,980	65,235
Intergovernmental	1,188,103	1,188,103	1,188,429	326
Investment Earnings	606,000	606,000	476,307	(129,693)
Other	451,403	451,403	662,092	210,689
<i>Total Revenues</i>	10,503,769	10,504,053	11,514,108	1,010,055
<b>Expenditures:</b>				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	3,136,444	3,423,144	3,215,346	207,798
Judicial	1,224,563	1,261,982	1,224,345	37,637
Public Safety	4,234,748	4,228,737	4,070,174	158,563
Public Works	118,834	119,586	119,586	0
Health	78,650	78,788	56,821	21,967
Human Services	423,125	423,125	420,415	2,710
Conservation and Recreation	333,725	337,225	330,683	6,542
Other	346,064	338,710	148,535	190,175
Capital Outlay	74,839	125,224	125,224	0
<i>Total Expenditures</i>	9,970,992	10,336,521	9,711,129	625,392
<i>Excess of Revenues Over (Under) Expenditures</i>	532,777	167,532	1,802,979	1,635,447
<b>Other Financing Sources (Uses):</b>				
Advances In	25,000	25,000	3,195	(21,805)
Advances Out	0	0	(3,285)	(3,285)
Transfers In	103,000	103,000	53,000	(50,000)
Transfers Out	(830,229)	(932,653)	(871,445)	61,208
<i>Total Other Financing Sources (Uses)</i>	(702,229)	(804,653)	(818,535)	(13,882)
<i>Net Change in Fund Balance</i>	(169,452)	(637,121)	984,444	1,621,565
<i>Fund Balance at Beginning of Year</i>	1,495,054	1,495,054	1,495,054	0
<i>Fund Balance at End of Year</i>	\$1,325,602	\$857,933	\$2,479,498	\$1,621,565

See accompanying notes to the basic financial statements

**Pickaway County, Ohio**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Auto, License and Gas Tax Fund  
For the Year Ended December 31, 2002*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for Services	\$90,000	\$90,000	\$45,664	(\$44,336)
Fines and Forfeitures	700	700	181	(519)
Intergovernmental	2,410,970	3,610,970	3,976,739	365,769
Other	614,130	614,130	153,424	(460,706)
<i>Total Revenues</i>	<u>3,115,800</u>	<u>4,315,800</u>	<u>4,176,008</u>	<u>(139,792)</u>
<b>Expenditures:</b>				
<i>Current:</i>				
Public Works	3,475,602	4,829,648	4,313,845	515,803
<i>Total Expenditures</i>	<u>3,475,602</u>	<u>4,829,648</u>	<u>4,313,845</u>	<u>515,803</u>
<i>Net Change in Fund Balance</i>	(359,802)	(513,848)	(137,837)	376,011
<i>Fund Balance at Beginning of Year</i>	1,103,941	1,103,941	1,103,941	0
Prior Year Encumbrances Appropriated	270,130	270,130	270,130	0
<i>Fund Balance at End of Year</i>	<u>\$1,014,269</u>	<u>\$860,223</u>	<u>\$1,236,234</u>	<u>\$376,011</u>

See accompanying notes to the basic financial statements

**Pickaway County, Ohio**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Job and Family Services Fund  
For the Year Ended December 31, 2002*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$6,268,308	\$6,268,308	\$4,148,291	(\$2,120,017)
Other	429,802	429,802	285,706	(144,096)
<i>Total Revenues</i>	<u>6,698,110</u>	<u>6,698,110</u>	<u>4,433,997</u>	<u>(2,264,113)</u>
<b>Expenditures:</b>				
<i>Current:</i>				
Human Services	7,841,349	7,841,349	4,666,836	3,174,513
<i>Total Expenditures</i>	<u>7,841,349</u>	<u>7,841,349</u>	<u>4,666,836</u>	<u>3,174,513</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,143,239)</u>	<u>(1,143,239)</u>	<u>(232,839)</u>	<u>910,400</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	1,133,754	1,133,754	279,224	(854,530)
<i>Total Other Financing Sources (Uses)</i>	<u>1,133,754</u>	<u>1,133,754</u>	<u>279,224</u>	<u>(854,530)</u>
<i>Net Change in Fund Balance</i>	(9,485)	(9,485)	46,385	55,870
<i>Fund Balance at Beginning of Year</i>	88,697	88,697	88,697	0
<i>Fund Balance at End of Year</i>	<u>\$79,212</u>	<u>\$79,212</u>	<u>\$135,082</u>	<u>\$55,870</u>

See accompanying notes to the basic financial statements



**Pickaway County, Ohio**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Board of Mental Retardation Fund  
For the Year Ended December 31, 2002*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$1,756,000	\$1,756,000	\$1,739,290	(\$16,710)
Charges for Services	165,000	165,000	125,816	(39,184)
Intergovernmental	1,597,000	1,597,000	1,488,314	(108,686)
Other	75,000	75,000	174,676	99,676
<i>Total Revenues</i>	<u>3,593,000</u>	<u>3,593,000</u>	<u>3,528,096</u>	<u>(64,904)</u>
<b>Expenditures:</b>				
<i>Current:</i>				
Health	3,719,031	3,768,746	3,284,151	484,595
Other	10,000	10,000	3,086	6,914
Capital Outlay	210,000	210,000	72,579	137,421
<i>Debt Service:</i>				
Principal Retirement	649,284	649,284	649,284	0
Interest and Fiscal Charges	72,794	72,794	67,775	5,019
<i>Total Expenditures</i>	<u>4,661,109</u>	<u>4,710,824</u>	<u>4,076,875</u>	<u>633,949</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,068,109)</u>	<u>(1,117,824)</u>	<u>(548,779)</u>	<u>569,045</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Long-Term Notes	718,109	718,109	718,109	0
Transfers In	86,000	86,000	0	(86,000)
Transfers Out	(16,000)	(16,000)	0	16,000
<i>Total Other Financing Sources (Uses)</i>	<u>788,109</u>	<u>788,109</u>	<u>718,109</u>	<u>(70,000)</u>
<i>Net Change in Fund Balance</i>	<u>(280,000)</u>	<u>(329,715)</u>	<u>169,330</u>	<u>499,045</u>
<i>Fund Balance Beginning of Year</i>	<u>353,179</u>	<u>353,179</u>	<u>353,179</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$73,179</u>	<u>\$23,464</u>	<u>\$522,509</u>	<u>\$499,045</u>

See accompanying notes to the basic financial statements

**Pickaway County, Ohio**

*Statement of Net Assets*

*Proprietary Fund*

*December 31, 2002*

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	Business-Type Activity
	<u>Enterprise</u>
<b>Assets:</b>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$140,553
Accounts Receivable	<u>15,168</u>
<i>Total Current Assets</i>	<u>155,721</u>
<i>Noncurrent Assets:</i>	
<i>Capital Assets:</i>	
Land	13,964
Depreciable Capital Assets, Net	<u>65,849</u>
<i>Total Noncurrent Assets</i>	<u>79,813</u>
<i>Total Assets</i>	<u>235,534</u>
<b>Liabilities:</b>	
<i>Current Liabilities:</i>	
Accounts Payable	17,169
Accrued Wages and Benefits	1,162
Accrued Interest Payable	1,427
Notes Payable	<u>30,000</u>
<i>Total Current Liabilities</i>	<u>49,758</u>
<i>Total Liabilities</i>	<u>49,758</u>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	49,813
Unrestricted	<u>135,963</u>
<i>Total Net Assets</i>	<u><u>\$185,776</u></u>

See accompanying notes to the basic financial statements

**Pickaway County, Ohio**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Proprietary Fund  
For the Year Ended December 31, 2002*

	Business-Type Activity
	Enterprise
<b>Operating Revenues:</b>	
Charges for Services	\$130,908
Miscellaneous	2,055
<i>Total Operating Revenues</i>	<i>132,963</i>
<b>Operating Expenses:</b>	
Salaries	7,387
Fringe Benefits	844
Purchased Services	96,507
Materials and Supplies	12,081
Depreciation	9,409
Other	5,317
<i>Total Operating Expenses</i>	<i>131,545</i>
<i>Operating Income (Loss)</i>	<i>1,418</i>
<b>Nonoperating Revenues (Expenses):</b>	
Interest and Fiscal Charges	(2,037)
<i>Total Nonoperating Revenues (Expenses)</i>	<i>(2,037)</i>
<i>Change in Net Assets</i>	<i>(619)</i>
<i>Net Assets at Beginning of Year</i>	<i>186,395</i>
<i>Net Assets at End of Year</i>	<i>\$185,776</i>

See accompanying notes to the basic financial statements

**Pickaway County, Ohio**  
*Statement of Cash Flows*  
*Proprietary Fund*  
For the Year Ended December 31, 2002

	Business-Type Activity
	Enterprise
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Customers	\$130,915
Other Cash Receipts	2,055
Cash Payments to Employees for Services	(6,225)
Cash Payments for Employee Benefits	(844)
Cash Payments for Goods and Services	(104,167)
Other Cash Payments	(5,317)
	16,417
<i>Net Cash from Operating Activities</i>	<i>16,417</i>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Proceeds from Sale of Notes	30,000
Principal Paid on Notes	(61,443)
Interest Paid on Notes	(3,533)
	(34,976)
<i>Net Cash from Capital and Related Financing Activities</i>	<i>(34,976)</i>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<i>(18,559)</i>
<i>Cash and Cash Equivalents at Beginning of Year</i>	<i>159,112</i>
<i>Cash and Cash Equivalents at End of Year</i>	<i>\$140,553</i>
	<i>(continued)</i>
See accompanying notes to the basic financial statements	

**Pickaway County, Ohio**  
*Statement of Cash Flows*  
*Proprietary Fund (continued)*  
*For the Year Ended December 31, 2002*

	Business-Type Activity
	Enterprise
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>	
Operating Gain (Loss)	\$1,418
<i>Adjustments:</i>	
Depreciation	9,409
<i>(Increase) Decrease in Assets:</i>	
Accounts Receivable	7
<i>Increase (Decrease) in Liabilities:</i>	
Accounts Payable	4,421
Accrued Wages and Benefits	1,162
	\$16,417
<i>Net Cash from Operating Activities</i>	\$16,417

See accompanying notes to the basic financial statements

**Pickaway County, Ohio**  
*Statement of Fiduciary Net Assets*  
*Fiduciary Funds*  
*December 31, 2002*

	Private Purpose Trust	Agency
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$2,363	\$3,021,494
Cash and Cash Equivalents in Segregated Accounts	0	351,941
Intergovernmental Receivable	0	4,609,360
Property Taxes Receivable	0	33,362,727
<i>Total Assets</i>	<u>2,363</u>	<u>\$41,345,522</u>
<b>Liabilities:</b>		
Accounts Payable	0	\$48,936
Accrued Wages and Benefits	0	56,736
Contracts Payable	0	3,000
Intergovernmental Payable	0	40,879,628
Deposits Held and Due To Others	0	170,401
Undistributed Monies	0	181,920
Due to Component Unit	0	4,901
<i>Total Liabilities</i>	<u>0</u>	<u>\$41,345,522</u>
<b>Net Assets:</b>		
Held in Trust for Other Individuals and Organizations	<u>2,363</u>	
<i>Total Net Assets</i>	<u>\$2,363</u>	

See accompanying notes to the basic financial statements

**Pickaway County, Ohio**  
*Statement of Changes in Fiduciary Net Assets*  
*Fiduciary Fund*  
*For the Year Ended December 31, 2002*

	Private Purpose Trust
<b>Additions</b>	\$0
<b>Deductions</b>	0
<i>Change in Net Assets</i>	0
<i>Net Assets at Beginning of Year</i>	2,363
<i>Net Assets at End of Year</i>	\$2,363

See accompanying notes to the basic financial statements

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**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2002*

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**NOTE 1 - DESCRIPTION OF PICKAWAY COUNTY AND REPORTING ENTITY**

Pickaway County, Ohio (the County), was created in 1810. The County is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff and a Common Pleas Court Judge. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrators of public services for the entire County.

**Reporting Entity**

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the County are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Pickaway County, this includes the Pickaway County Board of Mental Retardation and Development Disabilities, Pickaway County Children Services Board, Pickaway County Child Support Enforcement Agency, Pickaway County Job and Family Services and departments and activities that are directly operated by the elected County officials.

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

**Discretely Presented Components Units**

The component unit columns in the general purpose financial statements identify the financial data of the County's component units, Brooks-Yates Center Diversified Opportunities, Inc. and Pickaway County Airport Authority. They are reported separately to emphasize that they are legally separate from the County.

Brooks-Yates Center Diversified Opportunities, Inc. - Brooks-Yates Center Diversified Opportunities, Inc. is the new name for the restructured non-profit organization formally known as Pickaway Diversified Industries, Inc. The purpose of the Organization is to provide resources, support and opportunities to individuals with mental retardation and developmental disabilities of Pickaway County through the provision of services, ownership and management of properties, purchase of supplies or equipment, receipt and disbursement of funds by fees, reimbursement or donations and any other method as deemed appropriate. An eleven-member board of trustees governs the organization with five members being from Brooks-Yates Center MRDD Board, three members from the former Pickaway Residential Association, Inc., and three members from the former Pickaway Diversified Industries, Inc. The existing board will make any new appointments. The only restriction on board appointments is that there can never be a majority of board members being from Brooks-Yates Center MRDD Board. The superintendent of the Brooks-Yates Center MRDD Board serves as a non-voting ex-officio member and two members of the MRDD Board also serve as non-voting ex-officio members. All of Brooks-Yates Center Diversified Opportunities, Inc.'s activities are included in the financial statements which are presented as a component unit of Pickaway County. Brooks-Yates Center Diversified Opportunities, Inc. operates on a fiscal year ending December 31. Separately issued financial statements can be obtained from Brooks-Yates Center Diversified Opportunities, Inc., located at 548 State Route 22 East, Circleville, Ohio 43113.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2002*

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**NOTE 1 - DESCRIPTION OF PICKAWAY COUNTY AND REPORTING ENTITY** *(Continued)*

Pickaway County Airport Authority - Pickaway County Airport Authority (the Authority) operates on a fiscal year ending December 31. The five member Board for the Authority is appointed by the County Commissioners. The Commissioners also review the budget and have the ability to impose its will on the Authority. All the Authority's land and fixed assets belong to the County. Pickaway County also provides utilities and insurance for the Authority. During 2002, the County made \$10,000 in financial contributions either to or on behalf of the Authority. Financial information is included in the accompanying financial statements.

The County is associated with certain organizations that are defined as jointly governed organizations or related organizations. These organizations are presented in Notes 19 and 20 to the general purpose financial statements. These organizations are:

- Berger Hospital
- Paint Valley Mental Health Alcohol and Drug Addiction Board
- Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District
- County Risk Sharing Authority (CORSA)
- Southern Ohio Council of Governments
- Pickaway County Library

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the districts listed below, the County serves as fiscal agent, but the districts are not fiscally dependent on the County. Accordingly, the activity of the following districts is presented as agency funds within the County's financial statements.

- Soil and Water Conservation District
- Pickaway County Health District

**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 activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. 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 statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2002*

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

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 single business-type activity of the County. Direct expenses are those that are specifically associated with a service, program 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. 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** - This 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.

**Auto, License and Gas Tax Fund** - This fund accounts for the County road and bridge maintenance, repair and improvement programs. Revenue sources include Federal and State grants and distributions.

**Job and Family Services Fund** - This fund accounts for various Federal and State grants, as well as transfers from the General Fund that are used to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

**Board of Mental Retardation Fund** - This fund accounts for the operation of a school, workshop and resident homes for the mentally retarded and developmentally disabled. Revenue sources include a County-wide property tax levy and Federal and State grants.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2002*

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

The other governmental funds of the County account for grants and other resources whose use is restricted for a particular purpose.

**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.

**Countywide Sewer Fund** - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Countywide Sewer Fund is the only enterprise fund of the County and accounts for sewer services provided to individual users in several subdivisions of the County.

**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 a private-purpose trust fund and agency funds. The County's private-purpose trust fund is established to account for assets that are used by the Juvenile Court for the benefit of the children of the County. The County's agency funds account for assets held for political subdivisions in which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures that have been collected and which will be distributed to other political subdivisions.

**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.

**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.

The private-purpose trust fund is reported using the economic resources measurement focus.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2002*

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

**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 Nonexchange 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 fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal 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 fiscal year for which the taxes are levied (See Note 12). 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: delinquent property taxes, sales taxes, charges for services and fees, fines and forfeitures, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), grants, and interest.

**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, 2002, but which were levied to finance year 2003 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.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2002*

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

**E. Budgetary Process**

All funds, except Jail Commissary (special revenue), Law Enforcement - Prosecutor (special revenue) and fiduciary 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 level of control has been established by County Commissioners at the object level within each department.

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. 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 2002.

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**

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

Cash and cash equivalents that are held separately with the departments of the County, and not included in the County Treasury, are recorded as "cash and cash equivalents in segregated accounts".

During 2002, investments were limited to STAR Ohio, U.S. Government Securities, and other interest bearing accounts with local commercial banks.

Investments are reported at fair value, except for U.S. Government Securities and nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market prices. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2002.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during 2002 amounted to \$469,565, which includes \$376,433 assigned from other County funds.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2002*

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

For presentation on the financial statements, funds included within the Treasurer's cash management pool and investments with original maturities of three months or less are considered to be cash and cash equivalents.

**G. Inventory**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental funds and as an expense in the enterprise fund when used.

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2002, 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.

**I. 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 fixed assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of one thousand dollars. The County's infrastructure consists of roads, bridges, culverts and sanitary sewer lines. 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 capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2002*

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

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	30-40 years	30-40 years
Improvements Other Than Buildings	10-40 years	10-40 years
Machinery and Equipment	5-15 years	5-15 years
Furniture and Fixtures	10-20 years	10-20 years
Vehicles	5-10 years	5-10 years
Plant and Facilities	40 years	40 years
Infrastructure	10-60 years	70 years

**J. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans 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 receivables and payables. As of December 31, 2002, there were no internal receivables and payables to report on the statement of net assets.

**K. Compensated Absences**

The County reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences" as interpreted by Interpretation No. 6 of the GASB, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements".

Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those employees for whom it is probable will become eligible to receive payment in the future. The County has determined that employees with the County for five or more years are probable to receive payment in the future. The liability is based on accumulated sick leave and employees' wage rates at year end.

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

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.



**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2002*

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

**L. Accrued Liabilities and Long-term Obligations**

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

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, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability on the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and long-term notes are recognized as a liability in the governmental fund financial statements when due.

**M. 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. Fund balance reserves have been established for encumbrances and debt service.

**N. 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 County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**O. 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 sewer services. 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.

**P. Interfund Transactions**

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.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2002*

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

**Q. 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. Neither type of transaction occurred during 2002.

**R. 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 - BUDGETARY BASIS OF ACCOUNTING**

While the County is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balance - budget and actual (budget basis) is presented for the General Fund and major special revenue funds on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and modified accrual GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (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).

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2002*

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING** *(Continued)*

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund and major special revenue funds:

<b>Net Change in Fund Balances</b>				
	<b>General</b>	<b>Auto, License and Gas Tax</b>	<b>Job and Family Services</b>	<b>Board of Mental Retardation</b>
GAAP Basis	\$1,321,757	\$818,203	\$345,200	\$652,082
<i>Adjustments:</i>				
Net Adjustment for Revenue Accruals	(312,238)	(358,968)	(174,538)	17,585
Net Adjustment for Expenditure Accruals	132,855	(763,563)	(71,647)	217,772
Encumbrances	0	166,491	0	0
Net Adjustment for Other Sources (Uses)	(157,930)	0	(52,630)	(718,109)
<b>Budget Basis</b>	<b>\$984,444</b>	<b>(\$137,837)</b>	<b>\$46,385</b>	<b>\$169,330</b>

**NOTE 4 - CHANGES IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENTS**

**A. Changes in Accounting Principles**

For the year 2002, the County implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus," GASB Statement No. 38, "Certain Financial Statement Note Disclosures," and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements." At December 31, 2001, there was no effect on fund balance/equity as a result of implementing GASB Statement Nos. 37 and 38, and GASB Interpretation No. 6.

GASB Statement No. 34 creates new basic financial statements for reporting on the County's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements present the County's programs as governmental and business-type activities. The beginning net asset amount for governmental and business-type programs reflect the change in fund balance/equity at December 31, 2001, caused by the conversion to the accrual basis of accounting.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2002

**NOTE 4 - CHANGES IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENTS** *(Continued)*

**B. Restatement of Fund Balance/Equity**

The restatements for fund reclassifications and GASB Statement No. 34 had the following effects on fund balance/equity of the major and nonmajor funds of the County as they were previously reported.

	General	Auto. License and Gas Tax	Job and Family Services	Board of Mental Retardation	Nonmajor	Total Governmental Activities
<b>Governmental Activities:</b>						
Fund Balance at December 31, 2001	\$1,813,968	\$1,442,532	\$97,952	(\$233,110)	\$3,737,023	\$6,858,365
<i>GASB 34 Adjustments:</i>						
Intergovernmental Receivable						1,652,052
Property Taxes Receivable						220,265
Special Assessment Receivable						148,300
Capital Assets						24,391,863
Accrued Interest Payable						(10,392)
<i>Long-Term Obligations:</i>						
Compensated Absences Payable						(927,453)
Capital Leases Payable						(250,880)
General Obligation Notes Payable						(1,371,068)
Special Assessment Bonds Payable						(148,000)
General Obligation Bonds Payable						(1,150,800)
<b>Net Assets at December 31, 2001</b>						<b>\$29,412,252</b>

**NOTE 5 - CASH, DEPOSITS AND INVESTMENTS**

**A. Primary Government**

*Policies And Procedures:* The County uses GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", and records all its investments at fair value. At December 31, 2002, the County's fair value exceeded net cost for investments by \$117,996. State Statute classifies moneys held by the County into two categories. Active moneys means an amount of public moneys determined to be necessary to meet current demand upon the County treasury. Active moneys must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2002*

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

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

1. United States treasury notes, bills, bonds or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provide that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to fair value daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investment 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 with a maturity that does not exceed 180 days and an amount that does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; and
10. Bankers acceptances with a maturity that does not exceed 180 days and that are eligible for purchase by the Federal Reserve System.

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 will be held to maturity.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2002*

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

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The amounts available for deposit and investment are as follows:

* Cash and Cash Equivalents: (carrying amounts)	
- Pooled	\$11,653,113
- Segregated	444,947
- Component Units	161,146
* Reconciling Items (Net) to Arrive at Bank Balances of Deposits	<u>942,803</u>
Total Available for Deposit and Investment (Bank Balance of Deposits / Carrying Amount of Investments)	<u><u>\$13,202,009</u></u>

Any depository that receives a County deposit or investment is required to pledge, to the investing authority as collateral, eligible securities of aggregate fair value that, when added to the portion of the deposit insured by the Federal Deposit Insurance Corporation, equals or exceeds the amount of County funds deposited.

A public depository may, at its option, pledge a single pool of eligible securities to secure the repayment of all public monies held by the depository. The pool of securities so pledged must have a current fair value at least equal to 105% of all public monies on deposit with the depository including the amount covered by federal insurance.

GASB Statement No. 9 requires the County to report cash flows for its proprietary fund. For purposes of the Statement of Cash Flows, the County defines cash and cash equivalents in the proprietary fund as demand deposit accounts and all highly liquid investments with an original maturity of three months or less.

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

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

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

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

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2002

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

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

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

Based on the criteria, the County deposits and investments at December 31, 2002 are classified as follows:

Deposits:	Category		Bank Balance	Carrying Amount	Fair Value
	1	3			
Demand Deposits	\$483,202	\$599,171	\$1,082,373	\$130,867	
Certificates of Deposit	100,000	0	100,000	100,000	
Component Units	152,443	0	152,443	161,146	
<b>Total Deposits</b>	<b>\$735,646</b>	<b>\$599,174</b>	<b>\$1,334,816</b>	<b>\$392,013</b>	
<b>Investments:</b>					
U.S. Government Securities	\$0	\$8,347,706	\$0	\$8,347,706	\$8,347,706
StarOhio	0	0	0	3,519,487	3,519,487
<b>Total Investments</b>	<b>\$0</b>	<b>\$8,347,706</b>	<b>\$0</b>	<b>\$11,867,193</b>	<b>\$11,867,193</b>

STAROhio is a non-categorized investment since it is not evidenced by securities that exist in physical 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. A reconciliation between the classifications of cash and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$12,259,206	\$0
<i>Investments:</i>		
U.S. Government Securities	(8,347,706)	8,347,706
StarOhio	(3,519,487)	3,519,487
<b>GASB Statement No. 3</b>	<b>\$392,013</b>	<b>\$11,867,193</b>

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2002

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

**B. Component Units**

*Deposits and Investments*

Cash and cash equivalents held by Brooks-Yates Center Diversified Opportunities, Inc. and the Pickaway County Airport Authority are classified as “cash and cash equivalents in segregated accounts.”

(1) Brooks-Yates Center Diversified Opportunities, Inc.

At year end, the carrying amount of Brooks-Yates Center Diversified Opportunities, Inc. deposits was \$99,311 and the bank balance was \$90,608. Of the bank balance, \$63,825 was covered by federal depository insurance, and \$26,783 was covered by the National Credit Union Administration. The difference is due to outstanding checks as of December 31, 2001. There are no statutory guidelines regarding the deposit and investment of funds by the non-profit corporation.

(2) Pickaway County Airport Authority

At year end, the carrying amount of the Pickaway County Airport Authority deposits was \$61,835 and the bank balance was \$61,835. The entire bank balance was covered by federal depository insurance.

**NOTE 6 - INTERFUND TRANSACTIONS**

Interfund balances at December 31, 2002, consist of the following receivables and payables:

	Interfund Receivables	Interfund Payable
General	\$28,599	\$1,018
Job and Family Services	203,846	18,993
Nonmajor Special Revenue Funds	391	212,825
Totals	\$232,836	\$232,836

A summary of interfund transfers for 2002 were as follows:

Transfers Out	Transfers In					Totals
	General	Job and Family Services	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	
General	\$0	\$185,000	\$274,456	\$374,392	\$37,597	\$871,445
Nonmajor Special Revenue Funds	53,000	94,224	0	821,972	0	969,196
Totals	\$53,000	\$279,224	\$274,456	\$1,196,364	\$37,597	\$1,840,641



**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2002*

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**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2002 consisted of property taxes, sales taxes, accounts (billings for user charged services), interest and intergovernmental grants. All receivables are considered fully collectible.

A summary of the principal items of intergovernmental receivable follows:

<b>Governmental Activities</b>	
<i>General Fund:</i>	
Local Government Distributions	\$642,441
State Property Tax Reimbursements	102,656
Other Grants and Reimbursements	<u>107,109</u>
Total General Fund	852,206
Auto, License and Gas Tax	1,521,296
Job and Family Services	400,719
Board of Mental Retardation	232,982
Nonmajor Special Revenue Funds	<u>483,725</u>
<b>Total Intergovernmental Receivable</b>	<b><u><u>\$3,490,928</u></u></b>
<b>Fiduciary Funds</b>	
Agency Funds	<u>\$4,609,360</u>
<b>Total Intergovernmental Receivable</b>	<b><u><u>\$4,609,360</u></u></b>

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2002

**NOTE 8- CAPITAL ASSETS**

A summary of changes in general capital assets during 2002 were as follows:

	Balance January 1, 2002	Additions	Deletions	Balance December 31, 2002
<b>Governmental Activities:</b>				
<i>Nondepreciable Capital Assets:</i>				
Land	\$902,042	\$0	\$0	\$902,042
Total Nondepreciable Capital Assets	902,042	0	0	902,042
<i>Depreciable Capital Assets:</i>				
Buildings	17,628,336	0	(31,308)	17,597,028
Improvements Other Than Buildings	869,241	138,447	0	1,007,688
Machinery and Equipment	5,983,440	187,301	(78,480)	6,092,261
Furniture and Fixtures	1,244,970	242,489	(22,475)	1,464,984
Vehicles	2,419,154	334,440	(24,254)	2,729,340
Infrastructure	15,738,224	3,111,242	(415,740)	18,433,726
Total Depreciable Capital Assets	43,883,365	4,013,919	(572,257)	47,325,027
<i>Accumulated Depreciation:</i>				
Buildings	(5,845,345)	(429,022)	31,308	(6,243,059)
Improvements Other Than Buildings	(125,165)	(36,902)	0	(162,067)
Machinery and Equipment	(4,358,556)	(383,453)	78,050	(4,663,959)
Furniture and Fixtures	(832,597)	(74,510)	22,475	(884,632)
Vehicles	(1,627,114)	(177,255)	24,254	(1,780,115)
Infrastructure	(7,604,767)	(885,714)	415,740	(8,074,741)
Total Accumulated Depreciation	(20,393,544)	(1,986,856)	571,827	(21,808,573)
Depreciable Capital Assets, Net	23,489,821	2,027,063	(430)	25,516,454
<b>Governmental Activities Capital Assets, Net</b>	<b>\$24,391,863</b>	<b>\$2,027,063</b>	<b>(\$430)</b>	<b>\$26,418,496</b>

At December 31, 2002, capital assets include \$241,094 of machinery and equipment, \$52,630 of furniture and fixtures, and \$162,332 of vehicles under capitalized leases.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2002

**NOTE 8- CAPITAL ASSETS** (Continued)

For governmental activities, depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
<i>General Government:</i>	
Legislative and Executive	\$133,973
Judicial	56,759
Public Safety	450,277
Public Works	1,117,166
Health	76,860
Human Services	143,847
Conservation and Recreation	6,906
Economic Development and Assistance	1,068
<b>Governmental Activities Depreciation Expense</b>	<b>\$1,986,856</b>

	<b>Balance January 1, 2002</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2002</b>
<b>Business-Type Activities:</b>				
<i>Nondepreciable Capital Assets:</i>				
Land	\$13,964	\$0	\$0	\$13,964
Total Nondepreciable Capital Assets	13,964	0	0	13,964
<i>Depreciable Capital Assets:</i>				
Plant and Facilities	376,966	0	0	376,966
Infrastructure	50,542	0	0	50,542
Total Depreciable Capital Assets	427,508	0	0	427,508
<i>Accumulated Depreciation:</i>				
Plant and Facilities	(325,066)	(8,687)	0	(333,753)
Infrastructure	(27,184)	(722)	0	(27,906)
Total Accumulated Depreciation	(352,250)	(9,409)	0	(361,659)
Depreciable Capital Assets, Net	75,258	(9,409)	0	65,849
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$89,222</b>	<b>(\$9,409)</b>	<b>\$0</b>	<b>\$79,813</b>

The business-type activities of the County are the sewer operations at various subdivisions throughout the County.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2002*

**NOTE 9 - NOTES PAYABLE**

The County's note transactions for the year ended December 31, 2002, were as follows:

Purpose	Balance January 1, 2002	Additions	Deletions	Balance December 31, 2002
<b>Governmental Activities:</b>				
<i>Bond Anticipation Notes Payable:</i>				
MRDD Note, 4.73%	\$450,000	\$0	(\$450,000)	\$0
MRDD Note, 5.15%	77,152	0	(77,152)	0
<b>Governmental Activities Notes Payable</b>	<b>\$527,152</b>	<b>\$0</b>	<b>(\$527,152)</b>	<b>\$0</b>
<b>Business-Type Activities:</b>				
<i>Revenue Anticipation Notes Payable:</i>				
Clark's Lake, 6.00%	\$56,666	\$0	(\$56,666)	\$0
Circle Hills, 6.00%	4,777	0	(4,777)	0
Clark's Lake, 5.75%	0	30,000	0	30,000
<b>Business-Type Activities Notes Payable</b>	<b>\$61,443</b>	<b>\$30,000</b>	<b>(\$61,443)</b>	<b>\$30,000</b>

According to State statute, notes can be issued in anticipation of bond proceeds, special assessment bond proceeds and levies, or for up to 50% of anticipated revenue collections. All of the County's notes are backed by the full faith and credit of the City, and mature within one year. The County intends to refinance the notes until such time when bonds are issued. The County has not, however, issued any long-term obligations subsequent to year end for the purpose of refinancing any of these short-term obligations, nor has it entered into a financing agreement for refinancing these short-term obligations on a long-term basis. The notes pertaining to the business-type activities will be paid from enterprise fund revenues.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2002

**NOTE 10 - LONG-TERM OBLIGATIONS**

The County's long-term obligations activity for the year ended December 31, 2002, was as follows:

Purpose	Outstanding January 1, 2002	Additions	Deletions	Outstanding December 31, 2002	Amounts Due Within One Year
<b>Governmental Activities:</b>					
<i>General Obligation Notes Payable:</i>					
Energy Conservation 1995-2005 4.20-5.30%	\$355,000	\$0	\$85,000	\$270,000	\$85,000
Voting Equipment Acquisition 1995-2006 6.75%	195,625	0	39,125	156,500	39,125
Jail Window Replacement 1999-2004 5.15%	106,360	0	106,360	0	0
MRDD Capital Improvement 2000-2024 3.32%	624,083	0	32,132	591,951	34,875
MRDD Improvement 2001-2032 Variable Rate	90,000	0	90,000	0	0
Jail Window/Downtown Annex Consolidation 2002-2007 4.50%	0	286,359	52,348	234,011	0
MRDD Housing Improvements 2002-2012 4.75%	0	71,209	0	71,209	5,894
MRDD Capital Improvement 2002 Variable Rate	0	646,900	0	646,900	0
<i>Special Assessment Bonds with Governmental Commitment:</i>					
Northwood Park Sanitary Sewer Improvement 1999-2019 6.00%	148,000	0	5,000	143,000	5,000
<i>General Obligation Bonds Payable:</i>					
Administrative Complex Refunding 1991-2002 5.75-6.75%	160,000	0	160,000	0	0
Jail Construction 1991-2002 5.75-6.75%	770,000	0	770,000	0	0
MRDD Facilities Improvement 1994-2005 5.75%	40,800	0	8,912	31,888	9,951
Downtown Annex 1994-2004 6.00%	180,000	0	180,000	0	0
<i>Other Long-Term Obligations:</i>					
Compensated Absences	927,453	1,452,594	1,309,555	1,070,492	745,961
Capital Leases	250,880	217,100	140,465	327,515	120,000

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2002*

**Governmental Activities Long-Term Obligations**      \$3,848,201      \$2,674,162      \$2,978,897      \$3,543,466      \$1,045,806

**NOTE 10 - LONG-TERM OBLIGATIONS** (Continued)

During 2002, the County issued long-term notes in the amounts of \$71,209 and \$646,900 to finance capital improvements for MR/DD facilities. These notes will be repaid through the special revenue funds. The Northwood Park Sanitary Sewer Improvement Bonds will be repaid through the collection of special assessments on the benefiting property owners in the debt service funds. All general obligation bonds, the Energy Conservation Notes, Voting Equipment Acquisition Notes, and Jail Window/Downtown Annex Consolidation Notes will also be repaid through the debt service funds. The compensated absences liability will be paid from the fund from which the employees are paid. The capital leases will be repaid through the General Fund and special revenue funds.

The MRDD Facilities Improvement Bonds of \$31,888, the MRDD Capital Improvement Notes of \$591,951, the MRDD Housing Improvements Notes of \$71,209 and the MRDD Capital Improvement Notes of \$646,900 are reflected as long-term obligations because the County is legally obligated to pay for these bonds and notes. The bonds will be repaid through a debt service fund and each of the notes will be repaid through a special revenue fund. However, Brooks-Yates Center Diversified Opportunities, Inc. (the Center), one of the discretely presented component units, also reflects these amounts as liabilities to the County (due to primary government), because the Center used the debt to make leasehold improvements to the facilities and are paying the debt principal and interest requirements to the County. The County then makes the debt service payments.

The following is a summary of the County's future principal and interest requirements for long-term obligations, including \$333,655 of interest:

For the Year Ended December 31,	Energy Conservation Notes	Voting Equipment Acquisition Notes	MRDD Capital Improvement Notes	Jail Window/ Downtown Annex Notes	MRDD Housing Improvements Notes
2003	\$99,138	\$47,928	\$54,000	\$0	\$9,079
2004	99,760	45,727	54,000	65,235	9,079
2005	100,034	43,527	54,000	65,235	9,079
2006	0	41,326	54,000	65,235	9,079
2007	0	0	54,000	65,235	9,079
2008 - 2012	0	0	270,000	0	43,761
2013 - 2017	0	0	196,952	0	0
2018 - 2019	0	0	0	0	0
Totals	<u>\$298,932</u>	<u>\$178,508</u>	<u>\$736,952</u>	<u>\$260,940</u>	<u>\$89,156</u>

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2002*

**NOTE 10 - LONG-TERM OBLIGATIONS** *(Continued)*

For the Year Ended December 31,	Northwood Park Sanitary Sewer Improvement Bonds	MRDD Facilities Improvement Bonds	Totals
2003	\$13,580	\$11,791	\$235,516
2004	13,280	12,211	299,292
2005	13,980	11,624	297,479
2006	13,620	0	183,260
2007	13,260	0	141,574
2008 - 2012	69,120	0	382,881
2013 - 2017	67,980	0	264,932
2018 - 2019	27,280	0	27,280
Totals	<u>\$232,100</u>	<u>\$35,626</u>	<u>\$1,832,214</u>

A schedule of principal and interest requirements for the \$646,900 MR/DD Capital Improvement Notes is not included above. The County is eligible to draw more on the notes and a schedule cannot be determined until the final amount is known. The County is only making interest payments at this time.

**NOTE 11 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

The County has entered into agreements to lease equipment and other assets. Such agreements are, in substance, lease purchases and are reflected as capital lease obligations in the basic financial statements. Capital lease payments are reflected as debt service in the basic financial statements for the governmental funds. New leases are, in substance, capital purchases and are reflected as current expenditures and proceeds from capital leases in the fund financial statements. The capital lease obligations reflected above as part of the long-term obligations represent the present value of the net future minimum lease payments on all capital leases.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2002*

**NOTE 11 - CAPITALIZED LEASES - LESSEE DISCLOSURE** *(Continued)*

The following is a schedule of the future minimum lease payments under lease obligations which have been capitalized as of December 31, 2002.

For the Year Ended December 31,	Capital Lease Obligations
2003	\$131,500
2004	124,256
2005	91,192
2006	6,693
2007	3,390
Total Minimum Lease Payments	357,031
Less: Amount Representing Interest	(29,516)
Present Value of Minimum Lease Payments	\$327,515

**NOTE 12 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 1999. Real property taxes are payable annually or semiannually. The first payment is due March 7, with the remainder payable by July 18.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due October 15. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by October 15.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to itself its share of the taxes collected. The County records receipt of these taxes in various funds.



**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2002*

**NOTE 12 - PROPERTY TAXES** *(Continued)*

Accrued property taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes that were measurable and unpaid as of December 31, 2002. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2002 operations. The receivable is therefore offset by a credit to deferred revenue.

The full tax rate for all County operations for the year ended December 31, 2002, was \$7.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2002 property tax receipts were based are as follows:

Category	Assessed Value
<i>Real Estate:</i>	
Agriculture	\$105,764,620
Residential	447,728,190
Commercial	78,886,170
Industrial	31,106,840
Minerals	275,140
Public Utilities	528,290
<i>Personal Property:</i>	
General	117,503,651
Public Utilities	64,457,740
Total Assessed Values	\$846,250,641

**NOTE 13 - PERMISSIVE SALES TAX**

In 1988, in accordance with Sections 5739.02 and 5741.02 of the Revised Code, the County Commissioners, by resolution, imposed a one percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles. In December 2001, the County Commissioners, by resolution, imposed an additional one-half percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County. Proceeds of the tax were credited to the General Fund and the Capital Improvement Capital Projects Fund. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue. Sales and use tax revenue for 2002 amounted to \$5,229,953.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2002*

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**NOTE 14 - ACCOUNTABILITY**

The following funds had deficit fund balances as of December 31, 2002:

*Nonmajor Special Revenue Funds:*

Special Children Service	\$36,841
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The deficit this fund is the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. The General Fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur. This deficit does not exist on the cash basis.

**NOTE 15 - RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2002, the County contracted with County Risk Sharing Authority (CORSA), a jointly governed organization, for liability, property, and crime insurance. The CORSA program has a \$2,500 deductible.

Coverages provided by the program are as follows:

Property:

Blanket coverage (\$100,000 annual aggregate pool limit for flood and earthquake)

Liability:

General Liability	\$6,000,000
Public Officials	6,000,000
Law Enforcement	6,000,000
Automobile	6,000,000
Uninsured/Underinsured Motorist	250,000
Faithful Performance and Employee Bond	1,000,000
Boiler and Machinery (each accident)	100,000

Settlement amounts on claims have not exceeded insurance coverage in any of the past three years. There have been no significant reductions in insurance coverage from the prior year.

Health insurance is provided by United Healthcare. Workers' compensation benefits are provided through the State Bureau of Workers' Compensation. The County pays all elected officials' bonds by statute.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2002*

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**NOTE 16- DEFINED BENEFIT RETIREMENT PLANS**

**A. Ohio Public Employees Retirement System**

All Pickaway County full-time employees, other than certified teachers with the Board of Mental Retardation and Developmental Disabilities (MRDD), participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State. OPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone, publicly available annual financial report that includes financial statements and required supplemental information. This report may be obtained by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contribution rates. Plan members, other than those engaged by law enforcement, are required to contribute 8.5% of their annual covered salary and for 2002, the County is required to contribute 13.55%. In January 2001, House Bill 416 divided the OPERS law enforcement program into two separate divisions with separate employee contribution rates and benefits. The law enforcement classification consisted of sheriffs, deputy sheriffs, and township police with an employee contribution rate of 10.1%. All other members of the OPERS law enforcement programs were placed in the public safety division and continued to contribute at 9%. The 2002 employer contribution rate for both the law enforcement and public safety divisions was 16.7%. The County's required pension contributions to OPERS for the years ending December 31, 2002, 2001, and 2000 were \$903,582, \$1,198,089, and \$741,003, respectively; 93.3% has been contributed for 2002 and 100% for years 2001 and 2000. Of the 2002 amount, \$60,851 was unpaid at December 31, 2002 and is recorded as a liability in the respective funds.

**B. State Teachers Retirement System of Ohio**

The Pickaway County Board of Mental Retardation and Developmental Disabilities contributes for all certified teachers to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Chapter 3307 of the Ohio Revised Code establishes benefits. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

Plan members are required to contribute 9.3% of their annual covered salary and the County is required to contribute 14%; 9.5% was the portion allocated to fund pension obligations for fiscal year 2002. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The County's contributions to STRS for the years ended December 31, 2002, 2001, and 2000 were \$12,065, \$10,202, and \$10,850, respectively. These contributions were equal to the required contributions for each of the years.

Effective July 1, 1991, all employees not otherwise covered by the Public Employees Retirement System or the State Teachers Retirement System have an option to choose social security or the Public Employees Retirement System/State Teachers Retirement System. As of December 31, 2002, none of the elected officials had elected social security.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2002*

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**NOTE 17 - POSTEMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions.

The OPERS law enforcement program was separated into two divisions, law enforcement and public safety, with separate employee contribution rates and benefits. For local government employer units the rate was 13.55% of covered payroll; 4.3% was the portion used to fund health care for the year. The 2002 employer rate was 16.7% and 4.3% was used to fund health care for both the law enforcement and public safety divisions.

The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 2001. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2001 was 8%. An annual increase of 4% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4% annually.

OPEB are advance-funded on an actuarially determined basis. As of December 31, 2001, the number of active contributing participants was 402,041. The County contributions actually made to fund postemployment benefits during fiscal year 2002 were \$585,638. The actuarial value of the Retirement System's net assets available for OPEB at December 31, 2001 was \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

In December 2001, the OPERS Board adopted the Health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of health care. The Choices Plan will be offered to all persons newly hired under OPERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, will incorporate a cafeteria approach, offering a more broad 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.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2002*

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**NOTE 17 - POSTEMPLOYMENT BENEFITS** *(Continued)*

**B. State Teachers Retirement System**

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

The State Teachers Retirement Board (the Board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code grants authority to STRS to provide health care coverage to benefit recipients, spouses, and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For the fiscal year ended June 30, 2002, the Board allocated employer contributions equal to 4.5% of the covered payroll to the Health Care Stabilization Fund from which payments for health care benefits are paid. For the County, this amount equaled \$5,715 during the 2002 fiscal year.

The balance in the Health Care Stabilization Fund was \$3.011 billion on June 30, 2002. For the fiscal year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000. There were 105,300 eligible benefit recipients.

**NOTE 18 - ADDITIONAL DISCLOSURES FOR DISCRETELY PRESENTED COMPONENT UNITS**

**A. Measurement Focus and Basis of Accounting**

Brooks-Yates Center Diversified Opportunities, Inc. uses fund accounting to report on their operations and uses the full accrual basis of accounting as set forth in SFAS No. 117 for non-profit corporations. Pickaway County Airport Authority uses fund accounting to report on their operations and uses the cash basis of accounting that is then converted to accrual accounting at year end.

**B. Budgetary Basis of Accounting**

Budgetary information for the discretely presented component units is not presented because they are not included in the entity for which the "appropriated budget" is adopted and do not maintain separate budgetary financial records.

**C. Capital Assets**

Property and equipment for the component units are stated at historical cost and are updated for the costs of additions and retirements during the year. Donated fixed assets have been recorded at the fair market value at the date of the gift.

The assets for Brooks-Yates Center Diversified Opportunities, Inc. are depreciated on a straight line basis using the following estimated useful lives:

Category	Estimated Life
Buildings	40 years
Leasehold Improvements	39 years
Machinery and Equipment	5-7 years

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2002

**NOTE 18 - ADDITIONAL DISCLOSURES FOR DISCRETELY PRESENTED COMPONENT UNITS**

*(Continued)*

A summary of changes in capital assets during 2002 were as follows:

	<b>Balance January 1, 2002</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2002</b>
<i>Nondepreciable Capital Assets:</i>				
Land	\$150,667	\$0	\$0	\$150,667
Construction in Progress	650,116	8,168	(650,116)	8,168
<b>Total Nondepreciable Capital Assets</b>	<b>800,783</b>	<b>8,168</b>	<b>(650,116)</b>	<b>158,835</b>
<i>Depreciable Capital Assets:</i>				
Buildings and Improvements	802,438	660,153	0	1,462,591
Land Improvements	15,000	0	0	15,000
Leasehold Improvements	102,021	7,444	0	109,465
Machinery and Equipment	58,445	0	(6,340)	52,105
Vehicles	65,426	0	0	65,426
<b>Total Depreciable Capital Assets</b>	<b>1,043,330</b>	<b>667,597</b>	<b>(6,340)</b>	<b>1,704,587</b>
<i>Accumulated Depreciation:</i>				
Buildings and Improvements	(22,965)	(19,643)	0	(42,608)
Land Improvements	(1,000)	(1,000)	0	(2,000)
Leasehold Improvements	(18,774)	(2,765)	0	(21,539)
Machinery and Equipment	(45,798)	(2,700)	6,340	(42,158)
Vehicles	(35,085)	(8,645)	0	(43,730)
<b>Total Accumulated Depreciation</b>	<b>(123,622)</b>	<b>(34,753)</b>	<b>6,340</b>	<b>(152,035)</b>
<b>Depreciable Capital Assets, Net</b>	<b>919,708</b>	<b>632,844</b>	<b>0</b>	<b>1,552,552</b>
<b>Capital Assets, Net</b>	<b>\$1,720,491</b>	<b>\$641,012</b>	<b>(\$650,116)</b>	<b>\$1,711,387</b>

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2002

**NOTE 18 - ADDITIONAL DISCLOSURES FOR DISCRETELY PRESENTED COMPONENT UNITS**

*(Continued)*

**D. Long-Term Obligations**

A summary of long-term obligations for the year ended December 31, 2002, was as follows:

Purpose	Outstanding January 1, 2002	Additions	Deletions	Outstanding December 31, 2002	Amounts Due Within One Year
<i>Long-Term Notes Payable:</i>					
Facilities Improvement 2001-2012 4.75%	\$77,152	\$0	\$6,421	\$70,731	\$5,845
Vehicle Purchase 1998-2003 5.65%	7,797	0	6,231	1,566	1,566
<i>Bonds Payable:</i>					
Facilities Improvement 1994-2005 5.75%	40,800	0	9,112	31,688	9,902
<b>Total Long-Term Obligations</b>	<b>\$125,749</b>	<b>\$0</b>	<b>\$21,764</b>	<b>\$103,985</b>	<b>\$17,313</b>

The following is a summary of the County's future principal and interest requirements for long-term obligations:

For the Year Ended December 31,	Facilities Improvement Notes	Vehicle Purchase Notes	Facilities Improvement Bonds	Totals
2003	\$9,079	\$1,623	\$11,791	\$235,516
2004	9,079	0	12,211	299,292
2005	9,079	0	11,624	297,479
2006	9,079	0	0	183,260
2007	9,079	0	0	141,574
2008 - 2012	43,761	0	0	27,280
Total Payments	89,156	1,623	35,626	1,184,401
Less: Interest	(18,425)	(57)	(3,938)	(22,420)
Total Principal	\$70,731	\$1,566	\$31,688	\$1,161,981

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2002*

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**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Berger Hospital**

Berger Hospital is a jointly governed organization that provides diversified health care services to the community. The hospital is governed by a 9 member board: Pickaway County Commissioners appoint 4 members of the board, the City of Circleville appoints 4 members of the board and the final board member is the City of Circleville's Mayor. The Mayor is the President of the Board but does not have voting privileges unless there is a tie. The City of Circleville holds legal title to the Hospital. The degree of control exercised by the County is limited to its representation on the Board. Pickaway County does not have an ongoing financial interest in or an ongoing financial responsibility for the Hospital. During 2002, the County did not make any contributions to the Hospital. Complete financial statements can be obtained from the Berger Hospital, 600 N. Pickaway, Circleville, Ohio, 43113.

**B. Paint Valley Mental Health Alcohol and Drug Addiction Board**

The Paint Valley Mental Health Alcohol and Drug Addiction Board serves Pike, Fayette, Highland, Pickaway and Ross Counties and is a jointly governed organization that is responsible for developing, coordinating, modernizing, funding, monitoring and evaluating a community-based mental health and substance abuse program. The Board consists of eighteen members. The Director of the Ohio Department of Mental Health appoints four members and the Director of the Ohio Department of Alcohol and Drug Addiction Services appoints four members. The remaining members are appointed by the County Commissioners of Pike, Fayette, Highland, Pickaway, and Ross Counties in the same proportion as each County's population bears to the total population of the five counties combined. The Board receives revenue from the participating counties and receives federal and state funding through grant monies that are applied for and received by the Board of Trustees. Pickaway County cannot significantly influence operations of the Board, who has sole budgetary authority and controls surpluses and deficits. Pickaway County has no ongoing financial interest or responsibility. During 2002, Pickaway County contributed \$500,590 to the program.

**C. Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District**

The County is a member of the Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District, which is a jointly governed organization of the four-named counties. The purpose of the District is to make disposal of waste in the four-county area more comprehensive in terms of recycling, incinerating, and land filling. The District was created in 1989, as required by the Ohio Revised Code.

The Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District is governed and operated through three groups. A twelve member board of directors, comprised of three commissioners from each county, is responsible for the District's financial matters. Financial records are maintained by the Ross County Auditor and Treasurer, and the Ross County Commissioners budget and finance the District with board approval. A twenty-nine member policy committee, comprised of seven members from each county and one at-large member appointed by the board of directors, is responsible for preparing the solid waste management plan of the District in conjunction with a twenty-three member Technical Advisory Council (members appointed by the policy committee). The District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste. Although the counties contributed amounts to the District at the time of its creation, all contributions have since been returned to the respective counties and no future contributions by the counties are anticipated. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.



**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2002*

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**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS** *(Continued)*

**D. County Risk Sharing Authority (CORSA)**

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization 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 the certificates. The County does not have an equity interest in CORSA. The County's payment for insurance to CORSA in 2002 was \$189,872.

**E. Southern Ohio Council of Governments**

The County is a member of the Southern Ohio Council of Governments, which is a jointly governed organization created under the Ohio Revised Code Section 167.01. The governing body consists of a thirteen member board with each participating County represented by its Director of its Board of Mental Retardation and Development Disabilities. Member counties include: Adams, Athens, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pickaway, Pike, Ross, Scioto and Vinton Counties. During 2002, the County contributed \$120,184 to this organization. Financial statements can be obtained from the Southern Ohio Council of Governments, 43 N. Paint St., Chillicothe, Ohio, 45601.

**NOTE 20 - RELATED ORGANIZATIONS**

**A. Pickaway County Library**

The Pickaway County District Library is statutorily created as a separate and distinct political subdivision of the State. Four trustees of the District Library are appointed by the County Commissioners, and three trustees are appointed by the judges of the Common Pleas Court. The board of trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the County for operational subsidies. Due process is required to remove board members. No subsidies are provided by the County.

**NOTE 21 - RELATED PARTY TRANSACTION**

**A. Brooks-Yates Center Diversified Opportunities, Inc.**

Brooks-Yates Center Diversified Opportunities, Inc. a discretely presented component unit of Pickaway County, received contributions from the County for facilities, certain equipment, transportation and salaries for administration, implementation and supervision of its program. These contributions are reflected as operating revenues and operating expenses at cost or fair market value as applicable, in the general purpose financial statements. In 2002, these contributions were \$54,708.

**Pickaway County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2002*

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**NOTE 22 - CONTINGENT LIABILITIES**

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

**PICKAWAY COUNTY**  
**SCHEDULE OF FEDERAL AWARDS EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Number	Federal C.F.D.A. Number	Expenditures
<b>U.S. Department of Agriculture</b>			
<i>Passed through Ohio Department of Education:</i>			
<i>Child Nutrition Cluster:</i>			
National School Breakfast Program		10.553	\$ 1,882
National School Lunch Program	LL-P4 2001 & LL-P4 2002	10.555	3,588
Total U.S. Department of Agriculture- Child Nutrition Cluster			5,470
<b>U.S. Department of Housing and Urban Development</b>			
<i>Passed through Ohio Department of Development:</i>			
Community Development Block Grant/State's Program	B-C-01-060-1	14.228	224,043
HOME Investment Partnership Program	B-C-01-060-2	14.239	231,880
Total U.S. Department of Housing and Urban Development			455,923
<b>U.S. Department of Justice</b>			
<i>Passed through Ohio Department of Youth Services</i>			
Assessment/Drug Court	83-65-0000	16.523	16,157
Crime Victims Assistance	2001VADOME095X	16.575	13,031
Crime Victims Assistance	2003VADOME095	16.575	47,775
Crime Victims Assistance	2003VAGENE501	16.575	21,381
Total Crime Victims Assistance			82,187
Total U. S Department of Justice			98,344
<b>U.S. Department of Treasury</b>			
<i>Passed through Ohio Department of Youth Services</i>			
Americorps	YCP-025-02	94.006	6,060
Total U. S Department of Treasury			6,060
<b>U.S. Department of Education</b>			
<i>Passed through Ohio Department of Education</i>			
Special Education Grant to State - Title Vi-B	066191-PG-S1-02P	84.027	18,485
Innovative Education Program Strategies	066191-C2-S1-02	84.298	795
Special Education Preschool Grant	066191-C2-S1-02	84.173	1,367
Total U.S. Department of Education			20,647
<b>U.S Department of Health and Human Services</b>			
<i>Passed through Ohio Department of Job and Family Services</i>			
Medical Assistance Program Title XIX Cluster	( N/A)	93.778	387,072
Social Service Block Grant	SFY202-03	93.667	34,360
Total U.S. Department of Health and Human Services			421,432
<b>U.S. Department of Labor</b>			
<i>Passed through Ohio Department of Job and Family Services</i>			
Workforce Investment Act-Adult		17.258	5,488
Workforce Investment Act-Adult Administrative	(N/A)		819
Workforce Investment Act-Adult Total			6,307
Workforce Investment Act-Youth Activities	(N/A)	17.259	47,846
Workforce Investment Act-Youth Administration			7,139
Workforce Investment Act-Youth Total			54,985
Workforce Investment Act-Dislocated Worker	(N/A)	17.260	72,531
Workforce Investment Act-Dislocated Worker Administrative			10,823
Workforce Investment Act-Dislocated Worker Total			83,354
Total Work Investment Act Cluster/U.S. Department of Labor			144,646
<b>U.S. Department of Transportation</b>			
<i>Passed through Ohio Department of Transportation:</i>			
Highway Planning and Construction	PIC-CR7-9.080	20.205	1,083,916
<b>Total Federal Awards</b>			\$ 2,236,438

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

**PICKAWAY COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
YEAR ENDED DECEMBER 31, 2002**

**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— SUBRECIPIENTS**

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

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

**NOTE C— COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS**

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

These loans are collateralized by the mortgages on the property. At December 31, 2002, the gross amount of loans outstanding under this program were \$\_\_\_\_\_. Delinquent amounts due are \$\_\_\_\_\_.

**NOTE D -- MATCHING REQUIREMENTS**

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



## Auditor of State Betty Montgomery

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

Board of County Commissioners  
Pickaway County  
207 South Court Street  
Circleville, Ohio 43113

To the Board of County Commissioners:

We have audited the financial statements of Pickaway County, Ohio (the County) as of and for the year ended December 31, 2002, and have issued our report thereon dated September 19, 2003, wherein we noted the County implemented Governmental Accounting Standards Board Statement No. 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Brooks-Yates Center for Diversified Opportunities, Inc were audited by other auditors in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards* and accordingly, this report does not extend to that component unit.

#### Compliance

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

#### 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, which we have reported to management of the County in a separate letter dated September 19, 2003.

35 N. Fourth St. / Second Floor / Columbus, OH 43215  
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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

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

**Betty Montgomery**  
**Auditor of State**

September 19, 2003



**Auditor of State  
Betty Montgomery**

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

Board of County Commissioners  
Pickaway County  
207 South Court Street  
Circleville, Ohio 43113

To the Board of County Commissioners:

**Compliance**

We have audited the compliance of Pickaway County, Ohio (the County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2002. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

As described in items 2002-001 and 2002-002 in the accompanying schedule of findings, the County did not comply with requirements regarding Cash Management and Subrecipient Monitoring that are applicable to its Home Investment Partnership Program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2002. We also noted an instance of noncompliance that does not require inclusion in this report that we have reported to management of the County in a separate letter dated September 19, 2003.

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Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199  
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### **Internal Control Over Compliance**

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

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design and operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings as items 2002-001 and 2002-002.

A material weakness in 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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, of the reportable conditions described above, we consider items 2002-001 and 2002-002 to be material weaknesses. We, also, noted a matter 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 separate letter dated September 19, 2003.

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



**Betty Montgomery**  
**Auditor of State**

September 19, 2003



**PICKAWAY COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**DECEMBER 31, 2002**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Qualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #14.239 Home Investment Partnerships Program (HOME) CFDA #20.205 Highway Planning and Construction
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

<b>FINDING NUMBER</b>	2002-001
<b>CFDA Title and Number</b>	CFDA #14.239 Home Investment Partnership Program
<b>Federal Award Number/Year</b>	B-C-01-060-2
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development
<b>Pass-through Agency</b>	Ohio Department of Development

**PICKAWAY COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 §\_\_505**  
**DECEMBER 31, 2002**  
**(Continued)**

<b>3. FINDINGS FOR FEDERAL AWARDS (Continued)</b>
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<b>FINDING NUMBER</b>	2002-001 (Continued)
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**Cash Management- Fifteen Day Rule**

24 CFR 92.502 and Section (A)(3)(f) of the Ohio Department of Development, Office of Housing and Community Partnership's, Management Rules and Regulations Handbook, require grantees to develop a cash management system that ensures compliance with the 15 Day Rule relating to prompt disbursement of funds. The rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on-hand to a balance of less than \$5,000 within fifteen days of receipt. If the funds are not disbursed within fifteen days of receipt and the balance is not maintained at an amount less than \$5,000 the County is in noncompliance with the federal requirements.

The grant agreement executed October 10, 2001 by and between Pickaway County Commissioners and the State of Ohio Department of Development, (ODOD) for the grant period August 1, 2001 through September 30, 2003, states in "Statement of the Agreement, Section 3,"... if the funds are not expended in accordance with terms, conditions and time period set forth in the (grant) agreement..."the amounts improperly expended or not expended shall be returned to the Grantor, within thirty (30) days of termination of the agreement. "

In July, the County received \$73,558 as a return of funds from its subrecipient, Pickaway County Community Action Organization, Inc. (PICCA). This made the unencumbered grant fund cash balance \$73,558 at July, 31, 2002. Additional draw downs from ODOD were received and \$25,744 of expenditures were made in August 2002, as well. Consequently, the County's grant fund cash balance was \$124,938 at August 31, 2002. The disbursements made from August 1 through August 31, 2002 were not sufficient to bring the cash balance to \$5,000 or less within fifteen days of receipt.

We recommend the County implement internal control procedures to ensure monies received are disbursed within 15 days and to an amount of less than \$5,000, or returned to the grantor to comply with grant provisions.

<b>FINDING NUMBER</b>	2002-002
<b>CFDA Title and Number</b>	CFDA #14.239 Home Investment Partnership Program
<b>Federal Award Number/Year</b>	B-C-01-060-2
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development
<b>Pass Through Agency</b>	Ohio Department of Development

**Subrecipient Monitoring - Pickaway County Community Action Organization, Inc.**

U. S. Office of Management and Budget (OMB) Circular A-133\_\_§.400(d) provides that a pass-through entity shall perform the following for federal awards it makes:

- Inform subrecipient of the Catalog of Federal Domestic Assistance ( CFDA) number and award name.
- Advise subrecipient of requirements imposed by federal laws, regulations and the provisions of grant agreement under which the pass-through entity received the federal award.

**PICKAWAY COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 §\_\_505**  
**DECEMBER 31, 2002**  
**(Continued)**

<b>3. FINDINGS FOR FEDERAL AWARDS (Continued)</b>
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<b>FINDING NUMBER</b>	2002-002 (Continued)
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**Subrecipient Monitoring - Pickaway County Community Action Organization, Inc. (Continued)**

- Monitor the activities of subrecipients to ensure federal awards are used for authorized purposes and in compliance with laws, regulations, and provisions of contract or grant agreements, and that performance goal are achieved.
- Ensure that subrecipient expending \$300,000 or more in federal awards during the subrecipient's fiscal year have single audit performed.
- Evaluate audit findings reported as a result of the subrecipient's single audit and ensure the subrecipient takes appropriate and timely corrective action.
- Require each subrecipient to permit the pass-through entity and auditors to have access to records and financial statements as necessary for the pass-through entity to comply with its requirements under OMB Circular A-133.

The grant agreement executed October 10, 2001 by and between Pickaway County Commissioners and the State of Ohio Department of Development, (ODOD) for the grant period August 1, 2001 through September 30, 2003, states in "Statement of the Agreement, Section 12 (d), part 2 that less than annually, the Grantee must review the performance of each contractor and subrecipient."

**Subrecipient Monitoring - Pickaway County Community Action Organization, Inc.**

The County provides Home Investment Partnership Program funds to the Pickaway County Community Action Organization, Inc. (PICCA) to carryout the program provisions in administering the Community Housing Improvement Program (CHIP). Though there is no written agreement between PICCA and the County related to CHIP, in practice, PICCA has accepted the majority of CHIP administrative and compliance functions, indicating PICCA is a subrecipient of the County. During 2002 such functions included eligibility determinations, allowable, unallowable activities assessments, cash management and reporting. The County disbursed \$231,880 in the year ended December 31, 2002, and approximately the same amount in the year ended December 31, 2001.

As noted above, the County does not have a written agreement with PICCC related to CHIP nor is there other evidence the County has made communications, secured access to records, or made provisions to require a single audit, as required by OMB Circular A-133 §\_\_400. Additionally, the County has not established a subrecipient monitoring program nor has it conducted any monitoring of the subrecipient's activities to assess PICCA's compliance with applicable requirements relative to the Home Investment Partnership Program, as required.

We recommend the County review the performance of the subrecipient by assessing its compliance with applicable program requirements. Any weaknesses identified must promptly cause the creation of a corrective action plan with periodic monitoring by the County until the weakness is eliminated. The anticipated subrecipient performance should be incorporated into a written agreement between PICCA and the County and include/address provisions as noted in OMB Circular A-133 §\_\_400(d).

PICKAWAY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2001-60665-001	County had not developed internal control procedures to ensure commissioned contractors were not suspended or debarred from working on government contract	Corrected	

**PICKAWAY COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 §.315 (c)  
FISCAL YEAR END DECEMBER 31, 2002**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2002-001	After the current program year ends, the County intends to eliminate their relationship with PICCA and the County will conducted all compliance requirements of the Home Investment Partnership Program.	December 31, 2003	Ms. Melissa Betz, County Auditor
2002-002	The County plans to commission an independent accounting firm to review PICCA's compliance with applicable Home Investment Partnership Program requirements. This review will be for the program year ending November 30, 2003.	January 31, 2004	Ms. Melissa Betz, County Auditor





**Auditor of State  
Betty Montgomery**

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P.O. Box 1140  
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**PICKAWAY COUNTY FINANCIAL CONDITION**

**PICKAWAY 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  
OCTOBER 16, 2003**