

**PERRY COUNTY, OHIO  
FINANCIAL STATEMENTS  
Year Ended December 31, 1999**

PERRY COUNTY, OHIO

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PERRY COUNTY, OHIO

ELECTED OFFICIALS  
AS OF DECEMBER 31, 1999

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>
Mike Heavener	Commissioner	01/02/97-01/02/01
John Altier	Commissioner	01/02/97-01/02/01
Chuck Vanhorn	Commissioner	01/01/99-01/02/03
Joann N. Hankinson	Auditor	03/09/99-03/10/03
David R. Wilson	Treasurer	09/01/97-09/02/01
Barbara J. Fox	Recorder	01/06/97-12/31/00
Kenton C. Cannon	Engineer	01/06/97-12/31/00
William R. Barker	Sheriff	01/06/97-12/31/00
Joseph A. Flautt	Prosecutor	01/06/97-12/31/00
Kay Burns	Clerk of Courts	01/06/97-12/31/00
Jeffrey Haggengjos	Coroner	01/06/97-12/31/00
Dean Wilson	County Court Judge	01/01/95-12/31/00
Luann Cooperrider	Judge of Probate & Juvenile Court	02/09/97-02/08/03
Linton D. Lewis, Jr.	Judge of Common Pleas Court	07/06/98-07/05/04

Entity Address:

Perry County  
121 W. Brown Street  
New Lexington, Ohio 43764

**PERRY COUNTY, OHIO**

**INDEX OF FUNDS**

**As of December 31, 1999**

**GOVERNMENTAL FUND TYPES:**

**General Fund**

**Special Revenue Funds**

**Auto, License and Gas**

**Dog and Kennel**

**Mental Retardation and Developmental Disabilities**

**Public Assistance**

**Litter Control**

**Recycling**

**Real Estate Reassessment**

**Perry County Home**

**Youth Service Subsidy Grant**

**Children Services**

**Civil Disaster Services**

**Marriage License**

**Indigent Guardianship**

**T.B. Levy**

**Mental Retardation**

**Sheriff Services National Forest**

**Alpha Independent Living Grant**

**Alpha Grant**

**County Probation Services**

**Care & Custody - DYS**

**Retired Senior Volunteer Program**

**COPS More**

**Universal Hiring**

**Juvenile Court - Conduct of Business**

**Juvenile Court Computerization**

**Juvenile Indigent Drivers**

**Juvenile/Americorps**

**Family Resources**

**Dropoff/Recycling**

**Child Support Enforcement Agency**

**Clerk of Courts - Computer**

**DRETAC**

**Child Support Enforcement Title IV-D**

**Computerization**

**Common Pleas Special**

**Supportive Living**

**County Court Computerization**

**Indigent Driver Alcohol Treatment**

**Enforcement and Education**

**Local Emergency Planning**

**Electronic Monitored House Arrest**

PERRY COUNTY, OHIO

INDEX OF FUNDS - CONTINUED

As of December 31, 1999

GOVERNMENTAL FUND TYPES - CONTINUED:

Special Revenue Funds - Continued

Juvenile Court - Computerized Legal Research  
Probate Court - Conduct of Business  
Probate Court - Computerized Legal Research  
Probate Court Computerization  
Engineer Mapping  
Recorder's Equipment  
Certificate of Title Administration  
Group Home  
Common Pleas Mediation Services  
County Court Mediation Services  
County Court Special Projects  
Crime Victims/Witness  
Perry County Transit System  
12 Site Meditation  
Perry County Archives  
Sheriff's Litter Control  
PCJC/CASA GAL Program  
Perry County Airport  
Special Events - Juvenile  
FEMA Small Projects  
Comprehensive Mental  
911 Operations

Debt Service Funds

Bond Retirement  
Bond Retirement - NPCW  
Human Service Building  
Perry County Waterline

Capital Projects Funds

Capital Improvement Project  
OWDA Loan  
Perry County Recreation  
Community Development  
Recreation Development  
County Motor Vehicle  
Northern Perry County Water Construction  
911 System  
Mental Retardation Capital Improvements

PERRY COUNTY, OHIO

INDEX OF FUNDS - CONTINUED

As of December 31, 1999

PROPRIETARY FUND TYPES:

Enterprise Funds

Thornport Sewer

Northern Perry County Water

Internal Service Funds

Sheriff's Commissary (no activity after 1999)

FIDUCIARY FUND TYPES:

Expendable Trust Funds

Children's Trust

Trust

Unclaimed Money

Agency Funds

Undivided General Tax

Undivided Tangible Personal Property Tax

Undivided Township Gasoline Tax

Undivided Estate Tax

Undivided Trailer Tax

Undivided Motor Vehicle Tax

Undivided Cigarette Tax

Undivided Lodging Tax

Undivided State - Local Government

Undivided State - Local Government Revenue Assistance

Law Library

Federal Forest Protection

Garnishee

Public Employees Retirement System

Workers Compensation

Rendville

Escrow Payment Fund

Withholding Tax

City Income Tax

State Income Tax

A.F.S.C.M.E.

M.C.S. Credit Union

United Way

American Family Life

Capitol Insurance Company

Colonial Insurance

Community Life Insurance

**PERRY COUNTY, OHIO**

**INDEX OF FUNDS - CONTINUED**

**As of December 31, 1999**

**FIDUCIARY FUND TYPES - CONTINUED:**

**Agency Funds - continued**

**Peoples Security Insurance  
Deferred Individual Retirement Account  
F.O.P. - O.L.C.  
Worker's Compensation Self-Insurance  
Medicare  
C.C.A.O. Deferred Compensation  
Colonial Life Insurance  
Blue Cross N.O.  
P.E.R.S. Purchase of Service  
School Income Tax  
Capital American  
Jo-Co Health Plan  
AFLAC  
Nationwide Insurance  
Sheriff's Law Enforcement Trust  
Ohio Elections Commission  
Social Security  
Self-Insurance  
Family and Children First Council  
Prosecutor's Law Enforcement Trust  
Drug Law Enforcement  
Perry County Senior Center**



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

Board of Commissioners  
Perry County  
New Lexington, Ohio

We have reviewed the Independent Auditor's Report of Perry County, prepared by Jones, Cochenour & Co., for the audit period January 1, 1999 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Perry County is responsible for compliance with these laws and regulations.



JM PETRO  
Auditor of State

July 27, 2000

**PERRY COUNTY, OHIO**  
**COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES COMPARED**  
**WITH EXPENDITURE AUTHORITY**  
**Year Ended December 31, 1999**

<u>Fund Types/Funds</u>	<u>Prior Year Carryover Appropriations</u>	<u>Appropriations</u>	<u>Total</u>
<b><u>Governmental</u></b>			
General	\$ 237,289	\$ 5,414,691	\$ 5,651,980
Special revenue	1,027,649	16,583,593	17,611,242
Debt service	-	472,515	472,515
Capital projects	456,291	1,676,597	2,132,888
<b><u>Proprietary</u></b>			
Enterprise	3,157	701,085	704,242
Internal service	-	592	592
<b><u>Fiduciary</u></b>			
Expendable trust	-	1,487	1,487
<b>TOTAL (MEMORANDUM ONLY)</b>	<b>\$ <u>1,724,386</u></b>	<b>\$ <u>24,850,560</u></b>	<b>\$ <u>26,574,946</u></b>

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures on pages 32 and 33 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and is not a required part of the financial statements of Perry County, Ohio. Such information has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Jones, Cochenour & Co.

June 20, 2000

**PERRY COUNTY, OHIO**  
**COMBINED STATEMENT OF CASH AND FUND CASH BALANCES - ALL FUND TYPES**  
**AND DISCRETELY PRESENTED COMPONENT UNIT**  
December 31, 1999

**CASH AND INVESTMENTS**

Cash and cash equivalents	\$	6,583,212
Segregated account: cash and cash equivalents		565,591
Segregated account: investments		<u>28,122</u>
<b>TOTAL</b>	<b>\$</b>	<b><u>7,176,925</u></b>

**CASH BALANCES BY FUND TYPE**

<u><b>GOVERNMENTAL FUNDS:</b></u>		
General fund	\$	339,003
Special revenue funds		4,587,534
Debt service funds		5,024
Capital projects funds		440,742
<u><b>PROPRIETARY FUNDS:</b></u>		
Enterprise funds		30,765
Internal service fund		-
<u><b>FIDUCIARY FUNDS:</b></u>		
Expendable trust funds		96,374
Agency funds		<u>1,580,367</u>
<b>TOTAL PRIMARY GOVERNMENT</b>		<b>7,079,809</b>
<u><b>COMPONENT UNIT:</b></u>		
Perco, Inc.		<u>97,116</u>
<b>TOTAL REPORTING ENTITY</b>	<b>\$</b>	<b><u>7,176,925</u></b>

See notes to financial statements

**PERRY COUNTY, OHIO**  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES -**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS**  
**Year Ended December 31, 1999**

	Governmental Fund Types	
	General	Special Revenue
<b>RECEIPTS</b>		
Taxes	\$ 1,045,796	\$ 2,138,146
Charges for services	977,861	803,198
Licenses and permits	3,908	65,503
Fines and forfeitures	172,326	85,436
Intergovernmental receipts	2,243,862	10,446,011
Special assessments	-	-
Interest income	308,638	-
All other receipts	45,237	701,033
<b>TOTAL RECEIPTS</b>	<b>4,797,628</b>	<b>14,239,327</b>
<b>DISBURSEMENTS</b>		
General Government:		
Executive and legislative	1,496,463	363,712
Judicial	785,289	146,478
Public safety	1,310,251	1,335,967
Public works	-	3,232,083
Health	37,971	2,292,575
Human services	124,524	6,432,276
Conservation - Recreation	67,000	-
Miscellaneous	241,384	-
Capital outlay	182,345	-
Debt service:		
Bond principal payment	-	-
Note principal payment	297,201	195,347
Interest and fiscal charges	15,883	30,419
<b>TOTAL DISBURSEMENTS</b>	<b>4,558,311</b>	<b>14,028,857</b>
<b>TOTAL RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>239,317</b>	<b>210,470</b>
<b>OTHER FINANCING SOURCES (USES):</b>		
Proceeds of notes	530,000	-
Operating transfers - in	-	482,345
Operating transfers - out	(482,345)	-
Advances - in	-	20,658
Advances - out	(399,153)	(100,515)
Other financing sources	22,614	-
Other financing uses	(36,478)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(365,362)</b>	<b>402,488</b>
<b>EXCESS OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER USES</b>	<b>(126,045)</b>	<b>612,958</b>
<b>FUND CASH BALANCES - JANUARY 1, 1999</b>	<b>465,048</b>	<b>3,974,576</b>
<b>FUND CASH BALANCES - DECEMBER 31, 1999</b>	<b>\$ 339,003</b>	<b>\$ 4,587,534</b>

Governmental Fund Types		Fiduciary Fund Type	Primary Government Totals
Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
\$ -	\$ -	\$ -	\$ 3,183,942
9,564	161,761	-	1,952,384
-	63,925	-	133,336
-	-	-	257,762
-	901,133	300	13,591,306
501	-	-	501
-	-	-	308,638
-	8,667	25,752	780,689
<u>10,065</u>	<u>1,135,486</u>	<u>26,052</u>	<u>20,208,558</u>
-	64,300	-	1,924,475
-	-	-	931,767
-	8,964	-	2,655,182
-	-	-	3,232,083
-	-	-	2,330,546
-	-	-	6,556,800
-	-	-	67,000
-	-	126	241,510
450,000	1,679,287	-	2,311,632
300	-	-	300
8,917	57,143	-	558,608
<u>13,298</u>	<u>22,000</u>	<u>-</u>	<u>81,600</u>
<u>472,515</u>	<u>1,831,694</u>	<u>126</u>	<u>20,891,503</u>
(462,450)	(696,208)	25,926	(682,945)
450,000	521,240	-	1,501,240
-	-	-	482,345
-	-	-	(482,345)
12,483	100,000	-	133,141
-	-	-	(499,668)
-	-	-	22,614
-	-	-	(36,478)
<u>462,483</u>	<u>621,240</u>	<u>-</u>	<u>1,120,849</u>
33	(74,968)	25,926	437,904
<u>4,991</u>	<u>515,710</u>	<u>70,448</u>	<u>5,030,773</u>
<u>\$ 5,024</u>	<u>\$ 440,742</u>	<u>\$ 96,374</u>	<u>\$ 5,468,677</u>

See notes to financial statements

**PERRY COUNTY, OHIO**  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES -**  
**ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS**  
**AND DISCRETELY PRESENTED COMPONENT UNIT**  
**Year Ended December 31, 1999**

	<b>Proprietary Fund Types</b>	
	<b>Enterprise</b>	<b>Internal Service</b>
<b>OPERATING RECEIPTS</b>		
Charges for services	\$ 264,414	\$ -
Other operating revenues	<u>35,823</u>	<u>-</u>
	300,237	-
 <b>OPERATING DISBURSEMENTS</b>		
Personal services	128,674	-
Contract services	101,051	-
Supplies and materials	<u>117,389</u>	<u>-</u>
<b>TOTAL OPERATING DISBURSEMENTS</b>	<u>347,114</u>	<u>-</u>
 <b>EXCESS OF OPERATING RECEIPTS OVER (UNDER)</b>		
<b>OPERATING DISBURSEMENTS</b>	(46,877)	-
 <b>NON-OPERATING RECEIPTS (DISBURSEMENTS)</b>		
Note retirement	(1,614,998)	-
Interest expense	(157,878)	-
Other non-operating receipts	-	-
Other non-operating disbursements	<u>-</u>	<u>-</u>
 <b>TOTAL NON-OPERATING RECEIPTS (DISBURSEMENTS)</b>	<u>(1,772,876)</u>	<u>-</u>
 <b>EXCESS OF RECEIPTS OVER/(UNDER) DISBURSEMENTS</b>		
<b>BEFORE ADVANCES</b>	(1,819,753)	-
Note proceeds	1,450,000	-
Advances - in	396,593	-
Advances - out	<u>(71,775)</u>	<u>(592)</u>
<b>EXCESS OF RECEIPTS</b>		
<b>OVER/(UNDER) DISBURSEMENTS</b>	(44,935)	(592)
 <b>FUND CASH BALANCES, JANUARY 1, 1999</b>	<u>75,700</u>	<u>592</u>
 <b>FUND CASH BALANCES, DECEMBER 31, 1999</b>	<u>\$ 30,765</u>	<u>\$ -</u>

Fiduciary Fund Types	Primary Government Totals (Memorandum Only)	Perco, Inc. Component Unit	Reporting Entity Totals (Memorandum Only)
Agency			
\$ -	\$ 264,414	\$ 297,232	\$ 561,646
-	<u>35,823</u>	<u>3,994</u>	<u>39,817</u>
-	300,237	301,226	601,463
-	128,674	122,493	251,167
-	101,051	4,161	105,212
-	<u>117,389</u>	<u>104,465</u>	<u>221,854</u>
-	<u>347,114</u>	<u>231,119</u>	<u>578,233</u>
-	(46,877)	70,107	23,230
-	(1,614,998)	-	(1,614,998)
-	(157,878)	-	(157,878)
33,263,262	33,263,262	-	33,263,262
<u>(33,214,289)</u>	<u>(33,214,289)</u>	-	<u>(33,214,289)</u>
48,973	(1,723,903)	-	(1,712,903)
48,973	(1,770,780)	70,107	(1,700,673)
	1,450,000	-	1,450,000
101,204	497,797	-	497,797
<u>(59,496)</u>	<u>(131,863)</u>	-	<u>(131,863)</u>
90,681	45,154	70,107	115,261
<u>1,489,686</u>	<u>1,565,978</u>	<u>27,009</u>	<u>1,592,987</u>
<u>\$ 1,580,367</u>	<u>\$ 1,611,132</u>	<u>\$ 97,116</u>	<u>\$ 1,708,248</u>

See notes to financial statements

**PERRY COUNTY, OHIO**  
**COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL**  
**Year Ended December 31, 1999**

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>Governmental</u></b>			
General	\$ 5,414,694	\$ 5,350,242	\$ (64,452)
Special revenue	17,450,220	14,742,330	(2,707,890)
Debt service	15,055	472,548	457,493
Capital projects	2,182,026	1,756,726	(425,300)
<b><u>Proprietary</u></b>			
Enterprise	768,815	2,146,830	1,378,015
Internal service	-	-	-
<b><u>Fiduciary</u></b>			
Expendable trust	-	26,052	26,052
<b>TOTAL (MEMORANDUM ONLY)</b>	<b>\$ 25,830,810</b>	<b>\$ 24,494,728</b>	<b>\$ (1,336,082)</b>

See notes to financial statements

**PERRY COUNTY, OHIO**  
**COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES COMPARED**  
**WITH EXPENDITURE AUTHORITY**  
**Year Ended December 31, 1999**

<u>Fund Types/Funds</u>	<u>Prior Year Carryover Appropriations</u>	<u>Appropriations</u>	<u>Total</u>
<b><u>Governmental</u></b>			
General	\$ 237,289	\$ 5,414,691	\$ 5,651,980
Special revenue	1,027,649	16,583,593	17,611,242
Debt service	-	472,515	472,515
Capital projects	456,291	1,676,597	2,132,888
<b><u>Proprietary</u></b>			
Enterprise	3,157	701,085	704,242
Internal service	-	592	592
<b><u>Fiduciary</u></b>			
Expendable trust	-	1,487	1,487
<b>TOTAL (MEMORANDUM ONLY)</b>	<b>\$ <u>1,724,386</u></b>	<b>\$ <u>24,850,560</u></b>	<b>\$ <u>26,574,946</u></b>

<u>Disbursements</u>	<u>Encumbrances Outstanding at 12/31/99</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 5,476,287	\$ 212,362	\$ 5,688,649	\$ (36,669)
14,129,372	1,396,463	15,525,835	2,085,407
472,515	-	472,515	-
1,831,694	14,132	1,845,826	287,062
2,191,765	13,395	2,205,160	(1,500,918)
592	-	592	-
<u>126</u>	<u>-</u>	<u>126</u>	<u>1,361</u>
<u>\$ 24,102,351</u>	<u>\$ 1,636,352</u>	<u>\$ 25,738,703</u>	<u>\$ 836,243</u>

See notes to financial statements

**PERRY COUNTY, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 1999

**1. REPORTING ENTITY AND BASIS OF PRESENTATION**

Perry County (the "County") is a political subdivision of the State of Ohio. The three member Board of County Commissioners is the legislative and executive body of the County. The County Auditor is the chief fiscal officer and tax assessor and the County Treasurer serves as the custodian of the County funds. In addition, there are six other elected administrative officials provided for by Ohio law which include the Clerk of Courts, Recorder, Coroner, Engineer, Prosecuting Attorney and Sheriff. The judicial branch of the County includes a Common Pleas Court Judge, a Probate/Juvenile Court Judge, and a County Court Judge. The County operates under the provisions of Title III of the Ohio Revised Code.

**A. REPORTING ENTITY**

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

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

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

Discretely Presented Component Units. The component unit columns in the combined financial statement identify the financial data of the County's component unit, Perco, Inc. It is reported separately to emphasize that it's legally separate from the County.

Perco, Inc. is a legally separate, not-for-profit corporation organized under Chapter 1702 O.R.C. and classified as a 501(C)(3) non-profit corporation. Perco, Inc., under a contractual agreement with Perry County Board of Mental Retardation and Developmental Disabilities, provides sheltered employment for mentally retarded or handicapped adults in Perry County. Based on the significant services and resources provided by the County to Perco, Inc. and their sole purpose of providing assistance to the retarded and handicapped adults of Perry County, Perco, Inc. is reflected as a component unit of Perry County. Perco, Inc. operates on a calendar year basis. The operating statement of Perco, Inc. is presented at the object level. Perco, Inc. is required only to report operating information at the program level; however, since it operates under a single program, object level information is presented to provide more comprehensive financial information.

The County's combined financial statements include all accounts of all officials and activities described above, as well as all other County operations. The County's major operations include human and social services, health and community assistance services, law enforcement services, road and bridge maintenance services, and other general and administrative support services.

PERRY COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 1999

1. REPORTING ENTITY AND BASIS OF PRESENTATION - CONTINUED

A. REPORTING ENTITY - CONTINUED

As the custodian of public funds, the county treasurer invests all public monies held on deposit in the County treasury. In the case of the separate agencies, boards and commissions listed below, the County serves as fiscal agent, but is not financially accountable for their operations nor are they fiscally dependent on the County. Accordingly, the activity of the following districts and agencies will be presented as agency funds within the County's financial statements:

Perry County Board of Health  
Perry County Soil and Water Conservation  
Perry County Children Services

Perry County Group Home  
Retired Services Volunteer Program  
Regional Planning Commission

B. BASIS OF ACCOUNTING

The County prepares its financial statements on a basis of cash receipts and disbursements, consequently, certain receipts and the related assets are recognized when received rather than when earned, and certain disbursements are recognized when paid rather than when the obligation is incurred. A general fixed asset account group and long-term obligations account group are not recorded on the financial statements by the County under the basis of accounting used. By virtue of Ohio law, the County is required to maintain the encumbrance method of accounting and to make appropriations.

Ohio Administrative Code Section 117-1-11 requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, as discussed in Note 1, the County prepares its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

C. FUND ACCOUNTING

The County maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each type of funds are as follows:

GOVERNMENTAL FUNDS

General Fund

This fund is the general operating fund of the County. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds

To account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specific purposes.

PERRY COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 1999

1. REPORTING ENTITY AND BASIS OF PRESENTATION - CONTINUED

C. FUND ACCOUNTING - CONTINUED

Debt Service Funds

To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. According to governmental accounting principles, the debt service fund accounts for the payment of long-term debt for governmental funds only. Under Ohio law, the debt service fund might also be used to account for the payment of the long-term debt of proprietary funds and the short-term debt of both governmental and proprietary funds. For purposes of this report, these funds have been classified into the proper groups, if practicable.

Capital Project Funds

To account for financial resources to be used for the acquisition or construction of major capital facilities, (other than those financed by Proprietary Funds and Trust Funds).

PROPRIETARY FUNDS

Enterprise Funds

To account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

Internal Service Funds

To account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

FIDUCIARY FUNDS

Trust and Agency Funds

To account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include Non-Expendable Trust Funds, Expendable Trust Funds and Agency Funds.

PERRY COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 1999

1. REPORTING ENTITY AND BASIS OF PRESENTATION - CONTINUED

D. BUDGETARY PROCESS

Budgetary Process

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

Tax Budget

A budget of estimated cash receipts and disbursements is submitted to the county auditor, as secretary of the county budget commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be amended further during the year if the County Auditor determines, and the Budget Commission agrees, that an estimate needs either to be increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 1998.

Appropriations

A temporary appropriation measure to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution fixes spending authority at the fund, programs, department and object level. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources, as certified.

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

PERRY COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 1999

1. REPORTING ENTITY AND BASIS OF PRESENTATION - CONTINUED

D. BUDGETARY PROCESS - CONTINUED

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations.

Lapsing of Appropriations

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Cash and Cash Equivalents

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

*During 1999, investments were limited to STAR Ohio and certificates of deposits.*

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The County has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 1999. 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, 1999.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 1999 amounted to \$308,638.

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

PERRY COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 1999

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

A. Cash and Cash Equivalents - Continued

For purposes of presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

B. PROPERTY, PLANT AND EQUIPMENT

Fixed assets acquired or constructed for the County are recorded as disbursements. Depreciation is not recorded for these fixed assets.

C. ACCUMULATED UNPAID VACATION AND SICK LEAVE

Accumulated unpaid vacation and sick leave are not accrued under the cash basis of accounting described in Note 1. All leave will either be absorbed by time off from work, or within certain limitations, be paid to the employees. It is not practicable to determine the actuarial value of these benefits as of December 31, 1999.

D. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

When the title of a statement indicates a Component Unit is included, two total columns are provided. The first, captioned "Primary Government", indicates that only those activities that comprise the County's legal entity have been included. The second is captioned "Reporting Entity" and includes the activity and operations of the County's legally separate discretely presented Component Unit (see Note 1). The total column of the statements which do not include a Component Unit have no additional caption.

3. ACCOUNTABILITY AND COMPLIANCE

Legal Compliance:

The following funds had appropriations in excess of estimated resources contrary to Section 5705.39, Revised Code:

Group Home	Northern Perry County Water Project
Human Services Building	Childrens Trust
Youth Service Subsidy Grant	-

The internal service fund had expenditures in excess of appropriations contrary to Section 5705.41(B), Revised Code.

**PERRY COUNTY, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 1999

**4. DEPOSITS AND INVESTMENTS**

**A. Primary Government**

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

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for payment, 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.

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio; and

PERRY COUNTY, OHIO  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 1999

4. DEPOSITS AND INVESTMENTS - CONTINUED

A. Primary Government - Continued

10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

At year end, the carrying amount of the county's deposits was \$3,505,080, and the bank balance was \$3,914,498. Of the bank balance:

1. \$217,381 was covered by federal depository insurance;
2. \$3,697,117 was considered uninsured and uncollateralized. Although collateral was held by the pledging financial institutions' trust department in the County's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the County to a successful claim by the FDIC.

Investments

The County's investments are categorized below to give an indication of the level of risk assumed by the County at year-end. Category 1 includes investments that are insured or registered for which the securities are held by the County or the County's agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held in the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's name. STAR Ohio is an unclassified investment since they are not evidenced by securities that exist in physical or book entry form.

The classification of "Cash and Cash Equivalents" and "Investments" on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Cash and cash equivalents are defined to include investments with original maturities of three months or less.

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/Deposits	Investments
GASB Statement 9	\$ 7,066,504	\$ 13,305
STAR Ohio	(3,561,424)	3,561,424
GASB Statement 3	\$ 3,505,080	\$ 3,574,729

PERRY COUNTY, OHIO  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 1999

4. DEPOSITS AND INVESTMENTS - CONTINUED

B. Component Unit

At year end, the carrying value of Perco, Inc. deposits was \$97,116 and the bank balance was \$107,355. The bank balance of \$100,000 was covered by federal depository insurance and \$7,355 was considered uninsured and uncollateralized. There are no statutory guidelines regarding the deposit and investment of funds by the not-for-profit corporation. Cash and deposits of Perco, Inc. are presented on the financial statements as "Segregated account: cash and cash equivalents" and "Segregated account: investments".

	Cash and Cash	
	Equivalents/Deposits	Investments
GASB Statement 9	\$ 82,299	\$ 14,817
Investment:		
Certificate of deposits	14,817	(14,817)
GASB Statement 3	\$ 97,116	\$ -

5. DEBT OBLIGATIONS

Debt outstanding at December 31, 1999 consisted of the following:

	General Obligation Notes	Special Assessment Bonds	OWDA and OPWC Loans	Bond Anticipation Notes
Principal outstanding	\$ 1,041,890	\$ 2,500	\$ 3,106,561	\$ 2,242,857
Interest outstanding	138,297	606	559,396	116,764
	\$ 1,180,187	\$ 3,106	\$ 3,665,957	\$ 2,359,621

Outstanding general obligation notes consisted of the following:

Dog Pound Construction Notes - Current balance at 12/31/99 is \$85,000. Originally issued in the amount of \$130,000 on May 31, 1996 at 5.70% with a final maturity date of May 31, 2001.

Real Estate Purchase and Repair Notes - Current balance at 12/31/99 is \$12,000. Originally issued in the amount of \$60,000 on April 28, 1995 at 6.20% with a final maturity date of April 28, 2000.

County Court Renovation - Current balance at 12/31/99 is \$34,400. Originally issued in the amount of \$86,000 on April 26, 1996 at 5.50% with a final maturity date of May 26, 2001.

Industrial Park Notes - Current balance at 12/31/99 is \$9,000. Originally issued in the amount of \$45,000 on April 28, 1995 at 6.20% with a final maturity date of April 28, 2000.

Joint Educational Building Acquisition Note - Current balance of 12/31/99 is \$84,000. Originally issued in the amount of \$140,000 on May 1, 1997 at 5.6% with a final maturity date of May 1, 2002.

Engineer's Building Acquisition Note - Current balance at 12/31/99 is \$301,332. Originally issued in the amount of \$500,000 at 5.5% maturing in 2001.

PERRY COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 1999

6. DEBT OBLIGATIONS - CONTINUED

Building Improvement Note - Current balance at 12/31/99 is \$86,158. Originally issued in the amount of \$127,000 on January 11, 1996 at 5.25% with a final maturity date of January 11, 2001.

Cruisers Note - Current balance at 12/31/99 is \$230,000. Originally issued in the amount of \$230,000 at 4.88% maturing in 2004.

Bank Building Note - Current balance at 12/31/99 is \$200,000. Originally issued in the amount of \$200,000 at 8.45% maturing in 2004.

Outstanding special assessment bonds are as follows:

Buckeye Lake Sanitary Sewer Bond - Current balance at 12/31/99 is \$2,500. Originally issued in the amount of \$6,800 in 1987 at 6% maturing in 2006.

Outstanding OWDA and OPWC loans consisted of the following:

There are Ohio Water Development Authority (OWDA) loans that will be used for the County Water Projects. During 1999 the additions on these loans was \$145,635. Loans will be repaid in accordance with terms established by the OWDA; however, as of December 31, 1999, a debt amortization schedule had not been established. The current balance at 12/31/99 is \$1,353,229.

OPWC - Project CR812 - Thornport Water -  
Current balance at 12/31/99 is \$593,337. Originally issued in the amount of \$734,000 on July 1, 1995 at 2% maturing in 2015.

OPWC - Project CR 904 - County and Township Road Paving Project -  
Current balance at 12/31/99 is \$6,000. Originally issued in the amount of \$30,000 at 0% maturing in 2001.

OWDA - Current balance at 12/31/99 is \$778,390. Originally issued in the amount of \$835,541 at 5.76% maturing in 2013.

OPWC - Project CR 17B/CR 18B - Current balance at 12/31/99 is \$375,605. Originally issued in the amount of \$375,605 at .02% maturing in 2020.

Outstanding bond anticipation notes consisted of the following:

Northern Perry County Water Project - Current balance at 12/31/99 is \$1,380,000. Originally issued in the amount of \$1,450,000 on December 1, 1997 at 4.75%. The balance on December 2, 1999 at a new rate of 5.11% and matures on December 1, 2000.

911 Emergency System - Current balance at 12/31/99 is \$342,857. Originally issued in the amount of \$400,000 on July 1, 1997 at 4.98% and matured July 1, 1998. The balance was rolled over on July 1, 1998 at a new rate of 5.5% with a final maturity date of July 1, 2005.

Airport - Current balance at 12/31/99 is \$70,000. Originally issued in the amount of \$150,000 on May 5, 1998 at 6.9%. The County paid \$30,000 on the loan and rolled over \$70,000 on December 2, 1999 at a new rate of 5.11% and matures on December 1, 2000.

**PERRY COUNTY, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 1999

**6. DEBT OBLIGATIONS - CONTINUED**

Human Services Building Acquisition and Improvement Note -- Current balance is 12/31/99 is \$450,000. Originally issued in the amount of \$450,000 at 5.625% maturing in 2002.

The annual requirement to amortize all debt outstanding as of December 31, 1999 including interest payments of \$815,063, is as follows:

<u>Year Ending December 31</u>	<u>General Obligation Notes</u>	<u>Special Assessment Bonds</u>	<u>OWDA and OPWC Loans</u>	<u>Bond Anticipation Note</u>
2000	\$ 409,817	\$ 550	\$ 1,489,147	\$ 1,538,691
2001	447,903	426	152,273	98,239
2002	133,038	508	152,273	532,405
2003	97,619	384	152,273	66,571
2004	91,810	366	152,273	63,428
Thereafter	-	872	1,567,718	60,287
	<u>\$ 1,180,187</u>	<u>\$ 3,106</u>	<u>\$ 3,665,957</u>	<u>\$ 2,359,621</u>

**7. PROPERTY TAX**

Real property taxes are levied on assessed values which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last reappraisal was completed for the tax year of 1996.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for the year ended December 31, 1999 (tax year 1998), was \$15.60 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$12.60 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$13.79 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the County by the State of Ohio.

Owners of tangible personal property are required to file a list of such property, including costs, by April 30, of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the year ended December 31, 1999 was \$15.60 per \$1,000 of assessed valuation.

<b>Real Property - 1998 Valuation</b>	
Residential/Agricultural	\$ 184,504,830
Commercial/Industrial	31,975,940
Public Utilities	327,690
<b>Tangible Personal Property - 1999 Valuation</b>	
General	21,481,013
Public Utilities	48,309,130
<b>Total Valuation</b>	<u>\$ 286,598,603</u>

**PERRY COUNTY, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 1999

**7. PROPERTY TAX - CONTINUED**

The Perry County Treasurer collects property taxes on behalf of all taxing districts within the County. The Perry County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collections of the taxes and remittance of them to the taxing districts are accounted for in various agency funds of the county.

**8. RISK MANAGEMENT**

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

The CORSA program has a \$2,500 deductible. General liability insurance is maintained in the amount of \$1,000,000 for each occurrence. Other liability insurance includes \$200,000 for Ohio Stop Gap, which provides additional coverage beyond the State's workers' compensation program, \$1,000,000 for employee benefit liability, \$1,000,000 for law enforcement professional liability, \$1,000,000 for public official error and omission liability, \$1,000,000 for automobile liability, and \$1,000,000 for uninsured/underinsured motorists liability.

In addition, the County maintains replacement cost insurance on buildings and contents in the amount of \$11,254,409. Other property insurance includes the following: \$1,000,000 for extra expense, \$634,440 for contractor's equipment and miscellaneous equipment, \$1,000,000 for valuable papers and records, book value for automobile physical damage, \$100,000,000 pool limit for flood earthquake damage. Comprehensive boiler and machinery coverage is carried in the amount of \$100,000,000.

The County also maintains crime insurance in the amount of \$1,000,000 on its monies and securities. Crime insurance for potential employee dishonesty is held in the amount of \$1,000,000. The County maintains a \$5,000,000 excess liability limit over and above the general liability, auto liability, law enforcement and public officials liabilities.

Also maintained is the insurance for medical and professional liability for the Mental Retardation and Developmental Disabilities employees at a coverage of \$1,000,000 for each claim, and for the Sheriff's employees at a coverage of \$1,000,000 per occurrence.

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

For 1999, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan is intended to achieve lower worker's compensation rates while establishing safer working conditions and environments for the participants. The worker's compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its worker's compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its information. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

PERRY COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
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8. RISK MANAGEMENT - CONTINUED

The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Worker's Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any participant leaving the Plan allows the representative of the Plan to access less experience of three years following the last year of participation.

With the exceptions of workers' compensation, health insurance, and life insurance, all insurance is held with CORSA. The County pays all elected official bonds by State statute.

9. COUNTY SALES TAX

For the purpose of providing additional revenues, Perry County has a voted sales tax levied upon certain retail sales made in the County. Local sales tax receipts are credited to the General Fund and amounted to \$1,434,540 in 1999.

10. DEFINED BENEFIT RETIREMENT PLANS

Public Employees Retirement System

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

Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the County is required to contribute 9.35 percent. For law enforcement employees, the employee contribution is 9 percent and the employer contribution is 12.5 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The County's required contributions to PERS for the years ended December 31, 1999, 1998, and 1997 were \$1,010,639, \$936,316, \$845,320, respectively. The full amount has been contributed for 1999, 1998 and 1997.

State Teachers Retirement System

Certified teachers employed by the school for the Mental Retarded/Developmentally Disabled participate in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the County is required to contribute 14 percent. Through June 30, 1998, 10.5 percent was the portion used to fund pension obligations. Beginning July 1, 1998, this amount was decreased to 6 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The County's contributions for pension obligations

PERRY COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 1999

10. DEFINED BENEFIT RETIREMENT PLANS - CONTINUED

State Teachers Retirement System - Continued

to STRS for the years ended December 31, 1999, 1998, and 1997 were \$37,212, \$29,308 and \$28,731, respectively. The full amount has been contributed for 1999, 1998 and 1997.

11. POSTEMPLOYMENT BENEFITS

Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 1999 employer contribution rate was 13.55 percent of covered payroll for employees not engaged in law enforcement; 4.2 percent was the portion that was used to fund health care for the year 1999. The law enforcement employer rate for 1999 was 16.70 percent and 4.2 percent was used to fund health care. The County's actual contributions for 1999 which were used to fund OPEB were \$444,680.

Benefits were funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investments earnings. The contributions allocated to retiree health care and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS was 118,062.

State Teachers Retirement System

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

Benefits are funded on a pay-as-you-go basis. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. Through June 30, 1998, the board allocated employer contributions equal to 3.5 percent of covered payroll to the Health Care Reserve Fund. Beginning July 1, 1998, this allocation was increased to 8 percent.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the fund was \$2,156 million at June 30, 1998. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000. There were 91,999 eligible benefit recipients.

PERRY COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 1999

12. SHARED RISK POOLS

A. County Risk Sharing Authority (CORSA)

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among thirty-nine 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. During 1999, Perry County paid \$199,451 to the Council for insurance coverage and the loss fund contribution.

B. County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

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

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

13. 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.

Several claims and lawsuits are pending against the County. In the opinion of the County Prosecuting Attorney, any potential liability would not have a material effect on the financial statements.

**PERRY COUNTY, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 1999**

**14. LEGAL COMPLIANCE**

Pursuant to Section 117.11 of the Revised Code, the Independent Public Accountant performed tests of compliance with various provisions of local, state, and/or federal laws, as appropriate. The results of this work which may affect the financial statements are included in a separate part of this report.

**PERRY COUNTY, OHIO**  
**SCHEDULE OF FEDERAL AWARDS EXPENDITURES**  
**CASH BASIS**  
**Year Ended December 31, 1999**

<u>Agency/Program Grant Title</u>	<u>Federal CFDA Number</u>	<u>State Pass Through Number</u>	<u>Expenditures</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Pass through the State Department of Education			
Food Distribution	10.550	N	\$ 1,329
National School Lunch Program	10.555	03-PU-00 04-PU-00	<u>11,144</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>12,473</b>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
Pass through the Ohio Department of Development			
Community Development Block Grants/ State's Program	14.228	B-F-059	344,647
<b><u>FEDERAL DOMESTIC VOLUNTEER AGENCY (ACTION)</u></b>			
Direct Program:			
Retired and Senior Volunteer Program	94.002	N	32,569
<b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u></b>			
Pass through the Ohio Emergency Management Agency			
Emergency Management - State and Local Assistance	83.534	N	10,174
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
Pass through the Ohio Department of Transportation			
Highway Planning and Construction	20.205	N	256,678
Public Transportation for Nonurbanized Areas	20.509	N	<u>102,573</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<b>359,251</b>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
Pass through the Governor's Office of Criminal Justice Services			
Public Safety Partnership and Community Policing Grants	16.710	95-CF-WX-0000	164,421
Juvenile Mentoring Program	16.726	N	<u>11,885</u>
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<b>176,306</b>

**PERRY COUNTY, OHIO**  
**SCHEDULE OF FEDERAL AWARDS EXPENDITURES - CONTINUED**  
**CASH BASIS**  
**Year Ended December 31, 1999**

<u>Agency/Program Grant Title</u>	<u>Federal CFDA Number</u>	<u>State Pass Through Number</u>	<u>Expenditures</u>
<b><u>U.S. FOREST SERVICE</u></b>			
Pass through the Department of Agriculture			
Recreational Grant	10.xcx	99-DE-04	576
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
Pass through the Ohio Department of Aging and the Buckeye Lake - Hocking Valley Regional Development District			
Low Income Home Energy Assistance Special Programs for the Aging - Title III Part B-Grants for Supportive Services and Senior Centers	93.568	N	1,531
Special Programs for the Aging - Title III Part F- Disease Prevention and Health Promotion Services	93.044	N	67,224
	93.043	N	3,454
Pass through Ohio Department of MR/DD			
Social Services Block Grant	93.667	N	46,624
Medical Assistance Program	93.778	N	544,943
Special Education - Preschool Grants	84.173		3,553
Pass through the Ohio Department of Children Services			
Child Welfare Service - State Grants	93.640		54,361
Social Services Block Grant	93.667		29,700
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>751,390</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
Pass through the Ohio Department of Education			
Special Education - Grants to States	84.027	N	16,149
<b><u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u></b>			
AmeriCorps	94.006	N	10,189
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>			<b>\$ 1,713,724</b>

N - State pass through entity number could not be located by Perry County

**PERRY COUNTY, OHIO**  
**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES**  
**Year Ended December 31, 1999**

**SIGNIFICANT POLICIES**

The accompanying Schedule of Federal Awards Expenditures summarizes the activities of the County's federal award programs. The schedule has been prepared on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations*.

**UNIVERSAL HIRE PROGRAM - SUPPLEMENTING NOT SUPPLANTING**

The U.S. Department of Justice is currently conducting an investigation into whether the county used Universal Hire Program funds to supplant an existing position. During fiscal year December 31, 1999 a sergeant resigned. Due to budget constraints this position was not filled until April 1, 2000. The Department of Justice is investigating to determine if one of the officers hired in 1999 using Universal Hire funds supplanted the vacant position. If the Department of Justice rules that this was the case, the County will have to repay the grant funds used for the salary of the new officer. As of the report date, no decision has been made.



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Perry County Commissioners  
Perry County, Ohio

We have audited the financial statements of Perry County, Ohio, as of and for the year ended December 31, 1999, and have issued our report thereon dated June 20, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

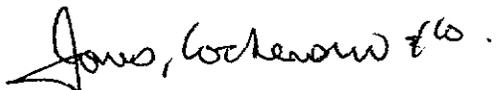
As part of obtaining reasonable assurance about whether Perry County, Ohio's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 1999-3075-001 through 1999-3075-0013. We also noted certain immaterial instances of noncompliance that we have reported to the management of Perry County, Ohio, in a separate letter dated June 20, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Perry County, Ohio'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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Perry County, Ohio's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items 1999-3075-014 through 1999-3075-018.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable conditions 1999-3075-016 through 1999-3075-018 are material weaknesses. We also noted other matters involving the internal control over financial reporting that we have reported to management of Perry County, Ohio in a separate letter dated June 20, 2000.

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

A handwritten signature in black ink that reads "Jones, Cochenour & Co." with a stylized flourish at the end.

Jones, Cochenour & Co.  
June 20, 2000



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

Perry County Commissioners  
Perry County, Ohio

**Compliance**

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

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

As described in item 1999-3075-019 in the accompanying schedule of findings and questioned costs, Perry County, Ohio did not comply with requirements regarding activities allowed or unallowed, allowable costs/cost principles, cash management, and reporting that are applicable to its Public Safety Partnership and Community Policing Grants. Compliance with such requirements is necessary, in our opinion, for Perry County, Ohio to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Perry County, Ohio complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999.

Internal Control Over Compliance

The management of Perry County, Ohio is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Perry County, Ohio'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 the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter 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 or operation of the internal control over compliance that, in our judgment, could adversely affect Perry County Ohio's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 1999-3075-019.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the 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 to be material weaknesses. We believe that the reportable condition described above is a material weakness.

This report is intended for the information of the county commissioners, management, Auditor of State 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.



Jones, Cochenour & Co.  
June 20, 2000

PERRY COUNTY, OHIO  
December 31, 1999

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

<b>1. SUMMARY OF AUDITORS' RESULTS</b>		
(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level of (GAGAS)?	Yes
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under §.510?	Yes
(d)(1)(vii)	Major Programs (list):	Public Safety Partnership and Community Policing Grants CFDA #16.710 Medical Assistance Program CFDA #93.778
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: > All others
(d)(1)(ix)	Low Risk Auditee?	Yes

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
OMB CIRCULAR A-133 §.505

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

Finding Number	1999-3075-001
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Ohio Rev. Code Section 9.38 requires that public money be deposited with the treasurer of the public office or to a designated depository within 24 hours of collection. During our audit we noted that in some instances, money collected was not submitted to the treasurer's office within a 24-hour period. The following departments were in violation of this section:

Auditor	County Court - Criminal
Group Home	Engineer
Recorder	Juvenile Court
CSEA	MR/DD
County Court - Civil	

We recommend that these departments improve their submissions of public money to the treasurer's office within 24 hours.

Finding Number	1999-3075-002
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Ohio Rev. Code Section 5705.36 states that subdivisions can request increased and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. During our audit we noted appropriations exceeded estimated resources on a regular basis. We recommend that the County request an increased amended certificate of estimated resources in the future, when it is determined by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

Finding Number	1999-3075-003
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Ohio Rev. Code Section 5705.39 states that appropriations are limited by estimated revenue. During our audit we noted appropriations exceeded estimated resources on a regular basis. We recommend the County maintain copies of all budgetary reports filed, including certificates of estimated resources, appropriation measures, appropriation amendments, and certificates that appropriations do not exceed estimated revenue. We recommend the budgetary numbers filed with the County Auditor and approved by the Board should agree with budgetary numbers reported in the State Auditor's Annual Financial Report. We recommend that appropriations and estimated revenue be closely monitored in the future.

Finding Number	1999-3075-004
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Ohio Rev. Code Section 5705.40 states that any appropriation measure may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation. The County could not provide us with documentation showing approval of changes in appropriations for several fund line items. We recommend that the County Auditor maintain a master file showing all changes during the year to appropriations with supporting documentation and approval by the County Commissioners.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
OMB CIRCULAR A-133 §.505

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

Finding Number	1999-3075-005
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Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. During our audit, we noted several instances where the invoice date preceded the purchase order date. We recommend the County have a properly signed purchase order before expending any money.

Finding Number	1999-3075-006
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Ohio Rev. Code Section 5705.41(D) states that fiscal officers may prepare so called "blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding three (3) months or running beyond the current fiscal year and only one blanket certificate may be outstanding at one particular time for any one line item appropriation. We noted during our testing that blanket certificates extended beyond the time limit of three (3) months and ran beyond the current fiscal year. We recommend that policies and procedures be implemented to keep blanket certificates open only within the specified time frame.

Finding Number	1999-3075-007
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Ohio Rev. Code Section 5705.10 states that money that is paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund. During our audit, we noted that a negative variance existed in the Enterprise fund at year-end for the budgeted disbursements and encumbrances and it was also noted that the operating receipts were not sufficient to cover the debt payment for the current year. We recommend the County use the money paid into each fund for the purpose for which it was established and an analysis be made by the County to assure that the charges for services are sufficient to cover the debt.

Finding Number	1999-3075-008
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Ohio Rev. Code Section 117.1.11 requires the county to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepares its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities and disclosures that, while material, can not be determined at this time. The County can be fined and various other administrative remedies may be taken against the County. We recommend that the County prepare its annual financial report in accordance with generally accepted accounting principles.

PERRY COUNTY, OHIO  
December 31, 1999

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
OMB CIRCULAR A-133 §.505

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

Finding Number	1999-3075-009
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Ohio Rev. Code Section 2335.34, 2335.35, 2113.64 and 2113.65 states that on the first Monday of January, each year, the Clerk of each Court of Common Pleas and Court of Appeals and each Probate Judge shall make two certified lists of causes in which money has been paid and has remained in the hands of such person or in the hands of a former Clerk or Probate Judge for one year next preceding such first Monday of January. After the list has been posted for 30 days and any unclaimed funds remaining is to be paid to the County Treasurer, on the order of the County Auditor. During our audit, we noted for the Juvenile/Probate Courts no list of unclaimed funds existed for the purpose of posting it nor were any unclaimed funds paid to the County Treasurer. We recommend that the Juvenile and Probate courts establish a list of any unclaimed funds and post the list to the courthouse door. If after the expiration of 30 days any funds remain unpaid, then a check should be written to the County Treasurer, on the order of the County Auditor.

Finding Number	1999-3075-010
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Ohio Rev. Code Section 325.071 requires the Sheriff to file with the County Auditor by the first Monday in January a full accounting of the expenditures of all funds from the FOJ account for the previous year. During our audit we examined the report submitted to the County Auditor and discovered that a full accounting of expenditures was not submitted to the Auditor's Office, as required. Of approximately \$21,000 to be accounted for, only \$2,000 was submitted in the report. We recommend that the Sheriff file with the County Auditor a full accounting of expenditures detailing the purpose for the expenditures and the County Auditor review this information to assure proper accountability.

Finding Number	1999-3075-011
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Ohio Rev. Code Section 2925.03 - F(1) and F(2), and Section 2933.43 - D(3)(a)(1), states that the County Sheriff shall adopt a written internal control policy. The written internal control policy should address, among other issues, the use and disposition of fine monies, proceeds and forfeited monies that the Sheriff department receives. The policy should also describe the records that the department is required to maintain. During our audit, we noted that no internal control policy had been adopted as prescribed by the Ohio Revised Code. We recommend that the sheriff department adopt a written internal control policy addressing the requirements noted in the above sections.

Finding Number	1999-3075-012
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Ohio Rev. Code Section 5705.09 states that each subdivision is required to establish certain funds. During our audit we noted that the County Commissioners did not establish all new funds by board resolution. We recommend that the County Commissioners approve all new funds by board resolution.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
 OMB CIRCULAR A-133 §.505

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

Finding Number	1999-3075-013
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Ohio Rev. Code Section 5705.12 state that, in addition to the funds provided for by Ohio Rev. Code Sections 5705.09 and 5705.13, the taxing authority of a subdivision may establish, with the approval of the Auditor of State, such other funds as are desirable. During our audit we noted that the County Commissioners established new funds without getting approval from the Auditor of State. We recommend that the County Commissioners obtain approval from the Auditor of State prior to establishing new funds.

Finding Number	1999-3075-014
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**REPORTABLE CONDITION/MATERIAL WEAKNESS: SEGREGATION OF DUTIES**

During our audit of the Departments, it has been noted that the procedures used to complete a transaction are under the control of one person. Considering the small size of the staff, total segregation may not be cost effective. However, segregation of duties should be implemented when possible as well as practical. With continuous monitoring, the following procedures are suggested:

1. Bank reconciliations should be performed by an employee independent of cash record keeping.
2. All disbursements should be approved for payment.
3. Checks should be mailed by the authorized check signer and not returned to the preparer to be mailed.

Finding Number	1999-3075-015
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**REPORTABLE CONDITION: SAFEGUARDING OF DEPARTMENT ASSETS**

We noted that during the past year, bank reconciliations were not prepared and maintained on the SETS bank account in the Child Support Enforcement Agency. We strongly recommend that reconciliations be prepared and agreed to the general ledger balance. They should also be reviewed for accuracy and completeness by a person other than the preparer. The preparation of monthly bank reconciliations is a key to maintaining adequate control over both cash receipts and disbursements.

During our audit we also noted that the cash and the bank statement total receipts did not match with one another. It is recommended that this be more closely monitored in the future to avoid this discrepancy.

Finding Number	1999-3075-016
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**REPORTABLE CONDITION/MATERIAL WEAKNESS: RECORD RETENTION**

During our audit of the D.A.R.E. fund and the FOJ fund, it was noted that supporting documentation (invoices) were not always maintained. Disbursements were written for cash or to an officer for cash without any supporting documentation. This could lead to improper payments for obligations or fraud. We recommend that the Sheriff's department prepare signed affidavits, which includes explanation for any money that will be used for confidential matters such as undercover drug purchases. Additionally, we recommend that the supporting documentation be attached to the voucher and filed in a manner approved by the Board to allow for periodic review of expenditures.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
OMB CIRCULAR A-133 §.505

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

Finding Number	1999-3075-017
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**REPORTABLE CONDITION/MATERIAL WEAKNESS: PREVAILING WAGE LAWS**

Ohio Rev. Code Section 4115.04 and 4115.05 states that the prevailing wage laws essentially require an entity to obtain the prevailing wages in their area for the types of labor required to complete the project they are going to bid before such project is bid and gain when the contract is awarded, if the award is made more than 90 days after the original prevailing wage is determined. They then need to make sure that the contractors who are awarded the contracts agree, in the contract, to pay the prevailing wage. During our audit, we noted that the County's prevailing wage coordinator does not review the prevailing wage information on the jobs in progress. We recommend that the coordinator be more involved in verifying wages throughout the jobs to strengthen the controls of the continuous monitoring.

Finding Number	1999-3075-018
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**REPORTABLE CONDITION/MATERIAL WEAKNESS: TRAVEL REIMBURSEMENT**

During testing, it was noted that controls are not in place to verify that the County is reimbursing employees for allowable expenses. In several instances, we noted that employees were reimbursed for meals in excess of limits set by the commissioners. We noted reimbursement items that the County is statutorily prohibited from refunding without a proper policy in place to allow that reimbursement. The County should institute a control, whereby, the department supervisor or the Board reviews all travel reimbursement requests for allowable expenses. Amounts requested for reimbursement that are not allowable should be denied. We recommend the travel policy be reviewed and updated to fit the needs of the County.

**3. FINDINGS FOR FEDERAL AWARDS**

**NONCOMPLIANCE/REPORTABLE CONDITION:**

Finding Number	1999-3075-019
CFDA Title and Number	Public Safety Partnership and Community Policing Grants CFDA Number 16.710
Federal Award Number/Year	1999
Federal Agency	U.S. Department of Justice
Pass-Through Agency	Governor's Office of Criminal Justice Services

During our audit of the Public Safety Partnership and Community Policing Grant program we noted a lack of segregation of duties. There is one individual who oversees every facet of administering this program without proper oversight. The lack of proper oversight and policies and procedures made it difficult to determine complete compliance with the requirements of activities allowed or unallowed, allowable costs/cost principles, cash management and reporting. A variance analysis of actual receipts and expenditures as compared to budgeted

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
OMB CIRCULAR A-133 §.505

**3. FINDINGS FOR FEDERAL AWARDS - CONTINUED**

**NONCOMPLIANCE/REPORTABLE CONDITION: CONTINUED**

amounts should be prepared on a monthly basis. Ideally, this would be prepared by someone other than the person who has the primary cash management responsibilities. Request for draw down of funds from the Universal Hire Grant is made via electronic means. However, there is a paper worksheet that the COPS office has published to prepare the request. This form has a space for the preparer to sign off certifying that the report is correct. For one quarter in 1999 this report was not signed. Even though the report will not be submitted to the COPS office, it is recommended that the preparer and reviewer both sign this form and keep for the grant records. We recommend that policies and procedures providing oversight for this program be developed. These procedures should include having a person independent of the person making decisions about allowability of program costs, draw down requests and financial report reviews.

PERRY COUNTY, OHIO  
December 31, 1999

CORRECTIVE ACTION PLAN  
OMB CIRCULAR A-133 §.315(c)

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
1999-3075-019	Develop policies and procedures to enhance the internal controls of the program.	July, 2000	Sheriff Barker

**PERRY COUNTY, OHIO**  
**STATUS OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS**  
 December 31, 1999

<u>FINDINGS AND/OR RECOMMENDATIONS</u>	<u>STATUS</u>	<u>EXPLANATION IF NOT FULLY IMPLEMENTED</u>
<b>CITATIONS:</b>		
1. ORC Section 9.38 – Various county departments not depositing within 24 hours.	Not Corrected	No response.
2. ORC Section 5705.41(B) – Actual disbursements exceeded current year appropriations and encumbrances.	Not Corrected	No response.
3. ORC Section 5705.28 – Tax budget not adopted yet by July 15 <sup>th</sup> .	Corrected	N/A
4. OAC Section 117-1-11 – County to prepare annual financial report in accordance with GAAP.	Not Corrected	No response.
5. ORC Section 5705.39 - Appropriations limited by estimated revenue.	Not Corrected	No response.
6. ORC Section 5705.41(D) – Contract or expenditure with attached certificate	Corrected	N/A
7. ORC Section 5705.41(D) – Blanket purchase orders exceed three months	Not Corrected	No response.
8. ORC Section 5705.12 – Did not obtain approval of Auditor of State to establish other funds	Not Corrected	No response.
<b>REPORTABLE CONDITION</b>		
1. Lack of segregation of duties in many county Departments.	Not Corrected	No response.
3. Safeguard of assets not reconciling cash accounts.	Not corrected	No response.

**PERRY COUNTY, OHIO**

**December 31, 1999**

**CONCLUSION STATEMENT**

The audit report, including citations and recommendations, was reviewed with and acknowledged by the following officials on July 20, 1999.

**Mike Heavener, Commissioner  
Chuck VanHorn, Commissioner  
John Altier, Commissioner  
Joann Hankinson, Auditor  
Gene Dibari, Clerk**

These officials were informed that they had five (5) working days from the date of the post audit conference to respond to, or contest, in writing, the report contents. No such written response was received.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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PERRY COUNTY FINANCIAL CONDITION  
PERRY COUNTY

CLERK'S CERTIFICATION

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

By: *Susan Babbitt*

Date: AUGUST 3, 2000